



# **ONE PART OF THE WHOLE**

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

# LETTER FROM THE CHAIRMAN OF THE MANAGING BOARD

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

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



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

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

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

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

Sincerely,

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

Günter Geyer

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# MANAGEMENT REPORT

## ECONOMIC ENVIRONMENT

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

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

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

## BUSINESS DEVELOPMENT (IN ACCORDANCE WITH IFRS)

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

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

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

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

## VIG in the 1<sup>st</sup> half of the year:

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

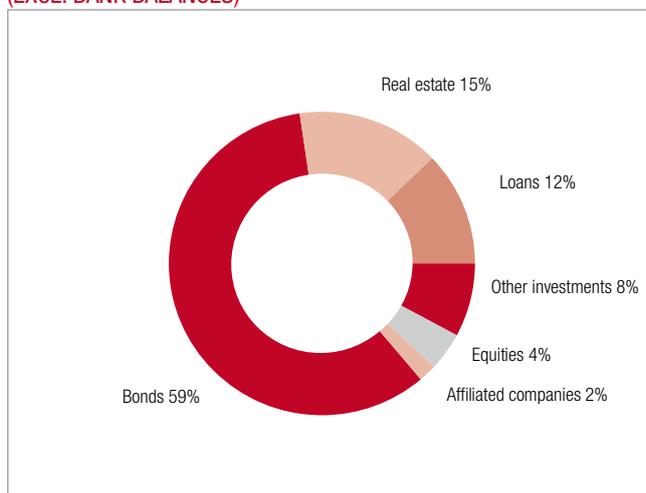
The Group combined ratio after reinsurance (not including investment income) was 97.1% for the 1<sup>st</sup> half of 2011, following 98.3% for the 1<sup>st</sup> half of 2010.

The 1<sup>st</sup> half 2011 financial result amounted to EUR 554.2 million.

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

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

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

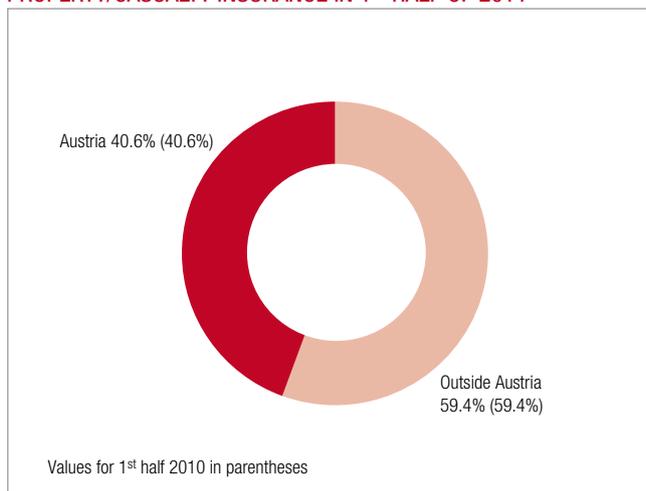


**BUSINESS DEVELOPMENT BY LINES OF BUSINESS**

**Property/Casualty insurance**

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

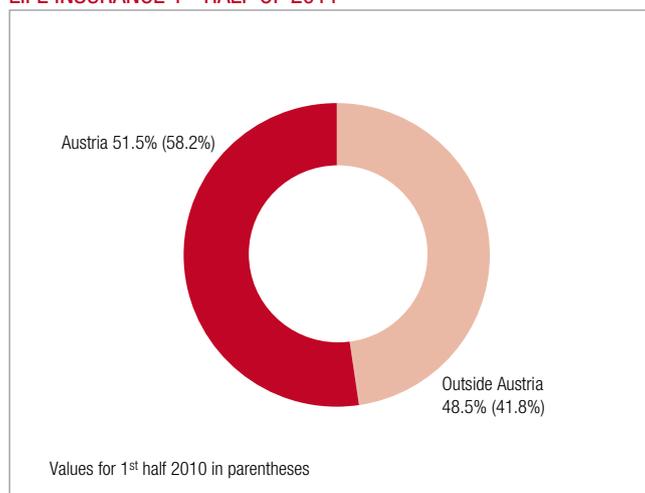
**PERCENTAGE OF PREMIUMS BY REGION IN  
PROPERTY/CASUALTY INSURANCE IN 1<sup>ST</sup> HALF OF 2011**



