

# THE ART OF CREATING SECURE VALUE.

ANNUAL REPORT 2009  
WIENER STÄDTISCHE AG

## KEY FIGURES FOR WIENER STÄDTISCHE AUSTRIA

in million EUR	2005	2006	2007	2008	2009
<b>Gross premiums written</b>	<b>2,215</b>	<b>2,474</b>	<b>2,579</b>	<b>2,584</b>	<b>2,335</b>
Property/Casualty	944	1,008	1,126	1,202	1,076
Health	288	298	307	314	321
Life	983	1,168	1,146	1,068	937
<b>Financial result</b>	<b>420</b>	<b>384</b>	<b>458</b>	<b>441</b>	<b>336</b>
<b>Profit from ordinary activity</b>	<b>120</b>	<b>152</b>	<b>179</b>	<b>215</b>	<b>170</b>
<b>Total capital assets</b>	<b>9,923</b>	<b>10,824</b>	<b>11,741</b>	<b>13,648</b>	<b>14,633</b>
Capital assets	9,188	9,784	10,505	12,408	12,952
Capital assets of unit- and index-linked life insurance		1,039	1,236	1,240	1,681
<b>Underwriting provisions (excluding unit- and index-linked life insurance)</b>	<b>6,910</b>	<b>7,554</b>	<b>8,166</b>	<b>8,358</b>	<b>8,225</b>
<b>Underwriting provisions of unit- and index-linked life insurance</b>	<b>728</b>	<b>979</b>	<b>1,191</b>	<b>1,177</b>	<b>1,612</b>
<b>Equity capital</b>	<b>1,787</b>	<b>1,857</b>	<b>1,927</b>	<b>3,138</b>	<b>3,024</b>
<b>Number of employees</b>	<b>3,692</b>	<b>3,743</b>	<b>3,762</b>	<b>3,954</b>	<b>3,737</b>
Internal	1,688	1,706	1,740	1,795	1,704
External (including trainees)	2,004	2,037	2,022	2,159	2,033

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

# WIENER STÄDTISCHE AUSTRIA

Separate financial statements of  
VIENNA INSURANCE GROUP Wiener Städtische Versicherung AG

## CONTENTS

- 5 Letter from the Chairman of the Managing Board
- 6 Management of Wiener Städtische Austria

### Company portrait

- 12 The Group: V.I.G.
- 14 Wiener Städtische Austria
- 15 2009 Events
- 16 Products
- 20 Advertising, Social commitment
- 23 Employees

### Management report to the separate financial statements of Wiener Städtische Austria

- 26 Business development and result of operations
- 30 Risk reporting
- 31 Outlook
- 32 Proposed distribution of profits

### Wiener Städtische Austria separate financial statements

- 38 Balance sheet
- 46 Income statement
- 53 Notes to the separate financial statements
- 70 Auditor's report
- 72 Report by the Supervisory Board
- 74 Statement by the Managing Board

### Service

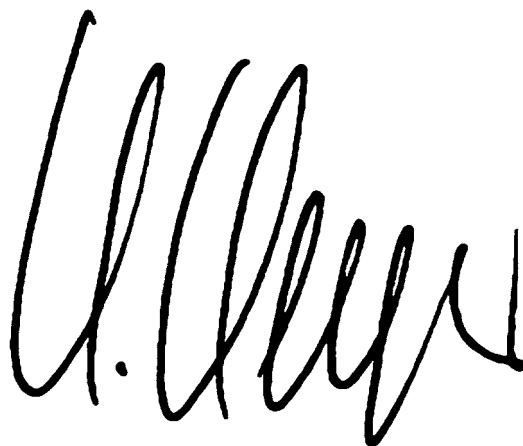
- 75 Provincial advisory councils
- 77 Provincial head offices
- 78 Contacts
- 80 Branch offices
- 88 Glossary
- 94 Address – Notes – General information



What does responsibility mean to you?

# THE ART OF SHAPING OUR ENVIRONMENT AND OUR FUTURE.

General Manager Dr. Günter Geyer

A large, stylized handwritten signature in black ink, likely belonging to Dr. Günter Geyer, positioned to the right of the text 'General Manager Dr. Günter Geyer'.

In this Annual Report, **WIENER STÄDTISCHE** places the spotlight on the three Austrian artists who wrapped the **WIENER STÄDTISCHE** headquarters, the Ringturm, with their artworks in previous years, turning it into a tower of art.

As the largest Austrian insurance company, **WIENER STÄDTISCHE** is aware of its responsibility to society and feels that it shares in the responsibility for shaping the future. To live up to this responsibility, **WIENER STÄDTISCHE** remains a reliable partner on cultural projects and social matters, even, and especially, during economically challenging times.

## LETTER FROM THE CHAIRMAN OF THE MANAGING BOARD

It is of particular importance, precisely in difficult times such as those we experienced in 2009, for us all to join together in taking up the new challenges which such times bring with them. Wiener Städtische accepted these challenges and, by acting with care and concentrating on its core business, was able to continue its success in the Austrian insurance market in 2009.

Wiener Städtische's focus is on its customers' need for security. Fair treatment of policyholders, personal care and prompt customer service are a prerequisite for the confidence that Wiener Städtische enjoys. Particularly when a loss occurs, our goal is to provide insurance benefits to customers promptly and in a non-bureaucratic manner. We want to offer our customers the same security and stability in the future that we provided in 2009 as well.

In spite of the tense economic situation, Wiener Städtische was able to successfully consolidate its leading position in the Austrian insurance market over the previous year. The Company's outstanding stability is due, not least, to its sound capital resources, conservative investment strategy and outstanding market position.

In the year just ended, Wiener Städtische wrote total premiums of EUR 2.33 billion in Austria (including branch offices in Italy and Slovenia). Taking into account significant Group influences, Wiener Städtische Austria earned a single-entity result from ordinary activities of EUR 169.98 million in 2009.

Challenges also reveal new perspectives for the future. Wiener Städtische created clear new organisational structures in order to further improve the processing efficiency of its insurance business. The restructuring measures included the establishment of three new service centres to combine underwriting and claims units for property insurance, personal insurance and collections. This will allow further improvements in the efficiency of case processing and customer service.

Wiener Städtische operates as an individual entity in Austria and also acts as the parent company for the Vienna Insurance Group (V.I.G.). Over the past years, Wiener Städtische has thereby developed from a successful local insurance company into an insurance group with international operations.

In order to take account of this dynamic growth, the Vienna Insurance Group is required to create a new organisational structure for the Group. The plans involve separating the Austrian insurance company from the international activities of the Group. The resulting listed Group holding company will bear the name Vienna Insurance Group AG Wiener Versicherung Gruppe\*. Wiener Städtische, the largest single company in the Group, will continue its successful insurance business operations in Austria.

Preparatory measures for the company's division were carried out at the beginning of 2009. Senior management adjustments were made to match the future organisational structure, so as to guarantee a clear assignment of areas of responsibility. The Managing Board as a whole was divided into two committees, one to deal with Group matters (V.I.G. Committee) and the other with the management of Wiener Städtische in Austria (Committee Wiener Städtische).

Wiener Städtische's goal for the future is to continue on its successful path as Number 1 in the Austrian insurance market, and for this we need the commitment and motivation of our employees.

With this in mind, I would like to thank all our employees for their outstanding efforts in the previous year. The success of Wiener Städtische is due to our employees, both office employees as well as those out in the field. By our common efforts, we can continue to strengthen Wiener Städtische and guarantee security to our customers.

Sincerely,



Günter Geyer

**Wiener Städtische  
guarantees its customers  
security and stability.**

\* 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.

# MANAGING BOARD



Dr. Martin Simhandl

Dr. Günter Geyer

Dr. Peter Hagen

Dr. Judit Havasi

Erich Leiß

Dr. Christine Dornaus

Mag. Robert Lasshofer

The successful international growth of the Vienna Insurance Group in previous years requires continuous changes in the developing organisational structure of the Group. To better address these challenges, the Group believes that the next logical step, subject to approval by the appropriate executive bodies of the Company, is to establish a listed Group holding company. The Wiener Städtische insurance company, the largest single company in the Group, will continue its insurance business operations in Austria.

Top management structures have already been modified to adjust to this step, including the formation of two committees within the Management Board of the Vienna Insurance Group in May 2009. One committee deals primarily with Group matters and the other with the management of the Wiener Städtische insurance company in Austria.



Ing. Martin Diviš, MBA

Franz Fuchs

Mag. Peter Höfinger

Dr. Franz Kosyna

Mag. Roland Gröll

## MANAGING BOARD

### VIENNA INSURANCE GROUP COMMITTEE

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

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

**Dr. Martin Simhandl** | Member of the Managing Board, CFO

**Ing. Martin Diviš, MBA** | Member of the Managing Board

**Franz Fuchs** | Member of the Managing Board

**Mag. Peter Höfinger** | Member of the Managing Board

**Mag. Roland Gröll** | Substitute Member of the Managing Board

**Dr. Franz Kosyna** | Substitute Member of the Managing Board

### WIENER STÄDTISCHE AUSTRIA COMMITTEE

**Dr. Günter Geyer** | **General Manager** |  
Chairman of the Managing Board

**Mag. Robert Lasshofer** | **Deputy General Manager** |  
Member of the Managing Board

**Dr. Christine Dornaus** | Member of the Managing Board

**Dr. Judit Havasi** | Member of the Managing Board

**Erich Leib** | Member of the Managing Board



# WIENER STÄDTISCHE AUSTRIA COMMITTEE



**Dr. Günter Geyer**

**General Manager, CEO**

**Chairman of the Managing Board**

Wiener Städtische Austria Committee areas of responsibility: management of the Company, strategic planning, public relations, sponsoring

**Dr. Judit Havasi**

**Member of the  
Managing Board**

**Wiener Städtische Austria  
Committee**

Areas of responsibility:  
human resources, law,  
reinsurance/actuarial  
services personal insurance

**Erich Leiß**

**Member of the  
Managing Board**

**Wiener Städtische Austria  
Committee**

Areas of responsibility:  
non-life insurance  
(underwriting/claims), IT,  
business organisation,  
reinsurance property  
insurance

**Dr. Christine Dornaus**

**Member of the  
Managing Board**

**Wiener Städtische Austria  
Committee**

Areas of responsibility:  
investment/ownership  
interest/real estate,  
accounting

**Mag. Robert Lasshofer**

**Deputy General Manager**

**Member of the  
Managing Board**

**Wiener Städtische Austria  
Committee**

Areas of responsibility:  
sales, corporate and large  
risk business, marketing/  
advertising

**MEMBERS OF THE EXTENDED BOARD:**

**Robert Bilek**

human resources, human resources development

**Mag. Hermann Fried**

personal insurance

**Mag. Helene Kanta**

company law

**Dr. Wolfgang Petschko**

corporate and large risk business (underwriting)

**DI Dr. Michael Schlögl**

motor vehicle insurance (underwriting)



What is of value to you?

# THE ART OF GROWING WITH EVERY EXPERIENCE.

Christian Ludwig Attersee, Austria



Our relationships with our customers are based on fairness and transparency across the entire range of services, from consultation and policy preparation to claims processing. **WIENER STÄDTISCHE** is constantly expanding its range of products by developing innovative insurance solutions that meet the needs of its customers.

Our success is founded, however, on the commitment of our employees. We value their great motivation and honour their achievements with the fair working conditions we provide.

# COMPANY PORTRAIT

## THE GROUP: 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 life areas and top-quality customer service in all markets. Wiener Städtische, Donau and s Versicherung are the Austrian insurance companies in the Vienna Insurance Group.

### 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 is one of the leading international insurance groups doing business in Central and Eastern Europe.

### Focus on the CEE region

The growth potential in the CEE region opens up many opportunities for development of the company, especially opportunities for longer-term development. The Vienna Insurance Group has expanded its involvement in the region step by step over the past years. In the beginning, the main focus was on offering insurance services in the motor vehicle sector. In addition to motor vehicle insurance, household and homeowner's insurance was also in strong demand. In response to the increasing level of prosperity, the Vienna Insurance Group began to offer savings and investment products in the form of life insurance in addition to its basic policies. With this in mind, the Vienna Insurance Group strengthened its presence in the markets of the CEE countries by acquiring the s Versicherung Group, specialising in life insurance, and thereby added to the strength of its existing distribution channels.

### 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 combined to 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 cloudy 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. Special thanks are therefore due to all employees of the Vienna Insurance Group. Our common commitment makes great achievements possible, especially in turbulent times, and will continue to strengthen the Group in the future.

# Welcome to the family of VIENNA INSURANCE GROUP



## AUSTRIA



## CZECH REPUBLIC



## SLOVAKIA



## ROMANIA



## POLAND



## GERMANY



## BULGARIA



## UKRAINE



## LIECHTENSTEIN



## HUNGARY



## ESTONIA



## ALBANIA



## LATVIA



## ITALY BRANCH



## CROATIA



## MACEDONIA



## LITHUANIA



## GEORGIA



## SLOVENIA BRANCH



## RUSSIA



## TURKEY



## BELARUS



## SERBIA



## WIENER STÄDTISCHE AUSTRIA

Wiener Städtische, an individual company within the Group with roots going back to 1824, is the leading insurance company in Austria. Wiener Städtische operates nationwide in the Austrian insurance market, offering innovative products that provide its customers with modern insurance solutions in the property/casualty, life and health insurance classes, and thus optimal insurance coverage for all situations in life. Wiener Städtische's goal is to build on the Company's previous success and continue to strengthen its leading position in Austria.

### Close customer relationships

Earning people's confidence is a matter of particular concern to Wiener Städtische. Responding to customer concerns and desires is extremely important, especially in economically difficult times. Wiener Städtische maintains a continuous dialogue with its customers in order to find insurance and old-age provision solutions that meet their needs. It is represented throughout Austria by nine provincial headquarters and about 150 offices. All information media are made use of to ensure the ability to react quickly to the market's needs. In addition, broker events and conferences are held regularly with field staff. Current regional and national issues are discussed with the representatives of major customers at provincial advisory board meetings. In 2009, the discussions at these meetings mainly dealt with the current economic situation, its effects on the insurance industry, and customer uncertainty with regard to capital markets.

### Multi-channel distribution

Wiener Städtische's successful distribution of its insurance products is based on the development of many well established distribution channels throughout Austria. The combination of a salaried field sales force, brokers, agents and bank distribution allows market opportunities to be exploited in the best manner possible, ensuring a balanced and broadly diversified distribution network. In retail as well as in the small and medium-sized company business, the main emphasis is on the salaried field sales force, which represents the most important channel of distribution. The effectiveness of the field staff is continually strengthened by customer-oriented improvements in distribution and settlement processes. Wiener Städtische takes account of the highly dynamic growth in broker distribution by organising such distribution through its own service and settlement offices. Wiener Städtische also has a strong position in bank distribution. Wiener Städtische and Erste Bank entered into a long-term distribution agreement in 2008. As part of a "preferred partnership", each partner gives preferential treatment in its own distribution network to the products of the other partner.

### Nationwide presence

Wiener Städtische operates nationwide in all classes of the Austrian insurance market. More than 3,000 advisors in approximately 150 offices are available for service and consultation in all the provinces of Austria. Wiener Städtische is the leading company in the Austrian insurance market, both in the corporate customer segment, which in Austria is primarily made up of a large number of dynamic small and medium-sized companies, and in the retail customer segment.

### Extensive product range

Wiener Städtische's extensive product range provides innovative and modern insurance solutions in all areas of business. The products are highly flexible, strongly oriented toward customer needs, and reflect current economic developments. Customers may choose from among a wide selection of core products, which can be supplemented with suitable modules and adapted to individual needs. Wiener Städtische's range of first-class products offers its customers security in many areas of their lives.

### Strong service orientation

Wiener Städtische stands for close customer relationships, prompt benefits processing and comprehensive personal service. Speed and service are particularly important for claims settlement. The company therefore also allows losses to be reported by telephone and online. Wiener Städtische's customer service employees receive practice-oriented modular training that ensures quick processing and provision of benefits. In the event of a loss, customers receive immediate assistance from our claims hotline (+43 (0)50 350 355).

### Call centre

Wiener Städtische's call centre is an important component of its customer service in Austria. Around 60 employees are available for Wiener Städtische customers 24 hours a day, seven days a week. A highly trained team of representatives answers questions both by telephone (+43 (0)50 350 350) and email ([kundenservice@staedtische.co.at](mailto:kundenservice@staedtische.co.at)). The services provided by call centre employees include, for example, providing product information, telephone claims reporting, simple policy changes and complaint management. Approximately 80% of all customer inquiries can be brought to a final resolution during the initial contact.

## 2009 EVENTS

### Wiener Städtische reorganisation

In 2009, Wiener Städtische began its forward-looking action programme. As part of the reorganisation performed under this action plan, three new service centres for personal insurance, property insurance and collections were established in Vienna. Combining underwriting and claims units creates synergy effects that allow even more efficient processing. As a result, customers receive an even higher level of quality and employees have a structured work environment. The basic idea behind the restructuring measures is to systematically improve on the success achieved by Wiener Städtische in Austria in order to continue providing the best possible customer satisfaction in the future.

#### Personal Insurance Service Centre

The Personal Insurance Service Centre has been responsible for Austrian-wide policy and claims processing for standard personal insurance transactions since September 2009.

#### Property Insurance Service Centre

The Property Insurance Service Centre began operations in October 2009 with the processing of Vienna property insurance claims (motor vehicle, homeowner and household insurance claims). Responsibility will also be assumed for policy and claims processing from other provincial headquarters by the end of 2010.

#### Collections Service Centre

The responsibilities of the third Service Centre cover the entire spectrum of collection services. The Service Centre is still in the development phase and will assume responsibilities from the provincial headquarters in stages.

### New office building in Vienna and new provincial headquarters in Carinthia and Styria

#### New office building in Vienna

A five-storey office building on Deutschmeisterplatz in the immediate vicinity of the Wiener Städtische headquarters, the Ringturm building, was completely renovated, including the finished attic floor. The new office building has a gross floor area of 3,600 m<sup>2</sup>, and now accommodates around 250 employees from a variety of Wiener Städtische departments.

#### New provincial headquarters in Carinthia

The existing Wiener Städtische provincial headquarters in Carinthia was completely renovated and expanded. Donau now

also has its provincial headquarters in the newly modernised office building. The building now offers around 3,400 m<sup>2</sup> of useable area on a total of five floors and 80 parking places. The modern aluminium and glass facade gives the newly renovated provincial headquarters an impressive exterior look, and the energy efficiency of the building envelope has been improved by 65%. The plans were prepared by architect DI Edgar Egger.

#### New provincial headquarters in Styria

Wiener Städtische can now also provide its Styrian customers with advisory services in a more comfortable environment. The Styrian provincial headquarters of Wiener Städtische and Donau have also been combined and moved to a common location. The new building provides around 4,000 m<sup>2</sup> of useable space on four floors. Designed by architect Prof. Boris Podrecca, the building has an impressively high-quality facade, a generous events area, flexible office design and modern customer service areas.

**Wiener Städtische  
reorganisation aimed at  
improving its success.**

### Purchase of a 50% interest in EBV-Leasing

The close cooperation between Erste Bank and Wiener Städtische has now been extended to motor vehicle leasing. Wiener Städtische has held a 50% interest in EBV-Leasing GmbH since 1 February 2009. This makes Wiener Städtische and Erste Bank co-owners of EBV-Leasing, which operates as a financing and production company for Wiener Städtische Donau Leasing. EBV-Leasing has around 110 employees and more than 30,000 customers and is the largest brand-independent leasing company in Austria.

### 5th Daughters' Day at Wiener Städtische

"Daughters' Day", an event initiated by the City of Vienna, was held for the 5th time at Wiener Städtische on 23 April 2009. On that day, around 40 girls between the ages of 11 and 16 had a chance to visit the Vienna headquarters and learn about professional careers for women in insurance. A puzzle rally race led these potential women insurance professionals of the future through a variety of stations in the building, including the call centre, registration office and customer service. The girls mastered a number of tasks at these stations, using play to obtain an insight into the insurance industry.



## PRODUCTS

Wiener Städtische offers a broad range of insurance products in the property/casualty, life and health insurance sectors, focusing on innovative, flexible insurance solutions. Wiener Städtische systematically tailors its products to meet the individual needs of its customers, offering protection from the consequences of losses, assistance in the event of illness and the possibility of maintaining one's standard of living into old

**The focus is on  
a wide range of products  
and fast customer service.**

age. The company believes in offering products that meet customer needs for fair premiums and at transparent terms, as well as in providing friendly customer service, comprehensive and understandable information, and advice tailored to individual needs.

Additional information on Wiener Städtische products is available on the Internet at [www.wienerstaedtische.at](http://www.wienerstaedtische.at).

### Sales initiative in 2009

#### **"Garant Plus" and "Wiener Städtische Garantie": Invest in Erste Group participation capital with a capital guarantee**

"Garant Plus" and "Wiener Städtische Garantie" are attractive new investment products introduced onto the market by Wiener Städtische in 2009. These products provide an opportunity to participate in the business performance of Erste Group Bank AG by purchasing index-linked life insurance. The products are single-premium investments in the participating capital (Partizipationskapital) and a senior bond of the Erste Group. "Garant Plus" comes with an Erste Group capital guarantee and offers a return of up to 6.8% p.a. The key element of "Wiener Städtische Garantie", by contrast, is a Wiener Städtische 120% capital guarantee after 12 years for the single premium investment. This product offers a return of up to 6.1% p.a. The expected return is based on an innovative investment model: planned 8% dividend payments and repayment of the participation capital, which are then reinvested in the senior fixed-interest bond, thereby increasing the probability that the investor will receive a payout higher than the guaranteed amount.