**Life insurance**

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

**PERCENTAGE OF PREMIUMS BY REGION IN  
LIFE INSURANCE 1<sup>ST</sup> HALF OF 2011**



**Health insurance**

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

**Segment reporting by lines of business**

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

## BUSINESS DEVELOPMENT BY REGION

### Austria

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

1<sup>st</sup> half 2011 profit before taxes increased 1.4% to EUR 140.0 million.

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

### Czech Republic

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

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

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

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

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

### Slovakia

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

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

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

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

The combined ratio stood at 95.3%.

### Poland

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

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

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

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

### Romania

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

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

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

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

## Remaining markets

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

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

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

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

## Segment reporting by region

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

## EMPLOYEES

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

## RELATED PARTY TRANSACTIONS

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

## GROUP BUSINESS DEVELOPMENT IN 2<sup>ND</sup> QUARTER 2011

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

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

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

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

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

## SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

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

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

## RISK REPORT

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

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

### Current topics

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

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

### Outlook

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

## OUTLOOK

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

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

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

# CURRENT TOPICS

## Changes in the Group Managing Board

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

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

**Deputy members for the Managing Board since 1 July 2011:**

- Martin Diviš
- Roland Gröll
- Judit Havasi

Detailed information on the members and deputy members of the Managing Board is available on our website [www.vig.com](http://www.vig.com), under *Management*.