### Safe driving

#### **Innovations in motor vehicle insurance**

Wiener Städtische is one of the leading providers of motor vehicle insurance in Austria. More than 600,000 customers put their trust in the comprehensive coverage provided by Wiener Städtische's motor vehicle liability insurance and 200,000 customers in its motor vehicle own-damage insurance. In addition, around 140,000 customers have motor vehicle driver and passenger accident coverage. Wiener Städtische expanded its

motor vehicle insurance options for passenger cars in March 2009 and now offers additional benefits and comprehensive service.

#### *Reimbursement of rental car and travel expenses*

Wiener Städtische's extended motor vehicle liability policy LARGE enables travellers to arrive safely at their destination after a breakdown, accident or vehicle theft. Since March 2009, these extended assistance benefits have also covered the cost of a rental car or any overnight charges, or the trip home using public transport.

#### *Nature & animal own-damage insurance*

This new nature & animal own-damage insurance variant covers consequential damages that might result from collisions with animals and losses due to the forces of nature, such as storms, hail or flooding. Wiener Städtische has also included losses due to animal gnawing (for example, cable and hose damage due to marten gnawing) in the motor vehicle own-damage policy with coverage of up to EUR 3,000.

#### **Climate bonus**

Wiener Städtische offers an attractively priced motor vehicle insurance product that supports a changeover to environmentally friendly driving. Wiener Städtische's climate bonus promotes the purchase of low-emission automobiles with emissions of up to 135 g CO<sub>2</sub>/km by providing a one-time credit for six months of motor vehicle liability insurance premiums. The climate bonus applies to more than 20% of the new vehicles available on the market.

#### **Environmental bonus**

Interest in vehicles with alternative drive systems has risen significantly in recent years. Wiener Städtische supports this trend and is therefore helping its environmentally aware motor vehicle customers by providing an environmental bonus, a 10% premium discount for motor vehicle liability and own-damage insurance. This applies to alternative drive systems, such as natural gas (including bivalent), super ethanol, hybrid and electric drives.

#### **Microdots provide protection against automobile theft**

Wiener Städtische has been active with "Mighty Dots" in the area of burglary prevention since 2008. Mighty Dots are invisible microdots that can be used to mark valuables such as laptops or bicycles. Wiener Städtische is now also promoting microdots for protection against loss due to automobile theft. If a vehicle marked with Mighty Dots is stolen and then found by the police, a special scanning device can be used to unambiguously match the vehicle with its legal owner. The microdots are given a PIN number that is stored in an international database and helps the police to identify the legal owner. Since June 2009, motor vehicle policies have been sent out with coupons that reduce the cost of having a vehicle marked.

## Home security

### Home burglary is increasing: Wiener Städtische promotes prevention instead of increasing premiums

Although the number of break-ins is increasing, Wiener Städtische is increasing its efforts to promote loss prevention instead of increasing premiums. Premium discounts for security doors or alarm systems are one of the measures used, such as the security premium discount of up to 20% that is available if a VSÖ-tested alarm system is installed and the home is protected by a security door satisfying Austrian standard ÖNORM B 5338 or ÖNORM S 6055.

Wiener Städtische also promotes "Mighty Dots" for household and homeowner insurance, microdots that can be glued to valuables such as computers, cameras, laptops, etc. to provide protection. This marking allows the police to use a special scanning device to identify stolen property. Up to August 2009, Wiener Städtische customers were able to buy a Mighty Dot security set for their home for EUR 50 (instead of EUR 144). Warning stickers applied to doors and windows drawing attention to the security system also scare away burglars. Prevention is the best measure against burglary.

### Extensive insurance coverage against flood losses

Wiener Städtische has shown itself to be a reliable insurance partner for Austrian households and businesses in the numerous floods and flooding catastrophes in past years and has improved the scope of coverage for losses in this area.

Wiener Städtische's System Plus homeowner insurance offers Austrian homeowners especially comprehensive insurance coverage for losses due to flooding. Since March 2009, policyholders have had the option of doubling the amount insured under basic coverage for losses due to flooding from EUR 4,000 to EUR 8,000 and, if desired, even to arrange for coverage of EUR 16,000. With comprehensive catastrophe coverage, the amount insured may be up to 50% of the value of the building and contents. Wiener Städtische also offers small and medium-sized companies high quality insurance coverage against losses due to flooding.

### SMS storm warning service

An SMS storm warning service is available free of charge to customers purchasing the current MEDIUM and LARGE variants of Wiener Städtische homeowner insurance, and to customers extending their policies using these variants. The warnings relate to weather events such as storms, hail, heavy rain, snow and black ice. The partner for this service is the Austrian Central Institute for Meteorology and Geodynamics (ZAMG), ensuring the highest accuracy in delivering quality forecasts. The service provides customers the opportunity to take preventative measures.

## Old-age provision

### “Prämienpension” bonus pension plan:

#### Wiener Städtische subsidised old-age provision product

Wiener Städtische has been offering its government subsidised old-age provision product, Prämienpension, since 2003. Around 220,000 customers are already using this product for their old-age and pension planning. When paid out as a pension, the

premium-subsidised old-age provision product is exempt from income tax and investment income tax. No insurance taxes or speculative taxes need to be paid. In 2010, the government subsidy is 9% of the premiums paid, up to a maximum of EUR 2,263.70. The minimum contract term is 15 years.

**The flexible product design focuses on satisfying customer needs.**

In the case of policies purchased before 31 December 2009, 60% of the savings premium is invested in a traditional cover fund in accordance with the Austrian Insurance Supervision Act (VAG). 40% is invested in the Ringturm Zukunftsvorsorge Aktienfonds equity fund, which is able to benefit from developments on the Vienna Stock Exchange. A Wiener Städtische capital guarantee for paid-in premiums and the government subsidy give the Prämienpension product the level of security needed.

The new statutory rules for the lifecycle model apply to policies purchased after 31 December 2009. Under these rules, the minimum percentage invested in equities decreases as age increases. Up to 45 years of age, at least 30% must be invested in equities, with the minimum percentage decreasing to 25% starting at age 45, and to 15% starting at 55. This reduces the risk due to price fluctuations as retirement approaches. Wiener Städtische assists its customers in safeguarding their pensions and also offers existing customers the option of changing over to the lifecycle model.

## “EXTRA-Pflege”

### Wiener Städtische nursing care insurance

In addition to old-age provision, private nursing care provision is also a highly charged topic in Austria. Public awareness of old-age nursing care has been increasing in recent years and the need to make early provisions for old age has become apparent in this area. Since 2004, Wiener Städtische has offered comprehensive, affordable and flexible nursing care insurance that can fill this old-age provision gap and help relieve the financial situation that arises when nursing care is needed.

EXTRA-Pflege payments are made in parallel with government nursing care allowances and enable policyholders to live and receive care according to their individual needs, whether at home or in a nursing home. These payments are made twelve times a year during the entire period that nursing care is required, for an entire lifetime if necessary. Wiener Städtische had registered more than 23,000 nursing care policies by the end of 2009, putting it out in front in the area of nursing care insurance.

## Health care

### NEW: TOP MED Junior - special class coverage for children and youth

Wiener Städtische's TOP MED Junior supplementary insurance has been available since 2009, and provides affordable insurance coverage for children and youth requiring hospital treatment due to illness or accident. Wiener Städtische guarantees special class treatment following accidents as well as a daily hospital allowance of EUR 60 for in-patient hospital stays. Instead of the daily allowance, parents also have the option of staying in the hospital with their children up to the age of twelve. With TOP MED Junior insurance coverage, parents can ensure that their children receive the best medical treatment possible.

**NEW: TOP MED Reise - top travel protection worldwide**

Wiener Städtische's travel health insurance pays the cost of hospital and outpatient medical treatment, as well as the cost of return transportation. As of July 2009, Wiener Städtische has offered a large number of additional benefits under its TOP MED Reise foreign travel health insurance. These new benefits include the cost of overnight stays for accompanying family members in the vicinity of the hospital, reimbursement of expenses for follow-up drug shipments, an increase in rescue cost coverage up to EUR 10,000, and payment of costs incurred to be with children during a hospital stay. Insurance coverage applies worldwide for the first six weeks of a trip, and for an unlimited number of trips during the year.

**NEW: TOP MED KMU - new health insurance product for small and medium-sized companies**

Wiener Städtische offers owners of small and medium-sized companies low-cost special class health insurance to cover their employees in the event of accidents. Wiener Städtische's new TOP MED KMU insurance offers employees special class hospital medical treatment worldwide following a work or leisure-time accident. The employer also receives a daily hospital allowance of EUR 60 that can be used, for example, to pay for a substitute worker. The employer receives further benefits in the form of particularly attractive insurance premiums for interns and the ability to deduct insurance premiums as business expenses.

**NEW: EuropaHELP – Europe-wide casualty coverage for motor vehicle customers**

Wiener Städtische's EuropaHELP product offers attractive special class coverage at a reasonable price to Wiener Städtische motor vehicle insurance customers. In the event of a hospital stay resulting from a traffic accident, either special class benefits or a daily allowance can be claimed after a hospital stay resulting from a traffic accident. The insurance covers the driver, passengers and third parties involved in an accident with a motor vehicle, bicycle, rail vehicle, or motorised air or water vehicle. The following are some of the supplementary benefits included: reimbursement of transport costs, retrieval within Europe, rescue costs, rehabilitation centre benefits. This low-cost supplementary insurance is particularly attractive for young, active people.

**Vacation coverage with casualty insurance and personal/sports liability insurance**

Taking a vacation with insufficient insurance coverage can result in high consequential costs in the event of a loss. In winter alone, around 55,000 people injure themselves so severely on Austrian ski slopes that they require hospital treatment. More than 500 of them have injuries that could lead to permanent disability. Wiener Städtische therefore offers customers its TOP 400 casualty insurance with all-around flexible coverage for the entire family, starting at EUR 15 per month. The casualty coverage includes rescue costs as well as the cost of transport to a hospital. Medical expenses such as physiotherapy costs or other treatment or rehabilitation costs following an accident can also be included in the insurance coverage.

The addition of personal/sports liability insurance provides coverage against potential claims for damages. A collision with another person during winter sports, for example, can easily lead to damage claims. Wiener Städtische's SYSTEM PLUS household insurance includes personal/sports liability coverage for personal injury of up to EUR 1.5 million. "Easy living" household insurance is perfect for all students, offering integrated liability insurance covering damage claims of up to EUR 1 million for a low annual premium.

**Premium waiver for unemployed health insurance customers**

All Wiener Städtische health insurance customers who lost their jobs in 2009 due to the current economic situation were able to suspend their policies at no cost for the duration of their unemployment (up to twelve months). This means that premium payments are waived during this period and the policy returns to force afterward at the same terms as before. This option allows Wiener Städtische health insurance customers to maintain their policies in financially difficult times, and will be continued in 2010.

## ADVERTISING

### New Wiener Städtische advertising campaign: The Neighbours

Wiener Städtische's new advertising campaign promises to walk a fine line between cinematic entertainment and product message.

The goal of the new advertising campaign developed by the Young & Rubicam agency was to create a series that would involve the public in a story from everyday life. The situations selected communicate a variety of product messages in an appealing manner and culminate in the established Wiener Städtische slogan "We wish your problems were ours".

#### Start of the campaign

The campaign began on 15 November 2009, starting with a trailer that introduced and established the story and the individuals involved: an attractive single mother in her late 30s, a daughter in the middle of her teen-age years, and a new, equally attractive neighbour in his early 40s who moves in next door.

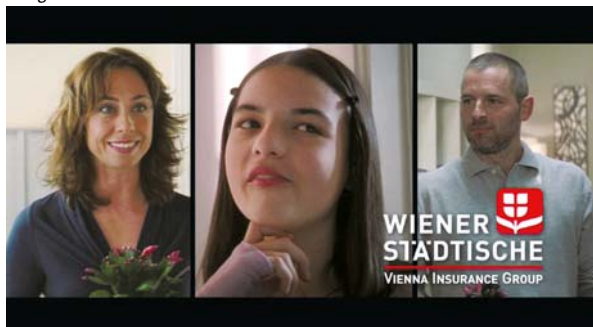
#### The first episode

The first episode followed in December 2009, and dramatised the first meeting of the two protagonists. The new neighbour already signals in this episode that he is someone who thinks about providing for the future. This lets an appealing reference be made to Wiener Städtische's "Prämienpension" pension product. The first commercial: "A Partnership Begins", where the two work together to master the challenges of everyday life – including its worries.

In addition to television commercials and infoscreen ads, Wiener Städtische's new advertising campaign also included a print campaign in the Austrian media and rolling board ads.

The new campaign portrays Wiener Städtische as a reliable insurance partner in a variety of life situations and also highlights various product benefits. In addition, it is effective in all media and for all of Wiener Städtische's business areas.

#### Neighbours television trailer



## SOCIAL COMMITMENT

As the largest Austrian insurance company in the CEE region, Wiener Städtische is aware of its social and cultural responsibility. Social commitment and the promotion of art and culture are of especial importance to the Company and are firmly rooted in its business philosophy. Over the course of many years and many social and cultural projects, Wiener Städtische has proven itself to be a reliable sponsoring partner. The Company also promotes initiatives in the healthcare sector. Examples of a few of its many types of activities in 2009 are described below.

#### The social angle

##### "Second Savings Bank" cooperation since 2007

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

##### Wiener Städtische offers free insurance

In addition to the banking products offered, such as a basic account with a bank card, all account holders automatically also receive an insurance package that Wiener Städtische developed specifically for "Second Savings Bank" account holders.

The basic insurance offered by Wiener Städtische provides free coverage for one legal consultation each quarter and free casualty insurance. The casualty insurance automatically covers children living in the same household as the account holder. The option of purchasing household insurance for a monthly premium of only EUR 3 is also available.

##### The "Second Savings Bank" expands its branch network

The "Second Savings Bank" has branches in Graz, Innsbruck, Klagenfurt, Salzburg, Vienna and, since 2009, Villach. Another office will be opened in Linz in 2010. Regional Sparkasse branches offer "Second Savings Bank" services in Lower Austria, Upper Austria and Burgenland. Plans are also being made to export the concept of a "Bank for People without a Bank" over the borders of Austria into the Central and Southeastern Europe region in the future.

### **New Volkshilfe “poverty hurts” campaign with Margit Fischer**

Wiener Städtische has been a supporting partner of many projects by a variety of aid organisations for many years. It has supported the Volkshilfe poverty campaign since 2006. Margit Fischer is the most prominent patron of this fundraising campaign, which operates under the slogan “poverty hurts”. Around 400,000 people live in acute poverty and social marginalisation in Austria, including around 100,000 children and youth. Television commercials, the print media and posters throughout Austria are used to draw attention to the fundraising campaign and create an awareness of shared responsibility in the population. Many people, in particular children and families, have benefited in recent years from assistance received from the campaign.

### **Employees show social commitment**

In order to further increase the significance of its social involvement, Wiener Städtische wishes to motivate its employees to use their free time to do good. In the future, socially minded employees in the administrative area of Wiener Städtische will be recognised using a model similar to that of Czech insurance company Kooperativa. Employees showing especially high social commitment during their free time will also be given special notice in the future.

### **Campaign against “drinking and driving”**

On 6 November 2009, the Austrian Federal Ministry for Transport, Innovation and Technology began an awareness campaign against “drinking and driving” in cooperation with Wiener Städtische, the Austrian Social Insurance Fund for Occupational Risks (AUVA) and the Austrian Road Safety Board (*Kuratorium für Verkehrssicherheit*).

The 40-second television and cinema commercials for the “Drinking and driving: could you live with it?” campaign graphically showed the potential consequences of drinking and driving, because drivers acting irresponsibly in this way are not only endangering their own lives, but those of others as well.

The cinema, television and radio commercials were accompanied by an advertising campaign in the Austrian media. The campaign could also be seen on “rolling board” ads in urban areas and in postal busses throughout Austria, and is viewed as an important part of the prevention work.

### **Wiener Städtische donates new university service building to the University of Klagenfurt**

Wiener Städtische and the Sparkasse of Carinthia built a new service building for the University of Klagenfurt in 2009, thereby demonstrating their high level of commitment to the education of youth. The service building provides the university with additional useable space and communication areas. The building primarily houses university organisations such as the Austrian Student Union (ÖH), Jobservice, the works council and the office for international relations. The service building also contains a new Wiener Städtische branch, a new Sparkasse branch, a book store and a bistro for students. The building was designed by architect DI Edgar Egger.

### **Art and culture**

#### **Sponsor of Vereinigte Bühnen Wien**

Wiener Städtische is a long-time sponsoring partner for numerous institutions in the field of art and culture. It has sponsored the musical productions of the Vienna theatre company Vereinigte Bühnen Wien since 1997. During the 2009/10 season, Wiener Städtische provided support for the Vereinigte Bühnen Wien musicals “Rudolf - the Mayerling Affair”, “I’d still never been to New York” and “Dance of the Vampires”. Other institutions sponsored by Wiener Städtische include, for example, the Theatre in Josefstadt, the Volkstheatre and the Burgtheatre.

Wiener Städtische also makes an ongoing commitment to numerous projects and institutions that help children to develop their artistic skills. These include, for example, the ZOOM children’s museum, the LEO children’s studio in the Leopold Museum and the “Pinselstrich” children’s studio in Belvedere.

#### **Sponsor of the St. Margarethen Opera Festival**

Wiener Städtische has sponsored the St. Margarethen Opera Festival since 2002. This partnership and support also continued in 2009, when the festival presented Giuseppe Verdi’s opera “Rigoletto”. In addition to the St. Margarethen Opera Festival, the Bregenz Festival and the “Carinthian Summer” music festival are other examples of institutions receiving support from Wiener Städtische.

### **Partner of the “Long Night of the Churches” since 2005**

Wiener Städtische’s relationship with the church extends back to the Company’s origins in 1824, which is why it is actively involved in the maintenance and renovation of churches and monasteries and supports many humanitarian and cultural initiatives of individual institutions.

Together with Erste Bank and the Sparkasse banks, Wiener Städtische also sponsored the fifth “Long Night of the Churches” that was held in 2009. On 5 June 2009, 730 churches across Austria opened their doors, offering more than 3,000 programme items such as discussions, church services, concerts, tours, readings and exhibitions.

### **“Architecture in the Ringturm” exhibition series**

Wiener Städtische’s headquarters, the Ringturm building, has regularly hosted the “Architecture in the Ringturm” exhibition series. The exhibition series opened with “The Ringturm – 50 year-history of a high-rise” in 1998. Since then, free admission to this series has made culture and architecture accessible to a wide public.

The “Architecture in the Ringturm” series presented the following exhibitions in 2009:

- “Wiener Residential Architecture – Innovative. Social. Ecological”
- “Sketches for the Future – Werner Sobek”
- “Gentle Savages – The Viennese Model of Urban Renewal”

### **Health care**

#### **Am Kurpark seniors residence in Oberlaa, Vienna, awarded “National Certificate of Quality”**

By awarding the “National Certificate of Quality” to the Am Kurpark seniors residence in Vienna, the Austrian Federal Ministry of Social Affairs has confirmed the high quality of care provided by Humanocare senior residences. Wiener Städtische has owned the seniors residences Am Kurpark in Vienna, Mirabell in Salzburg, Veldidenapark in Innsbruck and Martinsbrunnen in Dornbirn since 2003. These residences offer seniors care based on needs, comprehensive service and top comfort. As the first care facilities in Austria to be given certification under the ISO 9001:2000 quality standard, these residences received recognition for their high quality and for the measures taken to improve the quality of life of their residents. The “National Certificate of Quality” focuses on the manner in which available resources in a seniors’ facility are used and on the way in which its processes are designed.

## EMPLOYEES

A company can only be successful in the market with motivated, well-qualified employees. Wiener Städtische thus places great importance on training within the Company. The presence of an internal human resources company, Horizont GmbH, within the Group also ensures employees' ongoing training. Every new Wiener Städtische employee attends a mandatory basic training course. This training pays particular attention to the service orientation and quality of employees' advisory activities.

### Employee information

As of 31 December 2009, Wiener Städtische had a total of 3,737 employees (including 149 interns), representing a decrease of 217 in 2009. The drop is mainly due to natural attrition without replacement and to a merging of activities in connection with the Company's reorganisation. 1,884 employees were active in the field in 2009, while the number of office employees fell by 91, to 1,704, over the course of the financial year. Interns totalled 149, 10 more than in the previous year.

To Wiener Städtische, equal treatment of employees is not just a catchword, but an everyday reality. Female office employees significantly outnumber males. Out of a total of 1,704 office employees in 2009, 667 were men and 1,037 women. The high proportion of female employees has automatically led to a high proportion of female managers. Even the Committee Wiener Städtische-Management has two women out of a total of five members.

The Company takes the view that people with certain disabilities can perform their work just as efficiently as people without these limitations. Wiener Städtische went beyond legal requirements in 2009 by providing positions for 106 disabled employees.

### Wiener Städtische provides youth training

As the leading insurance company in Austria, Wiener Städtische sets great store by the development of young employees. The 2009 intern initiative enabled around 100 young people to make a start on their professional lives, with many of them also laying the foundation for a career in an international insurance group.

More than 50 young employees across Austria completed their training in 2009 and began a career in insurance sales. Around 150 interns are currently receiving vocational training as insurance advisors with Wiener Städtische. Wiener Städtische employs more than one third of all interns in the insurance industry, making it one of the largest Austrian trainers of interns in the industry. A total of 250 young people from all over Austria have completed an internship with Wiener Städtische over the past five years.

### 2010 intern training initiative

In autumn 2010, Wiener Städtische will once again offer 100 internship positions for young persons interested in a thorough training as an insurance clerk. Working as an insurance advisor for Wiener Städtische means receiving comprehensive training to become an expert advisor for the Number 1 company in the Austrian insurance market. Wiener Städtische offers outstanding possibilities for advancement and career opportunities in the field sales force – along with excellent social benefits.

**Wiener Städtische  
offers 100 youth training  
positions.**





What does development mean to you?

# THE ART OF WORKING IN THE HERE AND NOW, WITH AN EYE ON THE FUTURE.

Robert Hammerstiel, Austria

A large, stylized handwritten signature in black ink, reading 'Robert Hammerstiel'. The signature is fluid and cursive, with a prominent horizontal line crossing through the middle of the letters.

**WIENER STÄDTISCHE** has further developed and successfully consolidated its leading position in the Austrian insurance market in recent years. Our experience and success guarantee stability, even in economically difficult times. **WIENER STÄDTISCHE** has an exceptional level of capital resources available to ensure stability and security. Conservative investments and active risk management are among the Company's core competencies.

# MANAGEMENT REPORT

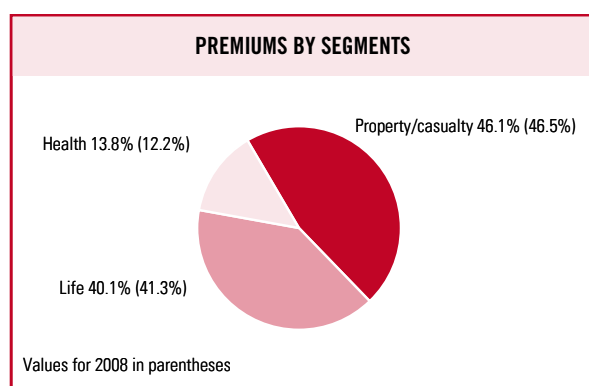
## WIENER STÄDTISCHE AUSTRIA BUSINESS DEVELOPMENT IN 2009

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

### Premium income

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

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



### Expenses for claims and insurance benefits

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

### Operating expenses

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

### Wiener Städtische Austria key figures (UGB)

in million EUR	2007	2008	2009
<b>Gross premiums written</b>	<b>2,587.79</b>	<b>2,583.65</b>	<b>2,334.87</b>
thereof			
property/casualty	1,126.49	1,201.57	1,076.11
thereof life	1,145.70	1,067.80	937.40
thereof health	306.60	314.28	321.36
<b>Financial result</b>	<b>457.73</b>	<b>441.44</b>	<b>335.65</b>
<b>Gross expenses for insurance claims*</b>	<b>-2,186.10</b>	<b>-1,907.24</b>	<b>-2,155.66</b>
<b>Result from unrealised gains and losses from unit- and index-linked life insurance items</b>	<b>-22.40</b>	<b>-332.5</b>	<b>199.55</b>
<b>Gross administrative expenses</b>	<b>-466.69</b>	<b>-489.76</b>	<b>-434.34</b>
<b>Result from ceded reinsurance</b>	<b>-57.61</b>	<b>32.35</b>	<b>-83.32</b>
<b>Other income/ expenses (net)</b>	<b>-133.71</b>	<b>-112.97</b>	<b>-26.7</b>
<b>Result from ordinary activities</b>	<b>179.01</b>	<b>215.12</b>	<b>169.98</b>
thereof			
property/casualty	120.87	168.72	148.51
thereof life	52.30	36.98	9.64
thereof health	5.84	9.42	11.3
<b>Investments**</b>	<b>11,741.37</b>	<b>13,648.30</b>	<b>14,633.13</b>
<b>Underwriting provisions***</b>	<b>9,685.18</b>	<b>10,007.17</b>	<b>10,348.57</b>
<b>Coverage of capital requirements (in %)</b>	<b>444.9</b>	<b>685.6</b>	<b>698.6</b>

\* incl. change in mathematical reserve

\*\* incl. unit-linked and index-linked life insurance

\*\*\* incl. unit-linked and index-linked life insurance, incl. deposits from ceded reinsurance business

**Combined ratio far below 100%**

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

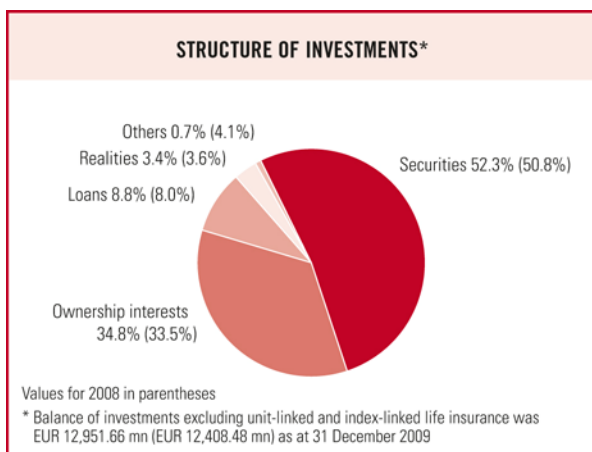
**Financial result**

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

**Investments**

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

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

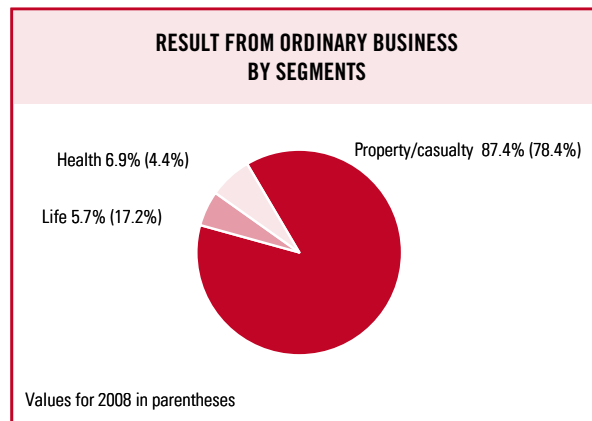


**Result from ordinary activities**

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

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

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



**Business development in detail**

**Property and casualty insurance**

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

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

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

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

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

#### Key figures property/casualty insurance

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

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

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

#### Life insurance

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

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

#### Key figures life insurance

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

\* incl. the change in the actuarial reserve

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

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

### Health insurance

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

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

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

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

### Key figures life insurance

in million EUR	2007	2008	2009
<b>Gross premiums written</b>	<b>306,60</b>	<b>314,28</b>	<b>321,36</b>
<b>Financial result</b>	<b>8,69</b>	<b>2,13</b>	<b>15,73</b>
<b>Gross expenses for insurance claims *</b>	<b>-257,38</b>	<b>-248,57</b>	<b>-263,35</b>
<b>Gross administrative expenses</b>	<b>-40,41</b>	<b>-45,53</b>	<b>-42,16</b>
<b>Result from ceded reinsurance</b>	<b>0,01</b>	<b>-0,00</b>	<b>-6,08</b>
<b>Other income/ expenses (net)</b>	<b>-11,67</b>	<b>-12,89</b>	<b>-13,67</b>
<b>Result from ordinary activities</b>	<b>5,84</b>	<b>9,42</b>	<b>11,83</b>

\* incl. the change in the actuarial reserve

### Employees

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

### Number of employees

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

### Employee interests

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

### Events occurring after the balance sheet date

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

## RISK REPORTING

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

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

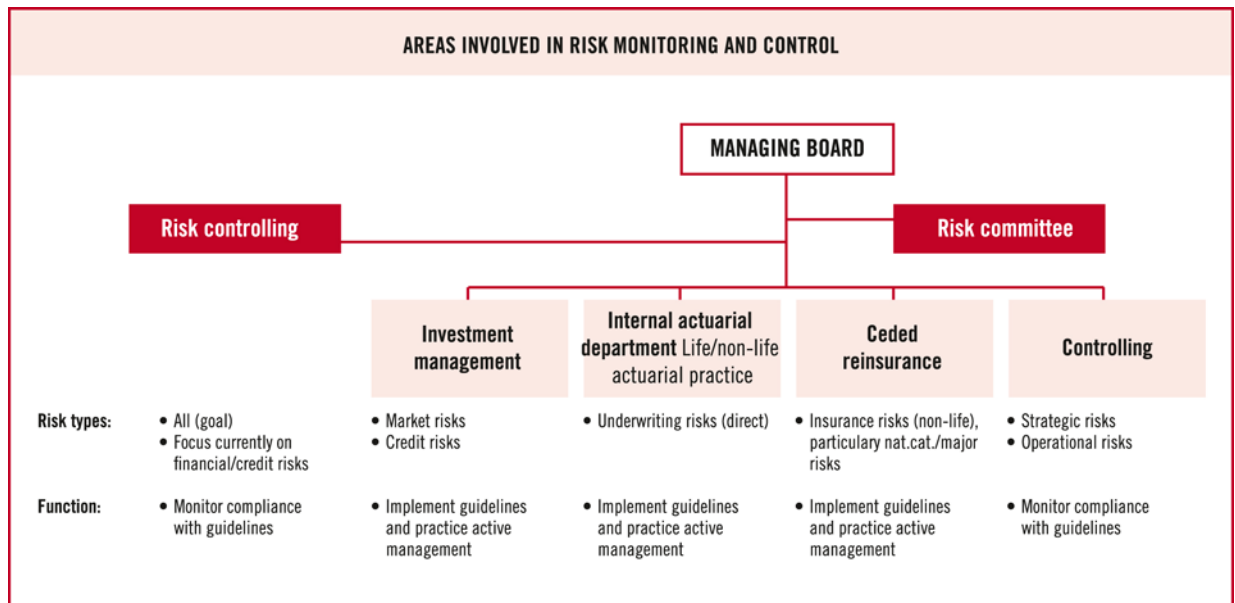
**The overall risk of the Group can be divided into the following risk categories:**

- **Underwriting risks:** The Vienna Insurance Group's core business consists of the transfer of risk from policyholders to the insurance company.
- **Credit risk:** This risk quantifies the potential loss due to deterioration of the situation of a counterparty against which claims exist.
- **Market risk:** Market risk is the risk of changes in the value of investments due to unforeseen fluctuations in interest

rate curves, share prices and exchange rates, and the risk of changes in the market value of real estate and participations.

- **Strategic risks:** Strategic risks can arise due to changes in the economic environment, case law, or the regulatory environment.
- **Operational risks:** These may result from deficiencies or errors in business processes, controls or projects caused by technology, staff, organisation or external factors.
- **Liquidity risk:** Liquidity risk depends on the goodness of fit between the investment portfolio and insurance obligations.
- **Concentration risk:** Concentration risk is a single direct or indirect position, or a group of related positions, with the potential to significantly endanger the insurance company, its core business or key performance measures. Concentration risk is caused by an individual position, a collection of positions with common owners, guarantors or managers, or by sector concentrations.

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



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

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

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

The Vienna Insurance Group monitors the various market risks of its security portfolio using fair value valuations, value-at-risk (VaR) calculations, sensitivity analyses and stress tests. Liquidity risk is limited by matching the investment portfolio to insurance obligations. Operational and strategic risks which might be caused by deficiencies or errors in business processes, controls and projects, or changes in the business environment, are also continuously monitored.

**Dealing professionally  
with risk is part  
of Wiener Städtische's  
core competence.**

The EU's Solvency II Framework Directive was adopted and promulgated in 2009. Aside from the Framework Directive, Solvency II is still under consultation with respect to the detailed formulation of the implementation measures. Solvency II is expected to go into effect in 2012. Mandatory application of the new requirements is likely to be deferred to 1 January 2013. Based on current information, this could have significant effects in terms of capital requirements and eligible capital that are currently still impossible to estimate. In financial year 2009, the Managing Board established a Group-wide project to implement Solvency II. The project is aimed at the development of an internal model.



## OUTLOOK

### Economic development Austria 2010

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

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

### The 2010 insurance market Austria

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

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

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

### Wiener Städtische Austria 2010

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

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

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

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

### Reorganisation of Group structure

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

To take account of this dynamic growth, the Vienna Insurance Group has decided to create a new organisational structure for the Group. The plans involve separating the Austrian insurance business from the international activities of the Group. The resulting listed Group holding company will bear the name Vienna Insurance Group AG Wiener Versicherung Gruppe\*. Wiener Städtische, the largest single company in the Group, will continue its successful insurance business operations in Austria.

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

## PROPOSED DISTRIBUTION OF PROFITS

VIENNA INSURANCE GROUP Wiener Städtische Versicherung AG ended financial year 2009 with net retained profits of EUR 164,737,716.77. The following appropriation of profits will be proposed to the Annual General Meeting:

The 128 million shares are to receive a dividend of EUR 0.90 per share. The payment and ex-dividend dates for this dividend will be 5 July 2010.

A total of EUR 115,200,000.00 will thus be distributed.

The unappropriated surplus of EUR 49,537,716.77 that remains for financial year 2009 after distribution of the dividend is to be carried forward.

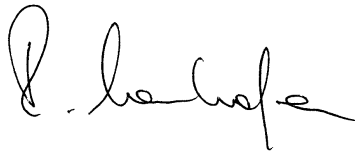
Managing Board:



**Dr. Günter Geyer**



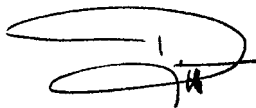
**Dr. Peter Hagen**



**Mag. Robert Lasshofer**



**Dr. Martin Simhandl**



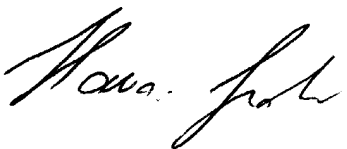
**Ing. Martin Diviš, MBA**



**Dr. Christine Dornaus**



**Franz Fuchs**



**Dr. Judit Havasi**



**Mag. Peter Höfinger**



**Erich Leib**

Vienna, 11 March 2010



What does stability mean to you?

# THE ART OF CONSTANTLY TAKING NEW ROADS.

Hubert Schmalix, Austria

A handwritten signature in black ink, reading "Hubert Schmalix". The signature is fluid and cursive, with the first name "Hubert" and the last name "Schmalix" clearly distinguishable.

**WIENER STÄDTISCHE** is prompt in reacting to the economic situation in the present so as to be ready for the challenges of the future. In order to ensure the Company's continued successful development, **WIENER STÄDTISCHE** is creating a forward-looking corporate structure. This increases the Company's efficiency and guarantees optimal customer service. In the future as well, we will continue to be there as a reliable partner for our stakeholders.

# WIENER STÄDTISCHE AG SEPARATE FINANCIAL STATEMENTS

## VIENNA INSURANCE GROUP WIENER STÄDTISCHE VERSICHERUNG AG

Separate financial statements prepared in accordance with the Austrian Corporate Code (UGB) and the Austrian Insurance Supervision Act (VAG)

31 December 2009

<b>Reporting Period</b>	<b>1.1.2009 – 31.12.2009</b>
<b>Balance sheet comparison date</b>	<b>31.12.2008</b>
<b>Income statement comparison date</b>	<b>1.1.2008 – 31.12.2008</b>
<b>Currency</b>	<b>EUR</b>

**BALANCE SHEET FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2009**

<b>Assets</b>	<b>Property/Casualty</b>	
<i>in EUR</i>		
<b>A. Intangible assets</b>		
I. Expenses for acquisition of an insurance portfolio		3,500,000.00
II. Other intangible assets		18,468,991.68
<b>TOTAL INTANGIBLE ASSETS</b>		<b>21,968,991.68</b>
<b>B. Investments</b>		
I. Land and buildings		124,319,384.98
II. Investments in affiliated companies and participations		
1. Shares in affiliated companies	3,449,344,285.01	
<i>thereof reorganisation surplus</i>		<i>0.00</i>
2. Bonds and other securities of affiliated companies and loans to affiliated companies	264,083,279.22	
3. Participations	33,959,703.00	
<i>thereof reorganisation surplus</i>		<i>0.00</i>
4. Bonds and other securities of and loans to companies in which an ownership interest is held	6,483,381.79	3,753,870,649.02
III. Other investments		
1. Shares and other non-fixed-interest securities	110,058,961.18	
2. Bonds and other fixed-interest securities	246,529,524.65	
3. Shares in joint investments		0.00
4. Mortgage receivables	29,456,655.13	
5. Policy prepayments		0.00
6. Other loans	70,283,538.53	
7. Bank deposits	55,462,566.74	511,791,246.23
IV. Deposits on assumed reinsurance business		1,090,709.23
<b>TOTAL INVESTMENTS</b>		<b>4,391,071,989.46</b>
<b>C. Investments of unit- and index-linked life insurance</b>		<b>0.00</b>
<b>Amount carried forward</b>		<b>4,413,040,981.14</b>

Health		Life		Total business in 2009		2008
in EUR '000						
	0.00		0.00		3,500,000.00	4,900
	0.00		67,546.27		18,536,537.95	17,080
	<b>0.00</b>		<b>67,546.27</b>		<b>22,036,537.95</b>	<b>21,980</b>
	65,252,258.36		245,011,353.87		434,582,997.21	444,529
65,539,634.82		705,405,172.14		4,220,289,091.97		3,795,431
<i>0.00</i>		<i>8,883,755.76</i>		<i>8,883,755.76</i>		<i>8,884</i>
33,736,084.08		298,742,436.48		596,561,799.78		401,467
13,380,161.85		239,442,839.05		286,782,703.90		354,505
<i>0.00</i>		<i>8,957,022.00</i>		<i>8,957,022.00</i>		<i>8,957</i>
16,157,371.31	128,813,252.06	14,806,915.88	1,258,397,363.55	37,447,668.98	5,141,081,264.63	31,157
323,646,237.72		2,384,926,831.60		2,818,632,030.50		2,606,716
257,528,148.49		3,263,887,254.85		3,767,944,927.99		3,550,903
0.00		50,333,710.10		50,333,710.10		53,940
69,984,832.54		202,030,412.05		301,471,899.72		237,722
0.00		19,215,937.78		19,215,937.78		19,846
50,924,431.39		208,928,291.52		330,136,261.44		377,055
13,195,291.06	715,278,941.20	522,475.36	6,129,844,913.26	69,180,333.16	7,356,915,100.69	384,973
	1,334,204.97		16,651,874.57		19,076,788.77	150,231
	<b>910,678,656.59</b>		<b>7,649,905,505.25</b>		<b>12,951,656,151.30</b>	<b>12,408,475</b>
	<b>0.00</b>		<b>1,681,469,320.71</b>		<b>1,681,469,320.71</b>	<b>1,239,819</b>
	<b>910,678,656.59</b>		<b>9,331,442,372.23</b>		<b>14,655,162,009.96</b>	<b>13,670,274</b>

**BALANCE SHEET FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2009**

<b>Assets</b>	<b>Property/Casualty</b>	
<i>in EUR</i>		
<b>Amount carried forward</b>		<b>4,413,040,981.14</b>
<b>D. Receivables</b>		
I. Receivables from direct insurance business		
1. from policyholders	87,137,552.19	
2. from insurance intermediaries	78,193,402.27	
3. from insurance companies	19,325,032.43	184,655,986.89
II. Receivables from reinsurance business		102,498,916.62
III. Other receivables		167,783,535.33
<b>TOTAL RECEIVABLES</b>		<b>454,938,438.84</b>
<b>E. Pro rata interest</b>		<b>7,073,114.92</b>
<b>F. Other assets</b>		
I. Tangible assets (not incl. land and buildings) and inventories		16,513,239.16
II. Current bank balances and cash on hand		41,632,919.43
III. Other assets		116,010,384.43
<b>TOTAL OTHER ASSETS</b>		<b>174,156,543.02</b>
<b>G. Prepaid expenses</b>		
I. Deferred taxes		60,588,647.33
II. Other prepaid expenses		82,184,202.59
<b>TOTAL PREPAID EXPENSES</b>		<b>142,772,849.92</b>
<b>H. Offsetting items between departments</b>		<b>-243,384,022.92</b>
<b>Total assets</b>		<b>4,948,597,904.92</b>



Health		Life		Total business in 2009		2008	
in EUR '000							
<b>910,678,656.59</b>		<b>9,331,442,372.23</b>		<b>14,655,162,009.96</b>		<b>13,670,274</b>	
3,170,530.38		23,181,978.66		113,490,061.23		132,596	
0.00		799,285.88		78,992,688.15		80,015	
1,088,385.27	4,258,915.65	715,798.11	24,697,062.65	21,129,215.81	213,611,965.19	26,297	105,529
	0.00		747,989.66		103,246,906.28	157,732	
	4,243,315.24		14,910,032.88		186,936,883.45		
	<b>8,502,230.89</b>		<b>40,355,085.19</b>		<b>503,795,754.92</b>		<b>502,169</b>
	<b>7,194,563.16</b>		<b>96,083,436.10</b>		<b>110,351,114.18</b>		<b>103,069</b>
	0.00		165,495.45		16,678,734.61		15,025
	2,067,441.32		28,872,673.87		72,573,034.62		121,935
	4,688,800.00		17,866,540.65		138,565,725.08		108,741
	<b>6,756,241.32</b>		<b>46,904,709.97</b>		<b>227,817,494.31</b>		<b>245,701</b>
	916,655.83		25,116,764.41		86,622,067.57		65,910
	0.00		5,953,077.04		88,137,279.63		38,882
	<b>916,655.83</b>		<b>31,069,841.45</b>		<b>174,759,347.20</b>		<b>104,792</b>
	<b>91,123,683.79</b>		<b>152,260,339.13</b>		<b>0.00</b>		<b>0</b>
	<b>1,025,172,031.58</b>		<b>9,698,115,784.07</b>		<b>15,671,885,720.57</b>		<b>14,626,005</b>