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

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

## Ringturm becomes the largest painting in Vienna

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

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

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

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

# CAPITAL MARKETS & INVESTOR RELATIONS & SHARE

## CAPITAL MARKETS

### International Overview

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

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

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

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

### Vienna Stock Exchange

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

## INVESTOR RELATIONS

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

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

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

## PERFORMANCE OF VIG SHARES

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

## VIENNA INSURANCE GROUP SHARES

### Overview of VIG shares

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

### VIG financial calendar\*

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

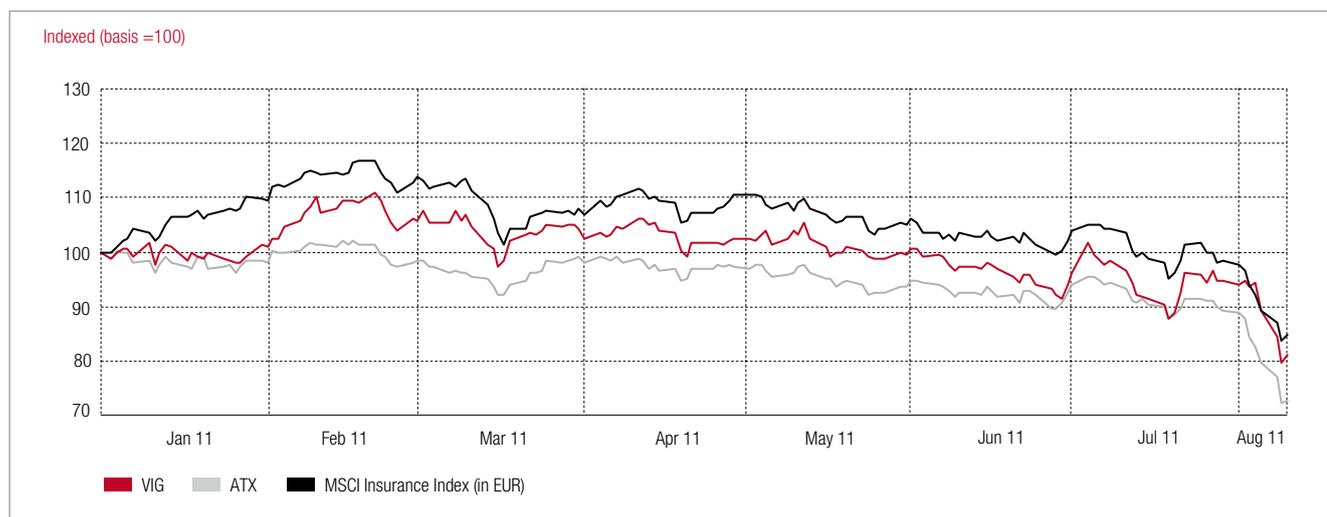
\* Preliminary schedule

### Key share information for 1<sup>st</sup> half 2011

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

\* Using single countrying

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



# CONSOLIDATED INTERIM FINANCIAL STATEMENTS

## CONSOLIDATED BALANCE SHEET AS OF 30 JUNE 2011

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

\* Including trading assets

## CONSOLIDATED BALANCE SHEET AS OF 30 JUNE 2011

| LIABILITIES AND SHAREHOLDERS' EQUITY  | 30.6.2011         | 31.12.2010        |
|---|-------------------|-------------------|
| in EUR '000   |                   |                   |
| <b>A. Shareholders' equity</b>  |                   |                   |
| I. Share capital  | 132,887           | 132,887           |
| II. Other capital reserves  | 2,109,003         | 2,109,003         |
| III. Capital reserves from additional payments on hybrid capital            | 495,602           | 495,602           |
| IV. Retained earnings   | 1,806,103         | 1,723,519         |
| V. Other reserves   | 152,785           | 172,401           |
| VI. Non-controlling interests   | 401,895           | 396,235           |
| <b>Total shareholders' equity</b>   | <b>5,098,275</b>  | <b>5,029,647</b>  |
| <b>B. Subordinated liabilities</b>  | <b>532,574</b>    | <b>539,410</b>    |
| <b>C. Underwriting provisions</b>   |                   |                   |
| I. Provision for unearned premiums  | 1,523,282         | 1,223,337         |
| II. Mathematical reserve  | 18,535,798        | 18,231,511        |
| III. Provision for outstanding claims                                       | 3,941,764         | 3,767,715         |
| IV. Provisions for profit-unrelated premium refunds                         | 54,453            | 65,444            |
| V. Provision for profit-related premium refunds                             | 622,424           | 701,858           |
| VI. Other underwriting provisions   | 31,165            | 27,975            |
| <b>Total underwriting provisions</b>  | <b>24,708,886</b> | <b>24,017,840</b> |
| <b>D. Underwriting provisions for unit- and index-linked life insurance</b> | <b>5,386,765</b>  | <b>5,227,930</b>  |
| <b>E. Non-underwriting provisions</b>                                       |                   |                   |
| I. Provisions for pensions and similar obligations                          | 305,893           | 309,801           |
| II. Other provisions  | 226,887           | 247,718           |
| <b>Total non-underwriting provisions</b>                                    | <b>532,780</b>    | <b>557,519</b>    |
| <b>F. Liabilities</b>   | <b>3,602,521</b>  | <b>3,675,373</b>  |
| <b>G. Tax liabilities out of income tax</b>                                 | <b>86,414</b>     | <b>64,170</b>     |
| <b>H. Deferred tax liabilities</b>  | <b>123,542</b>    | <b>127,399</b>    |
| <b>I. Other liabilities</b>   | <b>220,827</b>    | <b>233,628</b>    |
| <b>Total LIABILITIES AND SHAREHOLDERS' EQUITY</b>                           | <b>40,292,584</b> | <b>39,472,916</b> |