**BALANCE SHEET FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2009**

<b>Liabilities and shareholders' equity</b>	<b>Property/Casualty</b>	
<i>in EUR</i>		
<b>A. Shareholders' equity</b>		
I. Share capital		
1. Par value		82,253,688.41
II. Capital reserves		
1. Committed reserves		1,859,512,981.64
III. Retained earnings		
1. Free reserves		141,089,334.33
IV. Risk reserve as per § 73a VAG, taxed portion		15,301,745.25
V. Net retained profits		128,378,107.13
<i>thereof brought forward</i>		<i>6,603,765.31</i>
<b>TOTAL SHAREHOLDERS' EQUITY</b>		<b>2,226,535,856.76</b>
<b>B. Tax-exempt reserves</b>		
I. Risk reserve as per § 73a VAG		19,406,564.75
II. Valuation reserve for impairment losses		36,709,096.71
<b>TOTAL RESERVES</b>		<b>56,115,661.46</b>
<b>C. Subordinated liabilities</b>		
I. Hybrid bond		0.00
II. Supplementary capital bond		250,000,000.00
<b>TOTAL SUBORDINATED LIABILITIES</b>		<b>250,000,000.00</b>
<b>D. Underwriting provisions - retained</b>		
I. Unearned premiums		
1. Gross	113,141,378.56	
2. Reinsurers' share	-18,414,985.74	94,726,392.82
II. Mathematical reserve		
1. Gross	0.00	
2. Reinsurers' share	0.00	0.00
III. Provision for outstanding claims		
1. Gross	1,046,927,346.79	
2. Reinsurers' share	-283,784,820.72	763,142,526.07
IV. Provision for profit-unrelated premium refunds		
1. Gross	17,212,688.72	
2. Reinsurers' share	-1,349,412.27	15,863,276.45
V. Provision for profit-related premium refunds and policyholder profit participation		
1. Gross	196,912.47	
2. Reinsurers' share	0.00	196,912.47
VI. Equalisation provision		164,632,606.60
VII. Other underwriting provisions		
1. Gross	10,804,041.04	
2. Reinsurers' share	-1,719,664.26	9,084,376.78
<b>TOTAL TECHNICAL PROVISIONS</b>		<b>1,047,646,091.19</b>
<b>E. Underwriting provisions of unit- and index-linked life insurance</b>		<b>0.00</b>
<b>Amount carried forward</b>		<b>3,580,297,609.41</b>

Health		Life		Total business in 2009		2008	
in EUR '000							
	17,931,004.41		32,702,775.38		132,887,468.20	132,888	
	43,968,805.39		363,750,635.04		2,267,232,422.07	2,267,232	
	6,921,770.40		76,958,978.73		224,970,083.46	224,970	
	3,325,210.71		27,226,449.51		45,853,405.47	45,853	
	14,864,925.86		21,494,683.78		164,737,716.77	274,253	
	<i>5,079,314.19</i>		<i>6,569,728.04</i>		<i>18,252,807.54</i>	<i>80,755</i>	
	<b>87,011,716.77</b>		<b>522,133,522.44</b>		<b>2,835,681,095.97</b>	<b>2,945,196</b>	
	9,208,223.29		14,825,539.49		43,440,327.53	43,440	
	9,111,672.71		99,100,451.41		144,921,220.83	149,049	
	<b>18,319,896.00</b>		<b>113,925,990.90</b>		<b>188,361,548.36</b>	<b>192,489</b>	
	0.00		500,000,000.00		500,000,000.00	250,000	
	0.00		150,000,000.00		400,000,000.00	300,000	
	<b>0.00</b>		<b>650,000,000.00</b>		<b>900,000,000.00</b>	<b>550,000</b>	
	1,955,124.33		37,412,244.92		152,508,747.81	170,458	
	-195,512.43	1,759,611.90	-48,794.36	37,363,450.56	-18,659,292.53	133,849,455.28	-22,175
	790,271,389.00		6,285,341,829.37		7,075,613,218.37	7,055,587	
	-80,144,667.10	710,126,721.90	-14,564,373.58	6,270,777,455.79	-94,709,040.68	6,980,904,177.69	-18,814
	44,972,932.00		40,373,222.34		1,132,273,501.13	1,279,128	
	-4,467,669.50	40,505,262.50	-181,000.00	40,192,222.34	-288,433,490.22	843,840,010.91	-412,184
	14,949,000.00		0.00		32,161,688.72	30,961	
	-1,494,900.00	13,454,100.00	0.00	0.00	-2,844,312.27	29,317,376.45	-1,493
	0.00		61,076,846.30		61,273,758.77	84,999	
	0.00	0.00	0.00	61,076,846.30	0.00	61,273,758.77	-25
		0.00		0.00		164,632,606.60	180,162
	598,743.72		1,560,085.22		12,962,869.98	12,689	
	0.00	598,743.72	0.00	1,560,085.22	-1,719,664.26	11,243,205.72	-1,133
	<b>766,444,440.02</b>		<b>6,410,970,060.21</b>		<b>8,225,060,591.42</b>	<b>8,358,160</b>	
	<b>0.00</b>		<b>1,611,520,904.43</b>		<b>1,611,520,904.43</b>	<b>1,176,949</b>	
	<b>871,776,052.79</b>		<b>9,308,550,477.98</b>		<b>13,760,624,140.18</b>	<b>13,222,794</b>	

**Liabilities and shareholders' equity****Property/Casualty**

in EUR

<b>Amount carried forward</b>		<b>3,580,297,609.41</b>
<b>F. Non-underwriting provisions</b>		
I. Provision for post-employment benefits		0.00
II. Provision for pensions		0.00
III. Tax provisions		55,447,346.43
IV. Other provisions		65,332,060.71
<b>TOTAL OTHER PROVISIONS</b>		<b>120,779,407.14</b>
<b>G. Deposits from ceded reinsurance business</b>		<b>9,997.41</b>
<b>H. Other liabilities</b>		
I. Liabilities from direct insurance business		
1. from policyholders	97,997,313.54	
2. from insurance intermediaries	17,094,840.57	
3. from insurance companies	15,935,953.86	131,028,107.97
II. Liabilities from reinsurance business		16,608,591.64
III. Liabilities to financial institutions		52,961,853.48
IV. Other liabilities		1,041,285,013.27
<b>TOTAL LIABILITIES</b>		<b>1,241,883,566.36</b>
<b>I. Prepaid expenses</b>		<b>5,627,324.60</b>
<b>Total assets</b>		<b>4,948,597,904.92</b>

Health		Life		Total business in 2009		2008
in EUR '000						
<b>871,776,052.79</b>		<b>9,308,550,477.98</b>		<b>13,760,624,140.18</b>		<b>13,222,794</b>
0.00		22,190,390.78		22,190,390.78		58,155
0.00		102,111,636.00		102,111,636.00		99,374
6,424,200.00		9,879,382.98		71,750,929.41		81,865
11,418,997.00		8,685,769.95		85,436,827.66		94,862
<b>17,843,197.00</b>		<b>142,867,179.71</b>		<b>281,489,783.85</b>		<b>334,256</b>
<b>86,302,749.00</b>		<b>14,613,167.94</b>		<b>100,925,914.35</b>		<b>16,239</b>
3,654,398.12		98,662,092.41		200,313,804.07		108,180
0.00		3,807,618.13		20,902,458.70		21,366
346,150.89	4,000,549.01	3,286.58	102,472,997.12	16,285,391.33	237,501,654.10	9,271
	6,095,814.05		3,533,768.38		26,238,174.07	89,423
	34,000,000.00		19,076,112.32		106,037,965.80	78,430
	4,868,100.30		11,872,111.40		1,058,025,224.97	555,857
	<b>48,964,463.36</b>		<b>136,954,989.22</b>		<b>1,427,803,018.94</b>	<b>862,527</b>
	<b>285,569.43</b>		<b>95,129,969.22</b>		<b>101,042,863.25</b>	<b>190,189</b>
<b>1,025,172,031.58</b>		<b>9,698,115,784.07</b>		<b>15,671,885,720.57</b>		<b>14,626,005</b>

## INCOME STATEMENT FOR THE FINANCIAL YEAR FROM 1 JANUARY TO 31 DECEMBER 2009

Property/casualty insurance	2009		2008
	in EUR		in EUR '000
<b>Underwriting account</b>			
<b>1. Net earned premiums</b>			
Premiums written			
Gross	1,076,111,433.00		1,201,571
Ceded reinsurance premiums	-313,887,103.38	762,224,329.62	-341,603
Change due to unearned premiums			
Gross	-2,766,009.37		10,010
Reinsurers' share	2,619,856.80	-146,152.57	434
<b>TOTAL PREMIUMS</b>		<b>762,078,177.05</b>	<b>870,412</b>
<b>2. Investment income from technical business</b>		<b>54,475.97</b>	<b>64</b>
<b>3. Other underwriting income</b>		<b>6,214,570.25</b>	<b>5,022</b>
<b>4. Expenses for claims and insurance benefits</b>			
Payments for claims and insurance benefits			
Gross	741,834,813.95		742,137
Reinsurers' share	-213,406,362.26	528,428,451.69	-185,439
Changes in provision for outstanding claims and insurance benefits			
Gross	-34,043,892.61		151,085
Reinsurers' share	25,660,588.85	-8,383,303.76	-136,181
<b>TOTAL CLAIMS AND INSURANCE BENEFITS</b>		<b>-520,045,147.93</b>	<b>-571,602</b>
<b>5. Increase in underwriting provisions</b>			
Other underwriting provisions			
Gross	965,332.37		918
Reinsurers' share	27,394.24	992,726.61	0
<b>TOTAL INCREASE IN UNDERWRITING PROVISIONS</b>		<b>-992,726.61</b>	<b>-918</b>
<b>6. Expenses for profit-unrelated premium refunds</b>			
Gross	10,614,481.55		6,214
Reinsurers' share	-1,657,490.87	8,956,990.68	-1,616
<b>TOTAL EXPENSES FOR PROFIT-UNRELATED PREMIUM REFUNDS</b>		<b>-8,956,990.68</b>	<b>-4,598</b>
<b>7. Administrative expenses</b>			
Acquisition expenses		188,287,465.62	230,979
Other administrative expenses		48,700,638.45	53,574
Reinsurance commissions and profit commissions from reinsurance cessions		-42,429,789.85	-49,030
<b>TOTAL OPERATING EXPENSES</b>		<b>-194,558,314.22</b>	<b>-235,523</b>
<b>8. Other underwriting expenses</b>		<b>-13,388,184.07</b>	<b>-6,124</b>
<b>9. Change in the equalisation provision</b>		<b>15,529,303.40</b>	<b>-36,759</b>
<b>UNDERWRITING RESULT (AMOUNT CARRIED FORWARD)</b>		<b>45,935,163.16</b>	<b>19,974</b>

<b>Property/casualty insurance</b>	<b>2009</b>	<b>2008</b>
	in EUR	in EUR '000
<b>Underwriting result (amount carried forward)</b>	<b>45,935,163.16</b>	<b>19,974</b>
<b>Non-underwriting account</b>		
<b>1. Investment and interest income</b>		
Income from participations	76,939,815.95	34,727
Income from land and buildings	6,502,366.07	4,849
Income from other investments	14,846,120.61	36,413
Income from appreciations	514,172.43	0
Gains from disposal of investments	130,305,973.31	141,813
Other investment and interest income	4,088,498.93	16,186
<b>TOTAL INVESTMENT INCOME</b>	<b>233,196,947.30</b>	<b>233,988</b>
<b>2. Expenses for investments and interest expenses</b>		
Expenses for asset management	7,819,358.82	3,948
Depreciation of investments	65,529,930.44	9,474
Interest expenses	36,121,927.76	24,079
Losses from disposal of investments	9,540,281.50	285
Other investment expenses	11,995,610.83	48,374
<b>TOTAL INVESTMENT EXPENSES</b>	<b>-131,007,109.35</b>	<b>-86,160</b>
<b>3. Investment income transferred to the underwriting account</b>	<b>-54,475.97</b>	<b>-64</b>
<b>4. Other non-underwriting income</b>	<b>983,711.83</b>	<b>2,006</b>
<b>5. Other non-underwriting expenses</b>	<b>-544,636.56</b>	<b>-1,024</b>
<b>Result from ordinary activities, property/casualty insurance</b>	<b>148,509,600.41</b>	<b>168,720.00</b>

## INCOME STATEMENT FOR THE FINANCIAL YEAR FROM 1 JANUARY TO 31 DECEMBER 2009

Health insurance	2009		2008
	in EUR		in EUR '000
<b>Underwriting account</b>			
<b>1. Net earned premiums</b>			
Premiums written			
Gross	321,360,873.20		314,280
Ceded reinsurance premiums	-39,156,115.74	282,204,757.46	-921
Change due to unearned premiums			
Gross	-51,335.13		-23
Reinsurers' share	25,631.13	-25,704.00	0
<b>TOTAL PREMIUMS</b>		<b>282,179,053.46</b>	<b>313,336</b>
<b>2. Investment income from technical business</b>			
		<b>15,726,701.87</b>	<b>2,126</b>
<b>3. Other underwriting income</b>			
		<b>2,526.48</b>	<b>38</b>
<b>4. Expenses for claims and insurance benefits</b>			
Payments for claims and insurance benefits			
Gross	214,728,761.11		211,995
Reinsurers' share	-22,401,597.62	192,327,163.49	-692
Changes in provision for outstanding claims and insurance benefits			
Gross	684,268.00		856
Reinsurers' share	-94,706.70	589,561.30	33
<b>TOTAL CLAIMS AND INSURANCE BENEFITS</b>		<b>-192,916,724.79</b>	<b>-212,192</b>
<b>5. Increase in underwriting provisions</b>			
Mathematical reserve			
Gross	47,941,269.00		35,721
Reinsurers' share	-4,913,270.00	43,027,999.00	-168
<b>TOTAL INCREASE IN UNDERWRITING PROVISIONS</b>		<b>-43,027,999.00</b>	<b>-35,553</b>
<b>6. Expenses for profit-unrelated premium refunds</b>			
Gross	11,255,275.17		12,359
Reinsurers' share	-1,110,945.78	10,144,329.39	0
<b>TOTAL EXPENSES FOR PROFIT-UNRELATED PREMIUM REFUNDS</b>		<b>-10,144,329.39</b>	<b>-12,359</b>
<b>7. Administrative expenses</b>			
Acquisition expenses		27,051,026.87	29,312
Other administrative expenses		15,107,842.98	16,221
Reinsurance commissions and profit shares from reinsurance cessions		-4,578,505.00	-116
<b>TOTAL OPERATING EXPENSES</b>		<b>-37,580,364.85</b>	<b>-45,417</b>
<b>8. Other underwriting expenses</b>			
		<b>-2,477,112.30</b>	<b>-560</b>
<b>UNDERWRITING RESULT (AMOUNT CARRIED FORWARD)</b>		<b>11,761,751.48</b>	<b>9,419</b>



<b>Health insurance</b>	<b>2009</b>	<b>2008</b>
	in EUR	in EUR '000
<b>Underwriting result (amount carried forward)</b>	<b>11,761,751.48</b>	<b>9,419</b>
<b>Non-underwriting account</b>		
<b>1. Investment and interest income</b>		
Income from participations	1,497,476.97	4,549
Income from land and buildings	6,115,090.30	4,045
Income from other investments	29,811,796.20	24,310
Income from appreciations	64,329.70	0
Gains from disposal of investments	3,332,486.79	5,038
Other investment and interest income	1,383,752.46	5,848
<b>TOTAL INVESTMENT INCOME</b>	<b>42,204,932.42</b>	<b>43,790</b>
<b>2. Expenses for investments and interest expenses</b>		
Expenses for asset management	4,879,930.67	2,512
Depreciation of investments	12,679,922.42	27,661
Interest expenses	7,724,938.04	8,868
Losses from disposal of investments	691,222.21	599
Other investment expenses	502,217.21	2,024
<b>TOTAL INVESTMENT EXPENSES</b>	<b>-26,478,230.55</b>	<b>-41,664</b>
<b>3. Investment income transferred to the underwriting account</b>	<b>-15,726,701.87</b>	<b>-2126</b>
<b>4. Other non-underwriting income</b>	<b>63,956.61</b>	<b>1</b>
<b>5. Other non-underwriting expenses</b>	<b>0.00</b>	<b>0</b>
<b>Result from ordinary activities, health insurance</b>	<b>11,825,708.09</b>	<b>9,420</b>

## INCOME STATEMENT FOR THE FINANCIAL YEAR FROM 1 JANUARY TO 31 DECEMBER 2009

Life insurance	2009		2008
	in EUR		in EUR '000
<b>Underwriting account</b>			
<b>1. Net earned premiums</b>			
Premiums written			
Gross	937,399,094.75		1,067,795
Ceded reinsurance premiums	-3,408,868.90	933,990,225.85	-4,535
Change due to unearned premiums			
Gross	3,586,864.78		4,562
Reinsurers' share	-21,653.76	3,565,211.02	-43
<b>TOTAL PREMIUMS</b>		<b>937,555,436.87</b>	<b>1,067,779</b>
<b>2. Investment income from technical business</b>		<b>217,731,833.51</b>	<b>291,488</b>
<b>3. Unrealised gains on investments shown under balance sheet asset item C</b>		<b>211,259,794.38</b>	<b>31,569</b>
<b>4. Other underwriting income</b>		<b>359,090.75</b>	<b>218</b>
<b>5. Expenses for claims and insurance benefits</b>			
Payments for claims and insurance benefits			
Gross	680,734,395.45		721,059
Reinsurers' share	-1,562,333.70	679,172,061.75	-1,638
Changes in provision for outstanding claims and insurance benefits			
Gross	3,745,715.87		-6,607
Reinsurers' share	-70,000.00	3,675,715.87	-111
<b>TOTAL CLAIMS AND INSURANCE BENEFITS</b>		<b>-682,847,777.62</b>	<b>-712,703</b>
<b>6. Increase in underwriting provisions</b>			
Mathematical reserve			
Gross	500,039,426.30		50,994
Reinsurers' share	-48,113.80	499,991,312.50	-645
<b>TOTAL INCREASE IN UNDERWRITING PROVISIONS</b>		<b>-499,991,312.50</b>	<b>-50,349</b>
<b>7. Expenses for profit-unrelated premium refunds and policyholder profit participation</b>			
Gross	205,407.23		65,025
Reinsurers' share	0.00	205,407.23	-25
<b>TOTAL PROFIT PARTICIPATION</b>		<b>-205,407.23</b>	<b>-65,000</b>
<b>8. Administrative expenses</b>			
Acquisition expenses		115,879,525.10	118,307
Other administrative expenses		39,312,015.59	41,366
Reinsurance commissions and profit commissions from reinsurance cessions		-516,425.74	-707
<b>TOTAL OPERATING EXPENSES</b>		<b>-154,675,114.95</b>	<b>-158,966</b>
<b>9. Unrealised losses on investments shown under balance sheet asset item C</b>		<b>-11,710,829.20</b>	<b>-363,922</b>
<b>10. Other underwriting expenses</b>		<b>-8,043,101.96</b>	<b>-2,246</b>
<b>UNDERWRITING RESULT (AMOUNT CARRIED FORWARD)</b>		<b>9,432,612.05</b>	<b>37,868</b>

<b>Life insurance</b>	<b>2009</b>	<b>2008</b>
	in EUR	in EUR '000
<b>Underwriting result (amount carried forward)</b>	<b>9,432,612.05</b>	<b>37,868</b>
<b>Non-underwriting account</b>		
<b>1. Investment and interest income</b>		
Income from participations	30,401,235.14	20,113
Income from land and buildings	16,104,277.87	17,722
Income from other investments	276,446,214.71	308,643
Income from appreciations	110,381.96	11,583
Gains from disposal of investments	42,598,244.75	204,697
Other investment and interest income	21,925,686.86	18,120
<b>TOTAL INVESTMENT INCOME</b>	<b>387,586,041.29</b>	<b>580,878</b>
<b>2. Expenses for investments and interest expenses</b>		
Expenses for asset management	13,955,910.94	7,128
Depreciation of investments	108,602,895.51	240,151
Interest expenses	39,457,428.67	28,113
Losses from disposal of investments	2,989,406.67	8,109
Other investment expenses	4,848,565.99	5,889
<b>TOTAL INVESTMENT EXPENSES</b>	<b>-169,854,207.78</b>	<b>-289,390</b>
<b>3. Investment income transferred to the underwriting account</b>	<b>-217,731,833.51</b>	<b>-291,488</b>
<b>4. Other non-underwriting income</b>	<b>213,858.49</b>	<b>76</b>
<b>5. Other non-underwriting expenses</b>	<b>-5,950.71</b>	<b>-966</b>
<b>Result from ordinary activities, life insurance</b>	<b>9,640,519.83</b>	<b>36,978</b>

## INCOME STATEMENT FOR THE FINANCIAL YEAR FROM 1 JANUARY TO 31 DECEMBER 2009

<b>Property/Casualty + Health + Life = Total Business</b>	<b>2009</b>	<b>2008</b>
	in EUR	in EUR '000
Underwriting result, property/casualty	45,935,163.16	19,974
Underwriting result, health	11,761,751.48	9,419
Underwriting result, life	9,432,612.05	37,868
<b>TOTAL UNDERWRITING RESULT</b>	<b>67,129,526.69</b>	<b>67,261</b>
<b>Non-underwriting account</b>		
<b>1. Investment and interest income</b>		
Income from participations	108,838,528.06	59,389
Income from land and buildings	28,721,734.24	26,616
Income from other investments	321,104,131.52	369,366
Income from appreciations	688,884.09	11,583
Gains from disposal of investments	176,236,704.85	351,548
Other investment and interest income	27,397,938.25	40,154
<b>TOTAL INVESTMENT INCOME</b>	<b>662,987,921.01</b>	<b>858,656</b>
<b>2. Expenses for investments and interest expenses</b>		
Expenses for asset management	26,655,200.43	13,588
Depreciation of investments	186,812,748.37	277,286
Interest expenses	83,304,294.47	61,060
Losses from disposal of investments	13,220,910.38	8,993
Other investment expenses	17,346,394.03	56,287
<b>TOTAL INVESTMENT EXPENSES</b>	<b>-327,339,547.68</b>	<b>-417,214</b>
<b>3. Investment income transferred to the underwriting account</b>	<b>-233,513,011.35</b>	<b>-293,678</b>
<b>4. Other non-underwriting income</b>	<b>1,261,526.93</b>	<b>2,083</b>
<b>5. Other non-underwriting expenses</b>	<b>-550,587.27</b>	<b>-1,990</b>
<b>6. Result from ordinary activities</b>	<b>169,975,828.33</b>	<b>215,118</b>
<b>7. Taxes on income</b>	<b>-26,790,335.42</b>	<b>-25,792</b>
<b>8. Profit for the period</b>	<b>143,185,492.91</b>	<b>189,326</b>
<b>9. Release of reserves</b>		
Release of valuation reserve for impairment losses	3,299,425.23	6,606
<b>TOTAL RELEASE OF RESERVES</b>	<b>3,299,425.23</b>	<b>6,606</b>
<b>10. Transfer to reserves</b>		
Transfer to risk reserve as per § 73a VAG	0.00	2,434
Transfer to free reserves	8.91	0
<b>TOTAL TRANSFER TO RESERVES</b>	<b>-8.91</b>	<b>-2,434</b>
<b>11. Profit for the year</b>	<b>146,484,909.23</b>	<b>193,498</b>
<b>12. Retained profits brought forward</b>	<b>18,252,807.54</b>	<b>80,755</b>
<b>Net retained profits</b>	<b>164,737,716.77</b>	<b>274,253</b>

## I. GENERAL INFORMATION ON ACCOUNTING POLICIES

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

The precautionary principle was satisfied in that only profits that had been realised as at the balance sheet date were reported and all identifiable risks and impending losses are recorded in the balance sheet, with the exception of the less strict measurement of bonds and other fixed interest securities as provided for in § 81h(1) VAG and use of the measurement options provided in § 81h(2a) VAG for units of special funds. As a rule, figures are shown in thousands of Euros (EUR '000). Figures from the previous year are indicated as such or shown in parentheses.

## II. ACCOUNTING POLICIES

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

Investments for unit-linked and index-linked life insurance are valued in accordance with the current cost principle. Unit-linked life insurance investments are made in the following funds: Acatis Aktien Global Fonds (T); Pioneer Investments Total Return FCP; All Asia Miteigentumsanteile gem. § 20 InvFG T; All Europe Thesaurierungs-Anteile; Allianz PIMCO Bondspezial FCP (A); Allianz Pimco Liquidität Manager A (EUR); Allianz RCM Verm. DE-Anteile; All Japan T Miteigentumsanteile; All Trends (T); ALL WORLD (T) MITEIGENTUMSANTEILE; AXA World Funds II Continental European Opportunities Equities; Baring German Growth Trust (T); Baring Global Umbrella Fund Eastern Europe Class; Baring HK China – Units Class A EUR; BAWAG PSK GLOBAL BOND FOND; Berenberg-Balkan-Baltikum-Universal Fonds (A); BlackRock Global Funds-Emerging Markets Fund A2; BlackRock Global Funds-Euro Bond Fund A2; BlackRock Global Funds-European Opportunity Fund A2; BlackRock Global Funds-Global Allocation Hedge A2; BlackRock Global Funds-Japan Small + Midcap Opportunity Fund A2; BlackRock Global Funds Latin American Fund (T); BlackRock Global Funds New Energy Fund (T); BlackRock Global Funds US Flexible Equity Fund A; BlackRock Global Funds World Energy Fund (T); BlackRock Global Funds - World Gold Fund; BlackRock Global Funds World Gold Fund Hedged; BlackRock Global Funds-World Mining Fund-A2- EUR; BW Renta International Universal Fonds; Carmignac Patrim.A 3D; CI Global Mix 50; Cominvest Fonds; ComStage ETF Dow Jones Euro STOXX 50 TR; CONSTANTIA EURO BOND EUR FONDS; Constantia European Property T; C-QUADRAT Active World Balanced FONDS; C-QUADRAT Active World Dynamic (T) ANTEILE; C-QUADRAT Active World Equity; C-Quadrat ARTS Best Momentum T; C-Quadrat ARTS Total Return Global – AMI;

C-Quadrat ARTS Total Return Special T; C-Quadrat Triathlon Miteigentumsfonds gem. Para 20 a InvFG; CRYSTAL ROOF RUBIN FUND (T); CRYSTAL ROOF SAFIR (T); CRYSTAL ROOF SMARAGD FUND (T); CS BOND FUND (LUX) EURO ABERDEEN B CAP (T); CS BOND FUND (LUX) USD ABERDEEN B CAP (T); CS EF(LUX)SMALL CAP USD FUND (T); CS MONEY MARKET CHF FUND (LUX) (T); dbxt DBLCI OYB – Sh – 1C – Capitalisation; dbxt DJES50 Shs 1D Distribution; Deka Immobilien Euro – Anteile; DEKARENT INTERN. FONDS; Dexia Bond Euro Inflation Linked C; Dexia Equities B European Property Securities; Dexia Quant Equities Europe; Dexia Sustainable European Balanced Medium T; dit-Gl. Mkt. Bond – Units; DJE Alpha Global; DKLT Em Bd Units CF Distribution; DWS Biotech-Aktien Typ 0 (Deutschland); DWS Flex Pens 2014 Fonds (neu); DWS Flexpension 2015; DWS Flexpension 2016; DWS Flexpension 2017; DWS Flexpension 2018; DWS Flexpension 2021; DWS Flexpension 2022; DWS Flexpension 2023; DWS Flexpension II 2019 Shs 2009-31.12.2019 Capitalisation; DWS Flexpension II 2024 – Shs 2009-31.12.2024 Capitalisation; DWS Flexpension Sicav 2019; DWS Flexpension Sicav 2020; DWS Investa Anteile; DWS Invest European Equities (T); DWS Invest Global Agribusiness (T); DWS Invest Top 50 Asia (T); DWS Osteuropa FCP Units Capitalisation (T); DWS Top 50 Euro Anteile; DWS &Top Dividende Anteile; DWS VERMOEGENSBILDUNGSFOND I (A); Ecofin Index Aktien --- Thesaurierungs-Anteile; E+S Erfolgs-Invest Miteigentumsfonds gem. Para 20 InvFG; ESPA Bond Emerging Markets; Espa Cash Euro Mid-term (A); ESPA CASH EURO-PLUS (T) (SPARFONDS); ESPA PORTFOLIO BOND (T); ESPA SELECT STOCK (T); ESPA STOCK VIENNA FONDS; Ethna Aktiv E Units; FAIR INVEST BALANCED Miteigentumsanteile in Wertpapieren (T); FI Alpha Renten Global; Fid. 2 AUD Cur – Shs A Capitalisation; Fid. China Foc – Shares A USD Distribution; FIDELITY EURO BOND FUND; FIDELITY EUROPEAN GROWTH FUND (A); Fidelity Funds European Fund; Fidelity Funds Global Property Fund; FIDELITY FUNDS INTERNATIONAL USD-FUND; Fidelity Funds SICAV - Latin America Fund; Fidelity Funds SICAV - Pacific Fund; Fidelity Funds World Fund; FIDELITY GLOBAL FPS USD FUND; FIDELITY GROWTH FPS EUR FUND; FIDELITY JAPAN JPY FUND; FIDELITY JAPAN SMALL.COMP.JPY FUND; FIDELITY MODERATE FPS EUR FUND; Fidelity Switzerland Fund A; First Private Europa Aktien ULM (T); Franklin Templeton Investment Funds- Templeton Bric Fund T; Gartmore Continental European Shs A1; Global Advantage Emerging Markets High Value (T); Global Health Care (All Pharma) Miteigentumsf.gem.§ 20 (T); GOLDEN ROOF BRANCHEN (T); GOLDEN ROOF WELT (T); Gutmann Vorsorge Fonds; Henderson Horizon Continental European Equity F; HSBC Global Indian Equity; Invesco Funds - Invesco Pan European Equity A; Invesco Funds Pan European Small Cap Equity A; Invesco Funds Ser. 4 Invesco Japanese Small/Mid Cap Equity 4; Invesco Funds Series 1 Japanese Equity A; Invesco Funds Series 2 - Invesco Emerging Markets Bond A; Invesco Funds Series 5 PRC Equity Fund; iShares DAX (T); iShares DJ Euro Stoxx SD 30; iShares eb.rexx Jumbo Pfandbriefe; iShares S+P Listed private Equity; JPMF Jap Equity – USD Distribution; JPMORGAN AMERICA EQUITY A Dis-USD FONDS; JPMorgan-Emerging Markets Debt A INC EUR; JP MORGAN FLEMING

EUROPE SMALL CAP FUND; JP MORGAN FLEMING FUNDS LATINAMERICA EUQ; JPMorgan Global Total Return Fund; JPMorgan JF India Fund (A); JP MORGAN PACIFIC EQUITY A DIST – USD FUND; JP MORGAN US Small Growth Cap A Dist USD; Julius Baer Multistock Black Sea Fund (A); Kapital u Wert Premium Ausgewogen (T) Anteile; Kapital u Wert Premium Dynamisch (T) Anteile; L. ETF Euro M. CBA – Parts de Distribution et/ou de Capital; Lyxor ETF DJ Buywrite - Parts de Capitalisation/Distribution; Lyxor ETF Euro 5-7Y; Lyxor ETF Euro MTS; Lyxor ETF World Water; Lyxor Euro MTS 3-5Y; Market Access Jim Rogers Int Commodity Index; M & G 1 Global Basic Accum.Shs.Class A; MLIIF New Energy Fd; MLIIF World Mining Shs A2 Capitalisation; MMT Global Selection; MORGAN STANLEY EMERGING MKTS USD FUND(T); MORGAN STANLEY EM.MKTS.DEBT USD FUND (T); Morgan Stanley Investment Funds SICAV; MORGAN STANLEY JAPANESE VALUE EQUITY FUND (T); Multi Invest OP; Multi Invest Spezial OP; Nord Concept Anteile; OP Food Anteile (A); PEH Strategie Flexibel; PIA AMERICA STOCK FONDS (T); PIA DOLLAR BOND FONDS (T); PIA DOLLAR CASH FONDS; PIA EURO BOND FONDS; PIA EURO CASH FONDS (T); PIA EURO CORPORATE BOND FONDS (T); PIA Euro Plus Bond VT; PIA MASTER FONDS DYNAMISCH (T); PIA MASTER FONDS KONSERVATIV (A) ANTEILE; PIA MASTER FONDS PROGRESSIV (T); PIA MASTER FONDS TRADITIONELL (T); PIA MÜNDEL BOND (A) Miteigentumsanteile; PIA SELECT EUROPE STOCK (A) Miteigentumsanteile; PIA SELECT EUROPE STOCK (T); PIA TRADERENT (T); PICTET FUNDS FCP-BIOTECH ANT. –P; Pictet Funds (Lux) Sicav Security; Pictet Funds (LUX) Sicav Water; Pioneer Em Mkt Bd – Units – A Annually EUR Hedged Distrib.; Pioneer Euro Aggregate Bond; Pioneer Global Ecology; Pioneer Investments European Bond Special; PSM Growth UI; PSM Value Strategy UI – (T); Raiffeisen Euro Rent (T); RF Eurasien Aktien – Anteile; RT Absolute Return Bond Fund T; RT ACTIVE GLOBAL TREND (T) (v.RT BlueChipsfonds); RT Euro Cash Plus (T) Fonds; RT Osteuropa Absolute Return Miteigentumsfonds T; RT Osteuropa Aktienfonds Miteigentumsanteile T; RT PIF DYNAMISCH FONDS(T); RT PIF TRADITIONELL FONDS(T); RT VIF VERSICHERUNG INT. FONDS THESAURIEREND; RT VORSORGE RENTENFONDS Miteigentumsanteile; RT VORSORGERENTENFONDS (T); RT Zukunftsvorsorge-Aktienfonds T; Schoellerbank Aktienfonds (A); SCHOELLERBANK Aktienfonds WÄHR.(T); Schoellerbank Aktienfonds währungsgesichert; Schoellerbank Anleihefond; Schoellerbank Euro Alternativ; Schoellerbank Global Dynamic (T); Schoellerbank Kurzinvest (A); Schoellerbank Liquid (A); Schoellerbank Netto Rent; Schoellerbank Realzins Plus (A); Schoellerbank USD Kurzinvest Anteile (A); Schoellerbank USD Kurzinvest (T); Schoellerbank USD Rentenfonds (A); Schoellerbank USD Rentenfonds (A, EUR Notierung); Schoellerbank Vorsorgefonds; Schoellerbank Vorsorgefonds T Miteigentumsanteile; Schoellerbank Zinsstruktur Plus Miteigentumsf.gem. Para 20; Schoellerb.Global Pension Fonds; Schöllerbank Global Pension; Schöllerb.Zinsstruk.Plus; SKWB Netto Rent (T); SKWB (Lemberger) USD Rentenfonds (T); SKWB SCHOELLERBANK AKTIENFONDS T; SKWB SCHOELLERBANK ANLEIHEFONDS T; SKWB SCHOELLERBANK EURO ALTERNATIV T; SKWB

SCHOELLERBANK KURZINVEST T; SKWB SCHOELLERBANK REALZINS PLUS T; SKWB SCHOELLERBANK USD RENTENFONDS T; SPAR TRUST CORPORATE (T); Spezial Plus Miteigentumsfonds in Wertpapieren T; StarCapital Universal Bondvalue UI; SUCCESS ABSOLUTE (T); SUCCESS RELATIVE FONDS (T); Superior 3 Ethik Miteigentumsfonds gem. Para 20 InvFG; Templeton Emerging Markets FD-A YDIS; Templeton Growth Fund EURO; Threadneedle European Select Fund; Threadneedle US Equities; Top Vario Mix (T); Top Vario Mix – Vollthesaurierungs-Anteile; TRADECOM FONDSTRADER; UBS LUX BOND FUND-US (T); UBS (Lux) Strategy Fund FCP Balanced (T); UniAsia – Units Capitalisation; Unternehmensanleihenfonds 2014 gem. § 20 InvFG (A); Unternehmensanleihenfonds 2014 gem. § 20 InvFG (T); VONTOBEL FUND EMERGING MARKETS EQUITY B-USD CAP; VONTOBEL FUND US DOLLAR BOND B-USD-CAP; VPI Word Invest Miteigentumsanteile § 20 InvFG; VPI World Select TM Miteigentumsfonds gem. Par.20 InvFG; WSTV ESPA DYNAMISCH; WSTV ESPA Garantie Miteigentumsfonds gemäß § 20a InvFG; WSTV ESPA PROGRESSIV; WSTV ESPA TRADITIONELL.

Shares and other non-fixed-interest **securities** (with the exception of units of special funds that exclusively or predominantly hold bonds or other fixed-interest securities), and shares in affiliated companies are valued according to the strict lower of cost or market principle (*strenges Niederstwertprinzip*). Beginning in 2008, bonds and other fixed-interest securities have been valued using the less strict lower of cost or market principle (*gemildertes Niederstwertprinzip*) provided for in § 81h(1) VAG. Valuation using the less strict lower of cost or market principle resulted in write-downs of EUR 60,188,000 (EUR 153,015,000) not being taken.

The valuation options provided in § 81h(2a) VAG were used to value units in **special funds** that exclusively or predominantly hold bonds or other fixed-interest securities. EUR 2,775,000 (EUR 103,900,000) in write-downs were not taken for units of special funds due to use of this less strict valuation principle.

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

The **investment strategy** is set out in the form of investment guidelines the adherence to which is continuously reviewed by the corporate risk controlling and internal audit departments. The corporate risk controlling department reports regularly to the tactical and strategic investment committee. The internal audit department reports regularly to the Managing Board.

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

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

An important goal of investment and liquidity planning is to guarantee that the return on investment remains continuously above the minimum rate of return for the life insurance class and that adequate amounts of liquid, value-protected financial investments are maintained for all classes. Liquidity planning therefore takes into account the trend in insurance benefits and the vast majority of investment income is generally reinvested.

An interest rate swap running until 12 January 2017, with a notional amount of EUR 120 million, was entered into for the supplementary capital bond issued on 12 January 2005 which became a variable supplementary capital bond after the first year (AT0000342704). Another interest rate swap running until 15 December 2010, with a notional amount of EUR 25,565,000, also exists for variable-interest securities held in the portfolio.

Austrian banks have the option to tender previously subscribed bank bonds with a value of EUR 15,000,000 in 2013 and EUR 20,000,000 in 2014. It is currently not expected that these options will be exercised.

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

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

**Unearned premiums** for property/casualty insurance were essentially calculated by prorating over time after applying a cost deduction of EUR 18,113,000 (EUR 18,557,000). Unearned premiums for life insurance are formed according to the amounts prescribed in the business plan. No cost deduction is applied. Unearned premiums for health insurance are calculated by prorating over time without applying a cost deduction.

The **mathematical reserve** is calculated using the formulas and calculation bases contained in the business plans approved by or submitted to the supervisory authority.

The **provision for outstanding claims** for direct business in the property/casualty and life insurance segments is calculated for losses reported by the balance sheet date by individually evaluating claims that have not yet been settled and adding lump-sum safety margins for large unascertainable losses. Lump-sum provisions based on past experience are formed for losses incurred but not reported.

In health insurance, provisions for outstanding claims are calculated by applying lump-sum percentages to payments made for claims during the financial year. The percentage rates were unchanged compared to the previous year.

In indirect business, provisions for outstanding claims are primarily based on reports from ceding companies as of the 31 December 2009 or 31 December 2008 balance sheet dates. The reported amounts were supplemented by additional amounts if considered necessary in light of past experience.

The **equalisation provision** is calculated in accordance with the directive of the Austrian Federal Finance Minister, Federal Gazette (BGBl.) No. 545/1991, in the version appearing in Federal Gazette II No. 66/1997. Use was made of the release provision in § 13.

The **provision for profit-related premium refunds and policyholder profit participation** contains the amounts earmarked for policyholder premium refunds based on business plans and the articles of association and over which no disposition had been made as of the balance sheet date.

The provisions for **severance pay, pensions, and anniversary bonuses** are based on the pension insurance calculation principles of the Actuarial Association of Austria (AVÖ), AVÖ 2008-P (Employees), using a discount rate of 4%. The retirement age used to calculate the provisions for anniversary bonuses and severance pay is the statutory minimum retirement age as stipulated in the Austrian General Social Security Act (ASVG) (2004 reform) for the provision for anniversary bonuses, subject to a maximum age of 62 years. The retirement age used to calculate the retirement age for the provision for pensions depends on the individual agreements. The following percentages were used for employee turnover based on age: <31 - 7%, 31 - 35 3%, 36 - 40 2%, 41 - 50 1% und 51 - 65 0.5%. The interest expenses for personnel provisions of EUR 4,694,000 (EUR 7,343,000) are reported under investment and interest expenses. A portion of the direct pension obligations, in the amount of EUR 265,845,000 (EUR 254,140,000), is being administered as an occupational group insurance plan under an insurance policy concluded in accordance with § 18 f to 18 j VAG.

As permitted under the Austrian Federal Ministry of Finance decree of 3 August 2001, an amount of EUR 35,674,000 (EUR 24,999,000) was transferred to an external insurance company to outsource severance pay obligations. The severance pay provision required under Austrian commercial law for 2009 was EUR 79,297,000 (EUR 70,718,000). The amount earmarked for satisfaction of the outsourced severance pay obligations and held by the external insurance company was EUR 63,244,000 (EUR 22,648,000). The difference of EUR 23,127,000 (EUR 59,290,000) between the size of the severance pay provision to be formed under Austrian commercial law and the deposit held by the external insurance company is reported in the provisions for severance pay in the balance sheet.

Amounts denominated in **foreign currencies** are converted into euro at the relevant average exchange rate.

A portion of the **underwriting items for assumed reinsurance business** and the associated retrocessions for property/casualty and life insurance is deferred for one year before being shown in the annual financial statements.

The following explanatory notes are provided for **off-balance sheet liabilities**: Letters of comfort and liability undertakings totalling EUR 48,742,000 (EUR 38,659,000) have been issued in connection with a real estate purchase and borrowing. Liability undertakings totalling EUR 94,000 (EUR 98,000) have been issued in connection with loan repayments.

A total of EUR 29,149,000 (EUR 31,249,000) relates to letters of comfort with affiliated companies.

Based on an amendment to the regulation of the Austrian Federal Minister of Finance on the rendering of accounts by undertakings engaged in the contractual insurance business (RLVVU) in the Austrian Federal Gazette (BGBl) II No. 41/2009 in combination with the "**Agreement on indirect and direct business** in accordance with § 1(2) RLVVU" available for inspection at the Association of Insurance Companies, business referred to as indirect and direct are both shown as direct business in the figures published in the annual financial statements as of 31 December 2009. The detailed figures for premiums, claims and commissions therefore have limited comparability with the preceding year.