## CONSOLIDATED SHAREHOLDERS' EQUITY

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

|   | Share capital  | Other capital reserves | Capital reserves from additional payments on hybrid capital | Retained earnings | Other reserves | Subtotal         | Non-controlling interests | Shareholders' equity |
|---|----------------|------------------------|---|-------------------|----------------|------------------|---------------------------|----------------------|
| in EUR '000   |                |                        |   |                   |                |                  |                           |                      |
| <b>As of 1 January 2010</b>   | <b>132,887</b> | <b>2,109,003</b>       | <b>495,602</b>  | <b>1,478,447</b>  | <b>123,341</b> | <b>4,339,280</b> | <b>289,293</b>            | <b>4,628,573</b>     |
| Changes in scope of consolidation/<br>ownership interests                   | 0              | 0                      | 0   | -11,092           | 0              | -11,092          | 530                       | -10,562              |
| Total profit for the period incl. other<br>comprehensive income after taxes | 0              | 0                      | 0   | 196,447           | 47,975         | 244,422          | 15,200                    | 259,622              |
| Dividend payment  | 0              | 0                      | 0   | 0                 | 0              | 0                | -3,447                    | -3,447               |
| <b>As of 30 June 2010</b>   | <b>132,887</b> | <b>2,109,003</b>       | <b>495,602</b>  | <b>1,663,802</b>  | <b>171,316</b> | <b>4,572,610</b> | <b>301,576</b>            | <b>4,874,186</b>     |
| <b>As of 1 January 2011</b>   | <b>132,887</b> | <b>2,109,003</b>       | <b>495,602</b>  | <b>1,723,519</b>  | <b>172,401</b> | <b>4,633,412</b> | <b>396,235</b>            | <b>5,029,647</b>     |
| Changes in scope of consolidation/<br>ownership interests                   | 0              | 0                      | 0   | -4,502            | 0              | -4,502           | 323                       | -4,179               |
| Total profit for the period incl. other<br>comprehensive income after taxes | 0              | 0                      | 0   | 215,086           | -19,616        | 195,470          | 14,487                    | 209,957              |
| Dividend payment  | 0              | 0                      | 0   | -128,000          | 0              | -128,000         | -9,150                    | -137,150             |
| <b>As of 30 June 2011</b>   | <b>132,887</b> | <b>2,109,003</b>       | <b>495,602</b>  | <b>1,806,103</b>  | <b>152,785</b> | <b>4,696,380</b> | <b>401,895</b>            | <b>5,098,275</b>     |

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

## CONSOLIDATED INCOME STATEMENT

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

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

## CONSOLIDATED INCOME STATEMENT

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

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

## OTHER COMPREHENSIVE INCOME

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

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

## CONSOLIDATED CASH FLOW STATEMENT

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

## SEGMENT REPORTING

### CONSOLIDATED BALANCE SHEET BY LINES OF BUSINESS

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

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

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

## SEGMENT REPORTING

### CONSOLIDATED INCOME STATEMENT BY LINES OF BUSINESS AND REGIONS

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

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

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

# NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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

### Summary of significant accounting policies

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

### Disclosures on seasonal and economic influences

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

### Estimates

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

### Related party transactions

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

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

### Disclosures on changes in the scope of consolidation

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

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

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

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

No such transactions occurred in the 1<sup>st</sup> half of 2011.

### Changes in contingent liabilities and claims

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

## INTANGIBLE ASSETS

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

## OTHER SECURITIES

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

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

## REINSURERS' SHARE IN UNDERWRITING PROVISIONS

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

## RECEIVABLES

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

## EARNINGS PER SHARE

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

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

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

## UNDERWRITING PROVISIONS – GROSS

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

## LIABILITIES

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

## INFORMATION RELATING TO THE CONSOLIDATED INCOME STATEMENT

### PREMIUMS WRITTEN

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

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

## FINANCIAL RESULT

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

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

## EXPENSES FOR CLAIMS AND INSURANCE BENEFITS

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

## OPERATING EXPENSES

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

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

## OTHER INFORMATION

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

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# DECLARATION BY THE MANAGING BOARD

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

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

Managing Board:



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



**Peter Hagen**  
Deputy General Manager  
Member of the Managing Board



**Franz Fuchs**  
Member of the Managing Board



**Peter Höfinger**  
Member of the Managing Board



**Franz Kosyna**  
Member of the Managing Board



**Martin Simhandl**  
CFO  
Member of the Managing Board

Vienna, 10 August 2011

## Areas of responsibility of the Managing Board:

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

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

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

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

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

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

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## **MEDIA PUBLISHER AND OWNER**

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## **NOTES**

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

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

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

In case of doubt, the German version is authoritative.

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