### III. NOTES TO BALANCE SHEET ITEMS

The **value of developed and unimproved properties** was EUR 105,666,000 (EUR 110,248,000) as of 31 December 2009.

The **book value of self-used property** was EUR 74,180,000 (EUR 72,779,000).

**Other loans** not secured by insurance contracts were comprised of the following: loans to the Republic of Austria in the amount of EUR 52,339,000 (EUR 90,787,000), loan receivables from other public bodies in the amount of EUR 35,372,000 (EUR 41,049,000) and loan receivables from other borrowers in the amount of EUR 242,425,000 (EUR 245,219,000).



**The fair values of investments are:**

<b>Items under § 81c (2) VAG</b> in EUR '000	<b>Market value</b> <b>31.12.2009</b>	<b>Market value</b> <b>31.12.2008</b>
Land and buildings	697,377	696,833
Shares in affiliated companies	5,881,990	5,492,606
Bonds and other securities of and loans to affiliated companies	596,943	401,872
Participations	311,324	431,100
Bonds and other securities of and loans to other companies in which an ownership interest exists	37,448	31,157
Shares and other non-fixed-interest securities	2,944,176	2,527,258
Bonds and other fixed-interest securities	3,894,037	3,515,688
Shares in joint investments	50,334	53,940
Mortgage receivables	301,472	237,722
Policy prepayments	19,216	19,846
Other loans	330,136	377,055
Bank balances	69,180	384,973
Deposit receivables	19,077	150,231
	<b>15,152,710</b>	<b>14,320,281</b>

Hidden reserves rose by EUR 289,248,000 during the reporting year to a total of EUR 2,201,054,000 (EUR 1,911,806,000). The fair value of the shares in affiliated companies and shares in companies in which an ownership interest is held is equal to the stock market value or other available market value (up-to-date internal valuation calculations). If no stock market or other available market value exists, the purchase price is used as the fair value, if necessary reduced by any write-downs or a proportionate share of the publically reported equity capital, whichever is greater. For shares and other securities, stock market values or book values (purchase price, reduced by write-downs if necessary) are used as the fair value. The remaining investments were valued at their nominal values, where necessary reduced by write-downs.

The fair values of land and buildings were determined in accordance with the recommendation of the Austrian Association of Insurance Companies. All properties are individually valued during a 5-year period. The valuation was based predominantly on appraisals from 2008 and 2007.

The fair value of EUR 697,377,000 for land and buildings is comprised of market value appraisals for the years 2005 to 2009 as follows: 2009: EUR 95,367,000, 2008: EUR 394,943,000, 2007: EUR 140,547,000, 2006: EUR 15,490,000, 2005: EUR 51,030,000.

In **health insurance**, the **mathematical reserve is calculated** using actuarial principles in accordance with § 18c VAG for all portfolio groups.

For individual insurance, the mathematical reserve is calculated exclusively for each individual policy. This also applies to new business in the group insurance segment affected by the 1994 amendment to the Austrian Insurance Contract Act (VersVG). For the remaining group policies, a lump-sum mathematical reserve is formed. The mathematical reserve is calculated using the prospective method only. The calculation of the mathematical reserve takes into account the fact that the mathematical reserve for a policy is forfeited in favour of the community of the insured (Versichertengemeinschaft) in the event of early policy termination or death of the insured.

The claims frequencies used for the actuarial calculation of the mathematical provision are primarily derived from analyses of the Group's own claims experience. Mortality rates were mainly taken from the Austrian 2000/2002 general mortality tables. Consistent with the premium calculation, the mathematical reserve is largely calculated using a discount rate of 3% p.a.

In **life insurance**, the **mathematical reserve is calculated** using principles laid down in business plans and approved by the supervisory authority and using bases submitted to the supervisory authority.

The mathematical reserve is calculated for each individual case, with the prospective method being used almost exclusively.

The main probability tables are as following:

<b>For endowment insurance policies</b>	DM 24/26 ÖVM 80/82 ÖVM/ÖVF 90/92 ÖVM/ÖVF 00/02
<b>For annuity insurance policies</b>	EROM/EROF AVÖ 1996 R AVÖ 2005 R

For a large portion of the portfolio, the mathematical reserve is calculated using a discount rate of 3% p.a. Starting in 1995, a discount rate of 4% p.a. was used for certain policies, and between 1 July 2000 and 31 December 2003 a discount rate of 3.25% p.a. was used. For policies with an inception date on or after 1 January 2004 the discount rate is 2.75% p.a.; on or after 23 September 2005 the discount rate is 2.25% for employer group policies. For insurance policies purchased after 1 January 2006 the discount rate is 2.25%.

The amount shown under other liabilities includes EUR 25,528,000 (EUR 26,847,000) in tax liabilities, and EUR 3,519,000 (EUR 3,580,000) in social security liabilities.

The following balance sheet items are accounted for by affiliated companies and companies in which an ownership interest is held:

in EUR '000	Affiliated companies		Companies in which an ownership interest exists	
	2009	2008	2009	2008
Mortgage receivables	42,372	61,122	4,368	4,569
Deposit receivables	1,454	26,688	0	7,932
Receivables from direct insurance business	3,741	5,257	1,419	1,378
Receivables from reinsurance business	28,666	12,427	107	135
Other receivables	127,571	88,315	6,115	3,421
Liabilities from reinsurance business	84,969	0	0	0
Liabilities from direct insurance business	751	1,010	71	576
Liabilities from reinsurance business	12,136	14,038	2	340
Other liabilities	1,001,182	466,394	0	69

Liabilities arising from the use of off-balance sheet tangible assets were EUR 23,191,000 (EUR 13,616,000) for the following financial year, and EUR 141,403,000 (EUR 90,184,000) for the following five years.

The book values of intangible assets, land and buildings, as well as of investments in affiliated companies an ownership interests, have evolved as follows:

in EUR '000	Intangible assets	Land and buildings	Shares in affiliated companies	Bonds and other securities of and loans to affiliated companies	Participations	Bonds and other securities of and loans to companies in which an ownership interest is held
<b>As of 31 December 2007</b>	<b>21,980</b>	<b>444,529</b>	<b>3,795,430</b>	<b>401,467</b>	<b>354,505</b>	<b>31,157</b>
Additions	5,644	11,313	510,370	276,350	7,086	12,677
Disposals	8	1,165	5,589	26,709	58,199	6,072
Rebooking	-1,133	0	-245	-11,276	-14,415	-314
Depreciations	4,420	20,094	79,677	270	2,194	0
Appreciation	4	0	0	0	0	0
Change due to value adjustments	-30	0	0	-43,000	0	0
<b>As of 31 December 2008</b>	<b>22,037</b>	<b>434,583</b>	<b>4,220,289</b>	<b>596,562</b>	<b>286,783</b>	<b>37,448</b>

#### IV. NOTES TO INCOME STATEMENT ITEMS

The premiums written, earned premiums, expenses for insurance claims, operating expenses and reinsurance balance in property and casualty insurance in 2009 are broken down as follows:

Gross	Premiums written	Net earned premiums	Expenses for claims and insurance benefits	Administrative expenses	Reinsurance balance
in EUR '000					
<b>Direct business</b>					
Fire and fire business interruption insurance	209,977	212,878	111,939	40,538	-93,892
Liability insurance	108,801	106,744	60,444	30,141	-1,434
Household insurance	75,838	75,619	37,955	21,058	-1,065
Motor liability insurance	203,463	205,115	126,507	38,223	3,105
Legal expenses insurance	26,380	26,348	11,341	6,760	-92
Marine, aviation and transport insurance	27,061	26,444	16,856	6,339	-2,597
Other insurances	28,484	26,399	13,517	5,495	-9,435
Other motor vehicle insurance	123,567	123,932	105,565	27,123	4,777
Other non-life insurance	149,616	144,297	143,600	38,345	24,660
Casualty insurance	91,762	91,878	49,722	21,976	-224
	<b>1,044,949</b>	<b>1,039,654</b>	<b>677,446</b>	<b>235,998</b>	<b>-76,197</b>
(Previous year's values)	(1.053.763)	(1.064.676)	(788.799)	(249.843)	(44.853)
<b>Indirect business</b>					
Marine, aviation and transport insurance	531	568	567	-105	-34
Other insurances	30,631	33,124	29,778	1,095	-4,861
	<b>31,162</b>	<b>33,692</b>	<b>30,345</b>	<b>990</b>	<b>-4,895</b>
(Previous year's values)	(147.808)	(146.904)	(104.423)	(34.710)	(-15,371)
<b>Total direct and indirect business</b>	<b>1,076,111</b>	<b>1,073,346</b>	<b>707,791</b>	<b>236,988</b>	<b>-81,092</b>
(Previous year's values)	(1.201.571)	(1.211.580)	(893.222)	(284.553)	(29.482)

Premiums written for health insurance in 2009 are broken down as follows:

in EUR '000	2009	2008
<b>Direct business</b>		
Individual insurance	225,258	220,305
Group insurance	96,018	93,806
<b>Indirect business</b>		
Individual insurance	0	0
Group insurance	85	169
	<b>321,361</b>	<b>314,280</b>

Premiums written for life insurance in 2009 are broken down as follows:

in EUR '000	2009	2008
<b>Direct business</b>	932,964	1,034,951
<b>Indirect business</b>	4,435	32,844
	<b>937,399</b>	<b>1,067,795</b>

For life insurance, premiums in the direct business are made up as follows:

in EUR '000	2009	2008
Individual insurance	858,728	906,813
Group insurance	73,236	128,138
	<b>931,964</b>	<b>1,034,951</b>
Single premium policies	293,150	364,529
Policies with regular premium payments	639,814	670,422
	<b>932,964</b>	<b>1,034,951</b>
Policies with profit participation	492,689	514,818
Policies without profit participation	3,386	3,939
Unit-linked life insurance policies	388,975	405,431
Index-linked life insurance policies	47,914	110,763
	<b>932,964</b>	<b>1,034,951</b>

For the branch office in Italy, direct premiums written are EUR 82,980,000 and the underwriting result is EUR 6,541,000. The exception rule of § 81o(6) VAG was used.

The **reinsurance balance for life insurance** was negative in 2009, with a value of EUR 1,955,000 (EUR 2,177,000). The **reinsurance balance for health insurance** was negative in 2009, with a value of EUR 6,081,000 (EUR 22,000). A portion of the earned premiums of EUR 33,692,000 (EUR 146,904,000) from indirect property/casualty insurance business was deferred for one year before being shown in the income statement. Of the EUR 4,441,000 (EUR 33,560,000) in earned premiums from indirect life insurance business, EUR 338,000 (EUR 46,000) was deferred for one year before being shown in the income statement.

Of the income from ownership interests and income from other investments shown on the income statement, affiliated companies account for the following amounts:

in EUR '000	2009	2008
<b>Income from participations</b>		
Property/casualty insurance	67,328	31,279
Health insurance	102	0
Life insurance	23,476	18,350
<b>Total</b>	<b>90,906</b>	<b>49,629</b>
<b>Income from other investments</b>		
Property/casualty insurance	317	4,232
Health insurance	2,748	2,542
Life insurance	17,072	26,344
<b>Total</b>	<b>20,137</b>	<b>33,118</b>

All of the **investment income** in the life insurance and health insurance segments was transferred to the underwriting account, as investment income is a component of the underwriting calculations in both segments. In the property/casualty segment, only deposit interest income for indirect business was transferred to the underwriting account.

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

in EUR '000	2009	2008
Wages and salaries	123,963	139,917
Expenses for severance benefits and payments to company pension plans	11,994	7,341
Expenses for retirement provisions	23,308	16,818
Expenses for statutory social contributions and income-related contribution and mandatory contributions	43,983	40,391
Other social security expenses	2,312	1,315

**Commission** expenses of EUR 172,492,000 (EUR 171,695,000) were incurred for indirect business in 2009.

**Losses on disposals of investments** were EUR 13,221,000 (EUR 8,992,000) in financial year 2009.

**The valuation reserve shown on the balance sheet as at 31 December 2009 and releases over the fiscal year are broken down by asset item as follows:**

in EUR '000	As of 31.12.2008	Rebooking	Release	As of 31.12.2009
Land and buildings	114,575	0	3,074	111,501
Shares in affiliated companies	6,963	0	828	6,135
Participations	610	-384	226	0
Shares and other non-fixed-interest securities	26,072	384	0	26,456
Intangible assets	829	0	0	829

The formation and release of untaxed reserves resulted in an increase in income tax expenses of EUR 825,000 (EUR 1,651,000) during the financial year.

## V. PROFIT PARTICIPATION

### Health insurance

All policies with an adjustment clause whose premiums were not increased by an actuarially-required amount when 2009 premium adjustments were performed receive a special profit share on 31 December 2009.

The size of the profit share equals the single-premium amount that is necessary to provide relief to older persons covered by health insurance.

According to § 7 of the regulation of the Financial Market Authority (FMA) on profit participation in the health insurance sector (GBVKVU) of 12 June 2007, the regulation is applicable to policies whose actuarial bases were submitted after 30 June 2007 and whose terms provide for profit participation. The expenses for profit-related premium refunds plus any direct credits must be at least 85 percent of the assessment basis for the health insurance policies concerned.

The assessment basis within the meaning of § 3(1) GBVKVU is calculated as follows for health insurance policies entitled to participate in profits:

in EUR '000

<b>Earned premiums</b>	<b>3,629</b>
<b>Expenses for insurance claims including changes to underwriting reserves</b>	<b>-2,945</b>
<b>Operating expenses</b>	<b>-2,278</b>
<b>Other underwriting and non-underwriting income/expenses</b>	<b>-29</b>
<b>Investment and interest income and expenses</b>	<b>70</b>
<b>Assessment base as at 31/12/2009</b>	<b>-1,551</b>

As a general rule, the listed income and expense items were calculated directly. Where this was not possible, an allocation was performed as far as possible on the basis of origin in accordance with the provisions of § 3(2) GBVKVU. The deduction election provided for in § 3(3) GBVKVU was used when calculating the assessment basis.

Since the assessment basis is negative, the percentage rate in § 6(1) GBVKVU was not calculated.

### Life insurance

Under the FMA regulation on profit participation in the life insurance sector (GBVVU) of 20 October 2006, the expenses for profit-related premium refunds and policyholder profit participation plus any direct credits must be at least 85% of the assessment base.

The assessment basis within the meaning of § 3(1) GBVVU is calculated as follows for life insurance policies entitled to participate in profits:

in EUR '000

<b>Earned premiums</b>	<b>487,724</b>
<b>Expenses for insurance claims including changes to underwriting reserves</b>	<b>-594,436</b>
<b>Operating expenses</b>	<b>-77,773</b>
<b>Other underwriting and non-underwriting income/expenses</b>	<b>-2,016</b>
<b>Investment and interest income and expenses</b>	<b>158,626</b>
<b>Assessment base as at 31/12/2009</b>	<b>-27,875</b>

As a general rule, the listed income and expenses were calculated directly. Where this was not possible, an allocation was performed as far as possible on the basis of origin in accordance with the provisions of § 3(2) GBVVU.

The expenses for profit participation, including direct credits, were EUR 5,408,000 in 2009. Since the assessment basis is negative, the percentage rate in § 7(1) GBVVU was not calculated.

#### The following applies to all profit groups:

A change was made in the timing of profit resolutions in the previous year. As a result, when the 2009 financial statements were prepared, the Managing Board had not yet adopted a resolution on the size of the profit share for the next profit distribution scheduled for 31 December 2010.

The expenses for profit participation are transferred to provisions for policyholder profit participation. One of the advantages of traditional life insurance versus other forms of investment shows up clearly, however, especially in difficult macroeconomic times, namely continuous profit allocation.

The Managing Board intends to adopt a resolution near the end of 2010 on the size of profit distribution on 31 December 2010.

This deferral of the resolution makes it possible to take 2010 investment performance into account, react quickly to changing capital market conditions, and make better forecasts of future performance, in order allow the size of the traditional profit share to correspond to what it would be if the profit shares were smoothed to the greatest extent possible over the years.

After the resolution is adopted, policyholders will be informed of the rates used to allocate profit shares to their policies on 31 December 2010.

Information on the last profit distribution on 31 December 2009 was published in the Wiener Zeitung newspaper on 15 December 2009.

## VI. SIGNIFICANT PARTICIPATIONS

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

### WIENER STÄDTISCHE VERSICHERUNG AG

Name, Location	31.12.2009 Share of capital in %	Equity capital in EUR '000	Net income for the year in EUR '000	Last Annual Financial Statement
<b>Direct interests in affiliated companies</b>				
"Grüner Baum" Errichtungs- und Verwaltungsges.m.b.H., Vienna	33.40	-538	-72	2009
Anděl Investment Praha s.r.o., Prague 6	100.00	5,892	28,787	2009
ARITHMETICA Versicherungs- und Finanzmathematische Beratungs-Gesellschaft m.b.H., Vienna	75.00	11	372	2009
BML Versicherungsmakler GmbH, Vienna	100.00	40,000	709,940	2009
CENTER Hotelbetriebs GmbH, Vienna	55.00	55	-694	2009
DBR-Liegenschaften GmbH & Co KG, Stuttgart	100.00	515	16,069	2009
DBR-Liegenschaften Verwaltungs GmbH, Stuttgart	100.00	0	23	2009
DIRECT-LINE Direktvertriebs-GmbH, Vienna	100.00	1	46	2008
EXPERTA Schadenregulierungs-Gesellschaft m.b.H., Vienna	25.00	246	758	2008
HORIZONT Personal-, Team- und Organisationsentwicklung GmbH, Vienna	76.00	46	205	2008
HUMANOCARE gemeinnützige Betriebsgesellschaft für Betreuungseinrichtungen GmbH, Vienna	100.00	370	897	2008
KÁLVIN TOWER Immobilienentwicklungs- und Investitionsgesellschaft m.b.H., Budapest	100.00	80	1,862	2009
LVP Holding GmbH, Vienna	100.00	2,438	107,499	2009
PFG Holding GmbH, Vienna	60.05	3,139	139,285	2009
PFG Liegenschaftsbewirtschaftungs GmbH, Vienna	49.47		44	2008
Projektbau Holding GmbH, Vienna	60.00		41,692	2008
Senioren Residenz Veldidenapark Errichtungs- und Verwaltungs GmbH, Innsbruck	66.70	320	-3,848	2009
VICE-Beteiligungs AG, Vienna	100.00			2009 gegründet
Wiener Verein Bestattungs- und Versicherungsservice Gesellschaft m.b.H., Vienna	100.00	-203	1,431	2009
<b>More than 20% ownership, where a direct ownership interest exists</b>				
Österreichisches Verkehrsbüro Aktiengesellschaft, Vienna	30.46		163,132	2008



## VIENNA INSURANCE GROUP

Name, Location	31.12.2009 Share of capital in %	Equity capital in EUR '000	Net income for the year in EUR '000	Last Annual Financial Statement
<b>Direct interests in affiliated companies</b>				
„WIENER RE“ akcionarsko društvo za reosiguranje, Belgrad	100.00	576	6,124	2009
„WIENER STÄDTISCHE OSIGURANJE“ akcionarsko društvo za osiguranje, Belgrad	100.00	301	11,084	2009
ASIGURAREA ROMANEASCA - ASIROM VIENNA INSURANCE GROUP S.A., Bucharest	85.91	4,483	67,831	2009
BENEFIA Towarzystwo Ubezpieczen na Zycie S.A. Vienna Insurance Group, Warsaw	100.00	846	18,624	2009
BENEFIA Towarzystwo Ubezpieczen S.A. Vienna Insurance Group, Warsaw	100.00	1,399	19,236	2009
BULGARSKI IMOTI LIFE Insurance Company AD, Sofia	99.97	-31	3,995	2009
Bulgarski Imoti Non-Life Insurance Company AD, Sofia	99.91	388	3,860	2009
Business Insurance Application Consulting GmbH, Vienna	100.00	202	2,153	2009
Compensa Life Vienna Insurance Group SE, Tallinn	100.00	1,134	6,617	2009
COMPENSA Holding GmbH, Coburg	100.00	-23	19,635	2009
Compensa Towarzystwo Ubezpieczen Na Zycie Spolka Akcyjna Vienna Insurance Group, Warsaw	71.13	1,381	34,638	2009
Compensa Towarzystwo Ubezpieczen Spolka Akcyjna Vienna Insurance Group, Warsaw	61.60	5,286	97,449	2009
Cosmopolitan Life Vienna Insurance Group - dionicko društvo za osiguranje, Zagreb	100.00	-9,061	5,701	2009
Erste osiguranje Vienna Insurance Group d.d., Zagreb	90.00	2	6,663	2009
ERSTE Vienna Insurance Group Biztosító Zrt., Budapest	90.00	138	5,435	2009
Helios Vienna Insurance Group d.d., Zagreb	100.00	-2,872	11,910	2009
IC Globus Insurance Company with Added Liability "Globus", Kiev	74.00	-69	2,447	2009
InterRisk Towarzystwo Ubezpieczen Spolka Skcyjna Vienna Insurance Group, Warsaw	99.97	9,849	59,453	2009
InterRisk Versicherungs-AG Vienna Insurance Group, Wiesbaden	100.00	8,120	33,220	2009
Joint Stock Company "Jupiter Life Insurance Vienna Insurance Group", Kiev	73.00	-102	1,849	2009
Joint Stock insurance company WINNER - Vienna Insurance Group, Skopje	100.00	96	2,738	2009
KOOPERATIVA poist'ovna, a.s. Vienna Insurance Group, Bratislava	94.23	15,042	223,521	2009
Kooperativa, pojist'ovna, a.s. Vienna Insurance Group, Prague 1	89.65	91,379	458,163	2009
Kvarner Vienna Insurance Group dionicko društvo za osiguranje, Rijeka	98.75	-2,824	15,362	2008
OMNIASIG VIENNA INSURANCE GROUP S.A., Bucharest	98.86	10,340	106,067	2009
Poist'ovna Slovenskeje sporitel'ne, a.s. Vienna Insurance Group, Bratislava	90.00	1,975	21,250	2009
Pojist'ovna České sporitelny, a.s. Vienna Insurance Group, Pardubice	90.00	23,422	83,458	2009

Name, Location	31.12.2009 Share of capital in %	Equity capital in EUR '000	Net income for the year in EUR '000	Last Annual Financial Statement
Polski Związek Motorowy Towarzystwo Ubezpieczeń Spolka Akcyjna Vienna Insurance Group, Warsaw	95.83	-5,637	17,349	2008
Private Joint-stock company " VAB Life", Kiev	100.00	185	1,333	2009
RISK CONSULT Sicherheits- und Risiko- Managementberatung Gesellschaft m.b.H., Vienna	41.00	301	443	2008
S.C. BCR Asigurari de Viata Vienna Insurance Group S.A., Bucharest	88.47	2,702	12,373	2009
S.C. BCR Asigurari Vienna Insurance Group S.A., Bucharest	93.17	-13,099	15,648	2009
SECURIA majetkovosprávna a podielová s.r.o., Bratislava	100.00	52	42,334	2009
SIGURIA E MAHDE VIENNA INSURANCE GROUP Sh.A., Tirana	87.01	989	9,244	2009
Sparkassen Versicherung AG Vienna Insurance Group, Vienna	38.33	41,138	456,971	2009
TBI BULGARIA AD, Sofia	100.00	-237	37,529	2009
TBIH Financial Services Group N.V., Amsterdam	60.00	-14,522	112,260	2008
UNION Vienna Insurance Group Biztosító Zrt., Budapest	100.00	3,350	37,226	2009
Private Joint-Stock Company Ukrainian Insurance Company "Kniazha Vienna Insurance Group", Kiev	99.99	-13,102	-4,467	2009
Versicherungsaktiengesellschaft "Kupala", Minsk	67.52	102	1	2009
Vienna Insurance Group Polska Spolka z ograniczona odpowiedzialnoscia, Warsaw	64.30	-492	6,458	2008
Vienna International Underwriters GmbH, Vienna	100.00	16	62	2008
Vienna-Life Lebensversicherung Aktiengesellschaft, Bendern	100.00	72	9,679	2009
VIG RE zajist'ovna, a.s., Prague 1	70.00	433	4,007	2009
VLTAVA majetkovosprávni a podilová spol.s.r.o., Prague 5	100.00	198	3,103	2009
ZASO Victoria Non-Life, Minsk	34.66	385	626	2008
VERSA-Beteiligungs AG, Vienna	100.00	-84	309,916	2009
<b>More than 20% ownership, where a direct ownership interest exists</b>				
Central Point Insurance IT-Solutions GmbH, Vienna	38.00		111	2008
Geschlossene Aktiengesellschaft Strachowaja kompanije "MSK-Life", Moscow	25.00		2,987	2008
students4excellence GmbH, Vienna	20.00		37	2008

The exception contained in § 241 (2) and (3) UGB was applied.

## VII. OTHER INFORMATION

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

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

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

The General Meeting of 24 April 2009 also authorised the Managing Board to acquire the Company's own no-par value bearer shares pursuant to § 65(1)(4) and (8) of the Austrian Stock Corporation Act to the maximum extent permissible by law during a period of 30 months following the date the General Meeting resolution was adopted. The amount payable upon repurchase of the Company's own shares may not be more than 50% below or more than 10% above the average unweighted stock exchange closing price on the ten stock exchange trading days preceding the repurchase. The Managing Board may decide

to make the purchase via the stock exchange, through a public offer or in any other legally permissible and expedient manner. The Managing Board has made no use of this authorisation to date. The Company held no treasury shares as of 31 December 2009.

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

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

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

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

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

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

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

**Chairman:**

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

**Deputy Chairman:**

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

**Members:**

Generalabt Propst Bernhard **Backovsky**

Mag. Alois **Hochegger**

Dipl.-Ing. Guido **Klestil**

Senator Prof. Komm.-Rat Walter **Nettig**

Hofrat Dkfm. Heinz **Öhler**

Mag. Reinhard **Ortner**

Dr. Johann **Sereinig**

Mag. Dr. Friedrich **Stara**

**Employee representatives:**

Peter **Grimm**

Brigitta **Kinast-Pötsch**

Franz **Urban**

Gerd **Wiehart**

Peter **Winkler**

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

**Chairman:**

Dr. Günter **Geyer**

**Members:**

Ing. Martin **Divis** (beginning 13 June 2009)

Dr. Christine **Dornaus** (beginning 13 June 2009)

Dkfm. Karl **Fink** (until 30 September 2009)

Franz **Fuchs** (beginning 1 October 2009)

Dr. Hans-Peter **Hagen**

Dr. Judit **Havasi** (beginning 13 June 2009)

Mag. Peter **Höfing**

Mag. Robert **Lasshofer**

Erich **Leiß** (beginning 13 June 2009)

Dr. Martin **Simhandl**

**During the business year 2009, the following persons were appointed to be trustees pursuant to § 22 (1) VAG:**

**Trustees:**

(life insurance department – § 20 (2;1) VAG)

Mag. Oskar **Ulreich**

**Deputy:**

Mag. Nicole **Plankenbüchler**

**Trustees:**

(except life insurance department – § 20 (2;1) VAG)

Mag. Wolfgang **Pechrigl**

**Deputy:**

Dr. Michael **Hysek**

The **average number of employees** (including cleaning staff) was 3,933 (3,949). The average number of salaried employees was 3,846 (3,858), of which 2,096 (2,091) were active in sales, leading to personnel expenses of EUR 94,235,000 (EUR 98,988,000), and 1,750 (1,767) worked in operations, resulting in personnel expenses of EUR 111,325,000 (EUR 106,795,000).

No loans were outstanding to **members of the Managing Board** on 31 December 2009 (EUR 000).

No loans were granted to **members of the Supervisory Board** in 2009.

No **guarantees** were outstanding for members of the Managing Board or Supervisory Board as of 31 December 2009.

In 2009, the total expenses for severance pay and pensions of EUR 35,302,000 (EUR 24,159,000) included severance pay and pension expenses of EUR 8,010,000 (EUR 6,612,000) for **members of the Managing Board and senior management in accordance with § 80(1) of the Austrian Stock Corporation Act (AktG)**.

The **Managing Board of the Company** is responsible for the operational management of the Company, as well as management of the Company in its capacity as the parent company of the Vienna Insurance Group. In some cases, additional responsibilities are also assumed in affiliated or related companies.

The **members of the Managing Board** in 2009 received gross compensation of EUR 4,097,000 (EUR 5,478,000 plus special remuneration of EUR 1,690,000). Subsidiaries paid EUR 328,000 (EUR 330,000) of this amount for management board services provided in these companies.

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

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

Until 12 June 2009, the Managing Board in 2009 consisted of six members. On 13 June 2009, an amendment to the articles of association went into effect, changing the Company's organisa-

tional structure so as to segregate its holding and operating functions. This amendment also created two Managing Board committees. Since that time, the Managing Board as a whole has been made up of ten members.

The total compensation paid to former members of the Managing Board (including surviving dependents) was EUR 4,264,000 in 2009 (2008: EUR 1,074,000), including amounts owed to two members of the Managing Board under the law and by contract in connection with their age-related separation from service.

The compensation received by the **members of the Supervisory Board** in 2009 for their services to the Company was EUR 366,000 (EUR 353,000).

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

From 1 January 2005 to 31 December 2008, the Company was the parent company of a group of companies within the meaning of § 9 of the Austrian Corporate Income Act (KStG). Since 1 January 2009, the Company has been a group member, within

the meaning of § 9 KStG, of the Wiener Städtische Wechselseitige Versicherungsanstalt-Vermögensverwaltung, Vienna, group of companies.

The taxable earnings of the group members are attributed to the parent company. The parent company has entered into agreements with each group member governing the allocation of positive and negative tax amounts for the purpose of allocating corporate income tax charges according to their origin. A liability from tax allocations in the amount of EUR 17,838,000 exists against the parent company. Use was made of the election to report as an asset the deferred profit taxes due to timing differences between earnings under Austrian commercial law and taxable earnings. The tax rate chosen for deferred taxes is 25%.

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

The Managing Board:



**Dr. Günter Geyer**



**Dr. Peter Hagen**



**Mag. Robert Lasshofer**



**Dr. Martin Simhandl**



**Ing. Martin Diviš, MBA**



**Dr. Christine Dornaus**



**Franz Fuchs**



**Dr. Judit Havasi**



**Mag. Peter Höfinger**



**Erich Leib**

Vienna, 11 March 2010

## AUDITOR'S REPORT

### Report on the Financial Statements

We have audited the accompanying financial statements including the accounting system of

#### VIENNA INSURANCE GROUP

#### Wiener Städtische Versicherung AG, Vienna,

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

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

The Company's management is responsible for the accounting system and for the preparation and fair presentation of these financial statements in accordance with Austrian Generally Accepted Accounting Principles. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

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

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with laws and regulations applicable in Austria and Austrian Standards on Auditing. Those standards require that we comply with professional guidelines and that we plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

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

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

*Opinion*

Our audit did not give rise to any objections. In our opinion, which is based on the results of our audit, the financial statements comply with legal requirements and give a true and fair view of the financial position of the Company as of December 31, 2009 and of its financial performance for the fiscal year from January 1 to December 31, 2009 in accordance with Austrian Generally Accepted Accounting Principles.

**Comments on the Management Report**

Pursuant to statutory provisions, the management report is to be audited as to whether it is consistent with the financial statements and as to whether the other disclosures are not misleading with respect to the Company's position. The auditor's report also has to contain a statement as to whether the management report is consistent with the financial statements and whether the disclosures pursuant to § 243a UGB are appropriate.

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

Vienna, 11 March 2010

PwC INTER-TREUHAND GmbH  
Wirtschaftsprüfungs- und Steuerberatungsgesellschaft



Mag. Günter Wiltschek  
Austrian Certified Public Accountant

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

## REPORT BY THE SUPERVISORY BOARD

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

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

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

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

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

The Audit Committee also reviewed the effectiveness of the internal control system, the internal auditing system and the risk management system, by requesting descriptions of the processes and organisation of these systems from the Managing

Board, the auditor and the individuals directly responsible for these areas. The Audit Committee reported on its monitoring activities to the Supervisory Board as a whole and stated that no deficiencies had been identified.

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

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

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



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

After a thorough examination, the Supervisory Board therefore adopted a unanimous resolution to approve the annual financial statements prepared by the Managing Board, to raise no objec-

tion to the management report, consolidated financial statements and Group management report, and to state its agreement with the Managing Board's proposal for appropriation of profits.

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

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

Vienna, March 2010

The Supervisory Board:

A handwritten signature in black ink, appearing to read 'K. Stadler', with a long horizontal flourish extending to the right.

KR Dkfm. Klaus STADLER

(Chairman)

## STATEMENT BY THE MANAGING BOARD

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

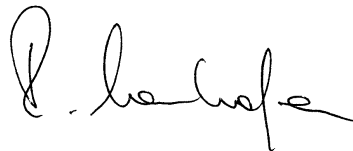
The Managing Board:



**Dr. Günter Geyer**



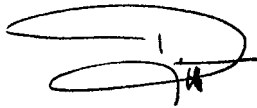
**Dr. Peter Hagen**



**Mag. Robert Lasshofer**



**Dr. Martin Simhandl**



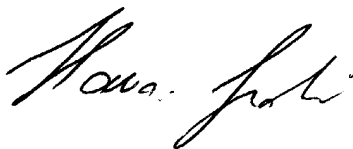
**Ing. Martin Diviš, MBA**



**Dr. Christine Dornaus**



**Franz Fuchs**



**Dr. Judit Havasi**



**Mag. Peter Höfinger**



**Erich Leib**

Vienna, 11 March 2010

# PROVINCIAL ADVISORY COUNCILS

The following persons belong to the advisory councils for the individual federal provinces designated in the Articles of Association for advising the Managing Board (status as of 31 December 2009):

## Provincial advisory council for Vienna

Komm.-Rat Ing. Leopold **Abraham**  
 Martin **Bachlechner**  
 Dr. Peter **Bosek**  
 Dr. Ilse **Brandner-Radinger**  
 Dr. Ismail H. **Ergener**  
 Liane **Garnhaft**  
 Mag. Norbert **Gertner**  
 Oberstleutnant Michael **Hafner**  
 Komm.-Rat Mag. Dr. Erich **Haider**  
 Komm.-Rat Franz **Häussler**  
 Komm.-Rat Brigitte **Jank**  
 Komm.-Rat Helmut **Jonas**  
 Hans **Judmann**  
 Komm.-Rat Willibald **Keusch**  
 DDr. Michael **Landau**  
 Dr. Michael **Ludwig**  
 Dr. Ernst **Nonhoff**  
 Komm.-Rat Dkfm. Dr. Carl Ludwig **Richard**  
 Günter **Wandl**  
 Mag. Udo **Weinberger**  
 Ing. Wilhelm **Wohatschek**

## Provincial advisory council for Lower Austria

Mag. Gertrude **Baumgartner**  
 Konsistorialrat Dr. Burkhard **Ellegast**  
 Komm.-Rat Wilhelm **Gelb**  
 Mag. Helmut **Guth**  
 Konsistorialrat Prälat Berthold **Heigl**  
 Mag. Dr. Herwig **Hofstätter**  
 Mag. Herbert **Kaufmann**  
 Herbert **Klenk**  
 Hans **Knoll**  
 Otto **Korten**  
 Werner **Magyer**  
 Komm.-Rat Josef **Panis**  
 Mag. Elisabeth **Schubrig**  
 Mag. Matthias **Stadler**  
 Dr. Dietmar **Steinbrenner**  
 Dipl.-Ing. Karl Th. **Trojan**  
 Ing. Gerhard **Zinner**

## Provincial advisory council for Upper Austria

Dr. Othmar **Bruckmüller**  
 Mag. Herbert **Brunsteiner**

Mag. Robert **Ebner**  
 Mag. Othmar **Friedl**  
 Mag. Alois **Froschauer**  
 Ing. Mag. Peter **Halatschek**  
 Norbert **Haudum**  
 Heinz **Hillinger**  
 Manfred **Hochhauser**  
 Dr. Hermann **Kepplinger**  
 Komm.-Rat Dr. Richard **Kirchwegger**  
 Dr. Markus **Limberger**  
 Mag. Dr. Johann **Mayr**  
 Dr. Josef **Peischer**  
 Komm.-Rat Dr. Ludwig **Scharinger**  
 Adolf **Scheuchenpflug**  
 Mag. Wolfgang **Schneckenreither**  
 Komm.-Rat Ernst **Strauss**  
 Gerda Weichsler-Hauer

## Provincial advisory council for Styria

Mag. Herbert **Beiglböck**  
 Gerhard **Deutsch**  
 Dr. Gerhard **Fabisch**  
 Herbert **Gritzner**  
 Komm.-Rat Horst **Hilmer**  
 Karl **Hofmeister**  
 Mag. Dr. Franz **Huber**  
 Mag. Dr. Karl-Franz **Maier**  
 Ernst **Meixner**  
 Mag. Dr. Wolfgang **Messner**  
 Mag. Paul **Nussbaumer**  
 Hermann **Retter**  
 Ulrike **Retter**  
 Alois **Samer**  
 Horst **Schachner**  
 Christoph **Stark**  
 Gerald **Stoiser**  
 Mag. Josef **Wallner**  
 Ing. Manfred **Wegscheider**

## Provincial advisory council for Carinthia and Eastern Tyrol

Ingo **Appé**  
 Gerald **Dietrich**  
 Dkfm. Helmut **Eder**  
 Dr. Dipl.-Ing. Hermann **Egger**  
 Dr. Horst **Felsner**  
 Komm.-Rat Dr. Reinhard **Iro**  
 Komm.-Rat Rudolf **Kandussi**  
 Franz **Kreuzer**  
 Ing. Franz **Liposchek**  
 Helmut **Manzenreiter**  
 Dr. Claudia **Mischensky**

Komm.-Rat Franz **Mlinar**  
 Dipl.-Ing. Hans Michael **Offner**  
 Ing. Josef **Podesser**  
 Dr. Herwig **Rettenbacher**  
 Mag. Hans **Schönegger**  
 Dipl.-Ing. Oskar **Seidler**  
 Dr. Michael **Stattmann**  
 Dr. Alfred **Wurzer**

#### Provincial advisory council for Salzburg

Ingeborg **Altmann**  
 Dipl.-Ing. Günther **Auer**  
 Wolfgang **Bell**  
 Franz **Blum**  
 Dr. Reiner **Brettenthaler**  
 Jürgen **Danzmayr**  
 Dipl.-Ing. Günter **Fleischmann**  
 Mag. Johannes **Lassacher**  
 Ing. Johann **Myslik**  
 Alois Johann **Nindl**  
 Ferdinand **Saller**  
 Günter **Schied**  
 Dr. Harald **Seiss**  
 Hermann **Steinlechner**  
 Dr. Christian **Stöckl**  
 Hofrat Professor Dr. Walter **Thaler**

#### Provincial advisory council for Tyrol

Dipl.-Ing. Martin **Baltes**  
 Dr. Christian **Bernard**  
 Univ. Prof. Dr. Manfred **Gantner**  
 Dr. Hannes **Gruber**  
 Hannes **Gschwentner**  
 Dr. Markus **Jochum**  
 Ing. Walter **Kircher**  
 Dipl.-Vw. Hansjörg **Mölk**  
 MMag. Hermann **Nagiller**  
 Mag. Jakob **Ringler**  
 Dr. Elmar **Schmid**  
 Komm.-Rat Karl **Schranz**  
 Prälat Prof. Mag. Raimund **Schreier**  
 Dr. Elisabeth **Zanon**

#### Provincial advisory council for Vorarlberg

Mag. Wilfried **Berchtold**  
 Jürgen **Gabrieli**  
 Mag. Christoph **Greussing**  
 Werner **Gunz**  
 Dipl.-Ing. Guntram **Jäger**  
 Edgar **Mayer**

Dr. Peter **Mennel**  
 Ing. Wilhelm **Muzyczyn**  
 Dipl.-Ing. Peter **Oksakowski**  
 Komm.-Rat Kuno **Riedmann**  
 Hugo **Rogginer**  
 Dkfm. Franz **Salzmann**  
 Dr. Walter **Thöny**

#### Provincial advisory council for Burgenland

Mag. Mario **De Martin De Gobbo**  
 Mag. Hannes **Frech**  
 Komm.-Rat Oswald **Hackl**  
 Komm.-Rat Erich **Horvath**  
 Christian **Illedits**  
 Komm.-Rat Michael **Koch**  
 Dr. Helmut **Löffler**  
 Mag. Hans **Lukits**  
 Hans **Niessl**  
 Ing. Frank **Pfnier**  
 Wirkl. Konsistorialrat Matthias **Reiner**  
 Ingrid **Salamon**  
 Mag. Nikolaus **Sauer**  
 Ernst **Schmid**  
 Dipl.-Ing. Johann **Schmidt**  
 Peter **Schmitl**  
 Komm.-Rat Erwin **Schneeberger**  
 Mag. Rudolf **Simandl**  
 Gerhard **Steier**  
 Georg **Stiegelmar**  
 Dr. Csaba **Szekely**  
 Hofrat Dr. Robert **Tauber**  
 Josef **Wein**

#### Advisory Board for funeral insurance

The following persons belong to the advisory council designated in the Articles of Association and established for advising the Managing Board on funeral matters and funeral issues (status as of 31 December 2009):

Dr. Christian <b>Fertinger</b>	Hansjörg <b>Lein</b>
Komm.-Rat Wilhelm <b>Fuchs</b>	Klaus <b>Pichler</b>
Friedrich <b>Grundeil</b>	Gerfried <b>Redlich</b>
Walter <b>Hämmerle</b>	Eduard <b>Schreiner</b>
Mag. Hermine <b>Heuer</b>	Peter <b>Skyba</b>
Franc <b>Kelher</b>	Dr. Helmut <b>Stadler</b>
Manfred <b>Klinger</b>	Otto <b>Trafella</b>
Peter <b>Kotzbauer</b>	Monsignore Mag. Karl <b>Wagner</b>
Othmar <b>Lechner</b>	Mag. Gregor <b>Zaki</b>

# PROVINCIAL HEAD OFFICES

## Provincial head office for Vienna

1020 Vienna, Obere Donaustraße 49-53  
 Phone: +43 (0) 50 350-40000  
 Fax: +43 (0) 50 350 99-40000  
 E-mail: [ld-wien@staedtische.co.at](mailto:ld-wien@staedtische.co.at)  
 Mag. Hermann **Fried**, Provincial Director

## Provincial head office for Lower Austria

3100 St. Pölten, Europaplatz 2  
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 Fax: +43 (0) 50 350 99-41000  
 E-mail: [ld-noe@staedtische.co.at](mailto:ld-noe@staedtische.co.at)  
 Komm.-Rat Helmut **Maurer**, Provincial Director

## Provincial head office for Upper Austria

4020 Linz, Untere Donaulände 40  
 Phone: +43 (0) 50 350-42000  
 Fax: +43 (0) 50 350 99-42000  
 E-mail: [ld-ooe@staedtische.co.at](mailto:ld-ooe@staedtische.co.at)  
 Mag. Günther **Erhartmaier**, Provincial Director

## Provincial head office for Styria

8010 Graz, Brockmanngasse 32  
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 Fax: +43 (0) 50 350 99-43000  
 E-mail: [ld-stmk@staedtische.co.at](mailto:ld-stmk@staedtische.co.at)  
 Dr. Gerald **Krainer**, Provincial Director

## Provincial head office for Carinthia and Eastern Tyrol

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 E-mail: [ld-ktn@staedtische.co.at](mailto:ld-ktn@staedtische.co.at)  
 Erich **Obertautsch**, Provincial Director

## Provincial head office for Salzburg

5020 Salzburg, Max-Ott-Platz 3  
 Phone: +43 (0) 50 350-45000  
 Fax: +43 (0) 50 350 99-45000  
 E-mail: [ld-sbg@staedtische.co.at](mailto:ld-sbg@staedtische.co.at)  
 Mag. Hans **Vierziger**, Provincial Director

## Provincial head office for Tyrol

6020 Innsbruck, Südtiroler Platz 4  
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 Fax: +43 (0) 50 350 99-46000  
 E-mail: [ld-tirol@staedtische.co.at](mailto:ld-tirol@staedtische.co.at)  
 Ida **Wander**, Provincial Director

## Provincial head office for Vorarlberg

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 Burkhard **Berchtel**, Provincial Director

## Provincial head office for Burgenland

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 Fax: +43 (0) 50 350 99-48000  
 E-mail: [ld-bgld@staedtische.co.at](mailto:ld-bgld@staedtische.co.at)  
 Mag. Gerold **Stagl**, Provincial Director

# CONTACTS WIENER STÄDTISCHE

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## Equity Holdings Management, Loans

Dr. Christine Dornaus  
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Fax: +43 (0)50 350 99-21126  
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## Business Organisation

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## Finance and Accounting

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## Corporate and Large Risk Business

### underwriting

Dr. Wolfgang Petschko  
Phone: +43 (0)50 350 21406  
Fax: +43 (0)50 350 99-21406  
E-mail: w.petschko@staedtische.co.at

### claims

Dr. Josef Aigner  
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E-mail: j.aigner@staedtische.co.at

## Company Law

Mag. Helene Kanta  
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Fax: +43 (0)50 350 99-21122  
E-mail: h.kanta@staedtische.co.at

## IT Management and Provider Management

DI Klaus Krebs  
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Fax: +43 (0)50 330 99-22106  
E-mail: k.krebs@staedtische.co.at

## Motor Vehicle Insurance (underwriting)

Dipl.-Ing. Dr. Michael Schlögl  
Phone: +43 (0)50 350 21530  
Fax: +43 (0)50 350 99-21530  
E-mail: m.schloegl@staedtische.co.at

## Health Insurance

Mag. Peter Kranz  
Phone: +43 (0)50 350 21610  
Fax: +43 (0)50 350 99-21610  
E-mail: p.kranz@staedtische.co.at

## Life and Casualty Insurance

Dipl.-Ing. Mathias Frisch  
Phone: +43 (0)50 350 21600  
Fax: +43 (0)50 350 99-21600  
E-mail: m.frisch@staedtische.co.at

## Real Estate and Real Estate-Related Holdings

Mag. Anton-Leonhard Werner  
Phone: +43 (0)50 350 21050  
Fax: +43 (0)50 350 99-21050  
E-mail: a.werner@staedtische.co.at

## Human Resources / Human Resources Development

Robert Bilek  
Phone: +43 (0)50 350 21300  
Fax: +43 (0)50 350 99-21300  
E-mail: r.bilek@staedtische.co.at

## Communications / Internal Communications

Mag. Claudia Riebler  
Phone: +43 (0)50 350 21336  
Fax: +43 (0)50 350 99-21336  
E-mail: c.riebler@staedtische.co.at

**Legal Protection Insurance (claims)**

Dr. Günther Bauer  
 Phone: +43 (0)50 350 21587  
 Fax: +43 (0)50 350 99-21587  
 E-mail: g.bauer@staedtische.co.at

**Audit**

Dr. Herbert Allram  
 Phone: +43 (0)50 350 21070  
 Fax: +43 (0)50 350 99-21070  
 E-mail: h.allram@staedtische.co.at

**Non-life, General Liability and Legal Expenses Insurance – Private and Commercial Business (underwriting)**

Heinrich Herbst  
 Phone: +43 (0)50 350 21420  
 Fax: +43 (0)50 350 99-21420  
 E-mail: h.herbst@staedtische.co.at

**Collections Service Centre**

Mag. Andreas Weninger  
 Phone: +43 (0)50 350 21817  
 Fax: +43 (0)50 350 99-21817  
 E-mail: a.weninger@staedtische.co.at

**Personal Insurance Service Centre**

Sabine Pfeffer  
 Phone: +43 (0)50 350 21313  
 Fax: +43 (0)50 350 99-21313  
 E-mail: s.pfeffer@staedtische.co.at

**Property Insurance Service Centre**

Mag. Annemarie Ulbing  
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 E-mail: a.ulbing@staedtische.co.at

**Special Damages**

Dr. Wolfgang Reisinger  
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 Fax: +43 (0)50 350 99-21500  
 E-mail: w.reisinger@staedtische.co.at

**Reinsurance**

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**Distribution**

Walter Wichtel  
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 Fax: +43 (0)50 350 99-22530  
 E-mail: w.wichtel@staedtische.co.at

**Managing Board Secretariat**

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 E-mail: d.janik@staedtische.co.at

**Advertising / Sponsoring**

Mag. Sabine Weiss  
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 Fax: +43 (0)50 350 99-21194  
 E-mail: s.weiss@staedtische.co.at

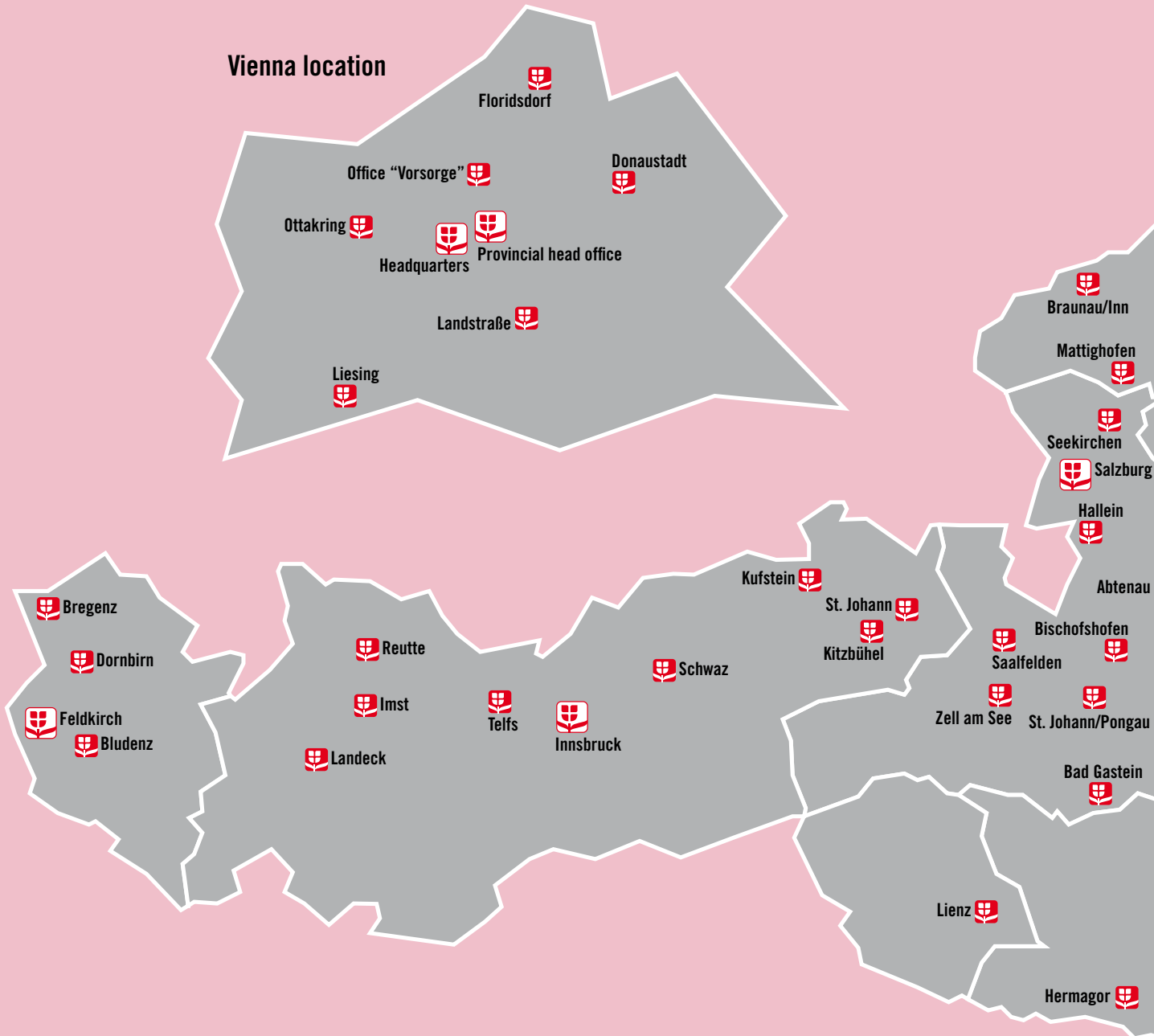
**Securities and Funds**

Mag. Reza Kazemi Tabrizi  
 Phone: +43 (0)50 100-75473  
 Fax: +43 (0)50 100-975473  
 E-mail: r.kazemi-tabrizi@staedtische.at

Mag. Christian Buchmayer  
 Phone: +43 (0)50 350 21137  
 Fax: +43 (0)50 350 99-21137  
 E-mail: c.buchmayer@staedtische.co.at

# WIENER STÄDTISCHE BRANCH OFFICES IN AUSTRIA

A detailed list of business offices.








# BRANCH OFFICES WIENER STÄDTISCHE

Wiener Städtische is available throughout Austria for the cost of local call 24 hours a day, 7 days a week:

**Phone +43 (0) 50 350-direct dial ; Fax: +43 (0) 50 350 99-direct dial**

 Offices with motor vehicle reporting

## Vienna

### Headquarters

Direct dial 20000  
Schottenring 30  
1010 Vienna  
mail-us@staetdische.co.at

### Landesdirektion Wien

Direct dial 40000  
Obere Donaustraße 49-53  
1020 Vienna  
ld-wien@staetdische.co.at

### Kundenbüro Vorsorge

Direct dial 22380  
Zelinkagasse 14  
1010 Vienna  
vorsorge@staetdische.co.at

### Donaustadt

Direct dial 51400  
Bernoullistraße 1  
1220 Vienna  
donaustadt@staetdische.co.at

### Floridsdorf

Direct dial 51300  
Am Spitz 10  
1210 Vienna  
floridsdorf@staetdische.co.at

### Landstraße

Direct dial 50800  
Rochusgasse 3-5  
1030 Vienna  
landstrasse@staetdische.co.at

### Liesing

Direct dial 51700  
Breitenfurter Straße 393  
1230 Vienna  
liesing@staetdische.co.at

### Ottakring

Direct dial 51100  
Thaliastraße 44  
1160 Vienna  
ottakring@staetdische.co.at

## Lower Austria

### Landesdirektion Niederösterreich

Direct dial 41000  
Europaplatz 2  
3100 St. Pölten  
ld-noe@staetdische.co.at

### Amstetten

Direct dial 53900  
Waidhofner Straße 31  
3300 Amstetten  
amstetten@staetdische.co.at

### Aspang

Direct dial 53400  
Mönichkirchner Straße 3  
2870 Aspang  
aspang@staetdische.co.at

### Baden

Direct dial 53000  
Bahngasse 9  
2500 Baden  
baden@staetdische.co.at

### Bruck/Leitha

Direct dial 52900  
Fischamender Straße 54  
2460 Bruck/Leitha  
bruck\_leitha@staetdische.co.at

### Gänserndorf

Direct dial 52500  
Bahnstraße 15  
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# GLOSSARY

## Actuarial reserve

A reserve calculated according to mathematical principles for future insurance payments in the life and health insurance segments. In the health insurance segment, this is also referred to as an ageing reserve.

## Annuity tables

Annuity tables are the most important calculation tool used in life and health insurance. The annuity tables used by insurers are based on the mortality tables derived from the population census. These are revised every ten years to take into account changing conditions, such as medical advances and improved living conditions. For example, due to medical advancements, improved life circumstances or similar.

## Associated companies

The parent company and its subsidiaries are considered to be associated companies if the parent company is able to exert control over the business policies of the subsidiary. Examples of this are where the parent company directly or indirectly holds more than half of all voting rights, a controlling agreement exists, or it is possible to appoint the majority of the members of the Managing Board or other executive bodies of the subsidiary (§ 244 UGB).

## Capital investments

Assets such as securities, loans, real estate and company participations that are predominantly used to cover the commitments from the insurance business.

## Ceded reinsurance premiums

Share of the premiums to which the reinsurer is entitled in return for reinsuring certain risks.

## Claim rate

Ratio of expenses for the insurance incidents in comparison to capped premiums.

## Combined ratio

Ratio for evaluation of the business development in the indemnity and accident insurance. All actuarial expenses, after deducting the reinsurance shares except for the change of fluctuation provision in percent of the capped premiums after deducting the reinsurance shares (=sum of net cost rate and net loss ratio). Does not include any financial revenues.

## Consolidation

The financial assets of the parent company and those of the subsidiaries are combined when the consolidated financial statements are prepared by the parent company. During this process, intercompany capital combinations, interim profit/ loss, payables and receivables, and income and expenses between group companies are eliminated.

## Consolidation circle

Consists of the parent company and all subsidiaries included in the consolidated financial statements.

## Consolidated financial statement

Annual financial statement prepared by the parent company that presents the net assets, financial position, results of operations and cash flow of the corporate group. Refer to consolidation.

## Cost rate

Ratio of expenses for the insurance operation in comparison to capped premiums.

## Delayed claims

A loss that has occurred during the current business year but will not be reported until the following year.

## Direct business

In-house acquired business, including co-insurance shares assumed, less surrendered co-insurance shares.

## Earned premiums

The portion of premiums written which is allocated to the current fiscal year.

## EBT (Earnings before tax)

Earnings before tax: Total of all actuarial earnings, financial results and other non-actuarial expenses and earnings before tax.

## Equity capital

Consists of capital stock and reserves



**Expenses for insurance incidents**

Paid insurance benefits plus the change in provisions for losses that have already occurred, but are not yet processed, plus the costs for claim settlement, loss investigation (e.g. fees for expert witnesses, legal fees) and loss prevention.

**Expenses for the insurance operations**

Commissions, personnel costs, cost of materials and other expenses for selling and managing insurance policies.

**Financial Market Authority (FMA)**

Refer to insurance supervisory authority.

**Financial result**

Balances from revenue and expenses for capital investments and interest. This includes, for example, income from securities, loans, real estate and equity interests, as well as bank interest, and expenses incurred in the financial area, such as scheduled depreciation on owned real estate, unscheduled writedowns of securities to listed market prices, bank fees, etc.

**Fluctuation provision**

One of the actuarial provisions. It is built up in years with below average loss ratio and used in years with above average loss ratio.

**Fund-linked life insurance**

In this special form of life insurance, the benefit amount depends on the change in value of the financial assets combined in one fund. The policy holder carries the capital investment risk, since he has the opportunity of directly participating in an above average value increase of the fund, but at the same time must take the risk of value losses into account.

**GBVVU**

Regulation of the Financial Market Authority (FMA) on the profit-sharing in the life insurance policy (Gewinnbeteiligungs-Verordnung - GBVVU) of 20 October 2006.

**Gross/net**

In insurance terminology, "gross/net" means before or after reinsurance has been deducted ("net" is also used to mean "for own account"). In connection with income from equity interests, the term "net" is used when related expenses have already been deducted from income (e.g., write-offs and losses from sale). Therefore, (net) income from equity interests equals the profit or loss from these interests.

**Hidden reserves**

The actual value (market value) of an asset item in the balance sheet is above the book value (created for example by a price increase of securities).

**IFRS**

International Financial Reporting Standards: International financial reporting principles for the consolidated balance sheet reporting.

**Index-linked life insurance**

Life insurance where the income depends upon the development of the underlying stock indices.

**Indirect business**

Transactions accepted as reinsurance (active reinsurance)

**Insurance benefits**

Refer to expenses for insurance incidents

**Loss provision**

Provision for not yet processed (= already occurred, but not yet or only partially paid) insurance incidents.

**NKS divisions**

NKS divisions are "non-vehicle insurance divisions" in the indemnity and accident insurance.

**Premium**

Agreed fee paid in exchange for assumption of risk by an insurance company.

**Premium carried forward**

The portion of the premium income that represents the remuneration for the insurance period after the balance sheet date, i.e. money that has not yet been earned on the balance sheet date. Premiums carried forward are reported in the balance sheet under actuarial provisions.

**Premium refund (profit-dependent)**

The policyholder's profit participation in the profit of the insurance class in question (life/health/property and casualty).

**Premium refund (profit-independent)**

Contractually accorded refund of premiums to the policyholder.

**Premiums written**

The premiums billed to the policy holders without tax, expense and fee shares.

**Profit participation**

See premium refund (profit-dependent).

**Reinsurance**

Insurance policy for insurance companies. An insurance company insures a portion of its risk through another insurance company, the reinsurer.

**Reinsurance companies**

Company that will assume the risks from a primary insurer or another reinsurer (retrocession) for an agreed premium.

**Risks/risk**

Insured individuals, objects, hazards or interests

**Retained earnings**

Retained earnings are the company earnings that have not been distributed as dividends or transferred to the following year as profit carried forward.

**Secondary market rate of return**

The secondary market rate of return indicates the average rate of return of fixed-interest rate securities in circulation with an agreed maturity of more than four years. The SMR mirrors the interest rate level of the capital market

**Single premium payment**

If the policyholder fulfils the obligation to pay the premium at the beginning of the policy period by making a lump sum payment for the entire insurance period.

**UGB**

Austrian Corporate Code

**Underwriting provisions**

These consist of the provision for outstanding claims, actuarial reserve, unearned premiums, provisions for profit dependent and profit-independent premium refunds, the equalisation provision, and other underwriting reserves.

**VAG**

The Austrian Insurance Supervision Act (Versicherungsaufsichtsgesetz) includes provisions governing the organisation and supervision of insurance companies.

**VersVG**

Insurance Contract Law, regulated the general insurance contract law.

**VVO**

Austrian Insurance Association: Umbrella association of the Austrian insurance companies in Austrian Federal Chamber of Commerce.

**What is there that is permanent?**

## **THE ART OF RECOGNISING THE WHOLE OUT OF A DIVERSITY OF PERSPECTIVES.**



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## **DON GIOVANNI HOUSE**

**27 September to 17 November 2006**

The wrapping of the Ringturm by Christian Ludwig Attersee and his master class in 2006 continues an old Wiener Städtische tradition. The company has commissioned works in the field of arts and crafts and the graphic arts, for the “common good of society and the enjoyment of those passing by”, ever since the 1920s.

Attersee’s wrapping of the Ringturm was an artistic reworking of the world of Don Giovanni and a gift to the citizens of Vienna for the 2006 Mozart anniversary.



**ROBERT HAMMERSTIEL**

## TOWER OF LIFE

31 May to 15 August 2007

The "Tower of Life" symbolises the stations of life – a homage to the magic that emanates from every one of life's stages.

Robert Hammerstiel on his wrapping of the Ringturm: "The Tower of Life project was a great challenge for me. My giant apparitional forms have been with me for my entire life now and to me they symbolise the past, present and future. Now they stand for life itself, all the aspects of everyday living that we cannot get away from."



**HUBERT SCHMALIX**

## TOWER IN BLOOM

20 May to mid-August 2008

The Ringturm was turned into a "Tower in Bloom", using motifs from Hubert Schmalix. A sensual floral ornament was wound around the tower, symbolising the growth, the development – and the vitality of the city.

Hubert Schmalix: "The entire Ringturm was surrounded by a still life with flowers. This made the painting a three-dimensional sculpture and at the same time a floral bouquet for the residents of this city and their guests. A greeting visible from afar, meant to be both cheerful and a pleasure to the senses."

# ADDRESS · NOTES · GENERAL INFORMATION

## POSTAL ADDRESS

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Online annual report  
[www.wienerstaedtische.at](http://www.wienerstaedtische.at)

## NOTES

This annual report also includes forward-looking statements based on current assumptions and estimates that are made by the Management of the VIENNA INSURANCE GROUP Wiener Städtische Versicherung AG up to the best of its knowledge. Information offered using the words "expectation" or "target" or similar formulations indicate such forward-looking statements. The projections that are related to the future development of the company represent estimates that were made on the basis of the information available as of the date on which this annual report went to press. Actual results may differ from the forecast if the assumptions underlying the forecast fail to materialise or if risks arise at a level that was not anticipated.

Note regarding rounding: Calculation differences may arise when rounded amounts and percentages are summed automatically.

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

Our aim was to keep the Annual Report as easy to read and as fluent as possible. For this reason, we have dispensed with formulations such as "he/she", "his/her", etc. It should be understood that the text always refers to women and men equally without discrimination.

In the event of doubt, the German version is authoritative.

Editorial deadline: 28 February 2010

## GENERAL INFORMATION

### Editor and media owner:

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Wiener Städtische Versicherung AG  
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