



AS

FLEXIBLE

AS

LIFE.

INFORMATION  
ON THE BUSINESS YEAR 2010

  
VIENNA INSURANCE GROUP

## Key Figures at a Glance

<b>DONAU Versicherung AG Vienna Insurance Group</b>	<b>2010</b>	<b>2009</b>
<b>In million EUR</b>		
Gross earned premiums	712.7	692.7
Profit on ordinary activities	48.5	54.1
Investments	2,579.5	2,467.2
Current investment income	107.1	110.9
Capital, reserves and supplementary capital	228.8	214.6
Technical provisions	2,235.0	2,192.4
Social capital	58.1	57.9
Employees	1,386	1,360
Administration	530	530
Sales	813	783
Trainees	43	47

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**8 Provincial Head Offices**

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**60 Branch Offices**

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**123 Car Registration Offices**

**INFORMATION ON THE  
BUSINESS YEAR 2010**

**DONAU Versicherung AG  
Vienna Insurance Group**

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**143<sup>rd</sup> Business Year**

**presented by the Board of Management**

**Vienna, March 2011**







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An aerial photograph of a winding river in a dry, arid landscape. The river is a light tan color, contrasting with the dark blue-green of the surrounding water. The river meanders across the frame, creating a complex, organic pattern. The background is a clear, light blue sky that fades into the water.

**FOR OUR CLIENTS**

**FOR OUR EMPLOYEES**

**FOR OUR SHAREHOLDERS**

**FOR SOCIETY**

## Our Mission Statement

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Donau Versicherung AG Vienna Insurance Group is among the Top-Ten insurance companies of Austria. Traditionally our focus is on private clients, agriculture as well as trade and industry. In the last few years Donau has strengthened its position in the life insurance sector and is represented in the market with modern and innovative products. By including health insurance in its product portfolio Donau has become a truly comprehensive insurer covering all classes of business.

We are represented throughout Austria in eight provincial headquarters, in approximately 60 branch offices and service outlets with about 1400 staff.

Donau Versicherung was founded in 1867, in the same year in which the famous waltz with the same name was composed. This means we have gained 143 years of experience over a rather turbulent period and are looking forward to meeting the challenges of the future with great commitment.

### For our Clients

It is in line with our entrepreneurial spirit that we constantly strive to meet the requirements of our customers. Together with the customer we determine his personal need for protection and provisions for the future. This way we build up a long-term positive relationship, trust and satisfaction on a mutual basis.

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We establish long-lasting relationships with our clients

### For our Employees

Our senior managers are setting an example for all their staff. They delegate responsibility and competence and involve their staff in decision-making processes. Every one of our employees can count on the entire team. The experience, the training, and the security of a large insurance company provide the basis on which Donau staff can offer expert advice to customers.

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Our staff is involved in all processes and carries responsibilities

### For our Shareholders

Our prudent business strategy makes it possible to increase our earnings and to improve our financial strength on a long-term basis. We welcome the economic challenges with new ideas and improved business solutions. We adapt to the economic change and benefit our potential to improve business results.

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Our aim is sustainable economic success

### For Society

We are well aware of our responsibility as an important factor of the Austrian economy. We are permanently engaged in communicating information, and transparency is a constant major concern. In addition to fulfilling our responsibilities as a business enterprise within the national economy we sponsor cultural and sports events and subsidize social institutions.

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Transparency is a central value of our company



## Introduction by the Board of Management

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### **Ladies and Gentlemen, Dear Customers of Donau Versicherung,**

Donau is able to look back to a successful year 2010. The company grew in all of the most important classes of business. The overall direct premium income grew by a respectable 3.8 percent over the previous year.

In particular, life insurance business performed extraordinarily well with an increase of 6.3 percent. One-time premium business decreased in 2009, but has again produced a sizeable increase in 2010. Regular premium life insurance has always been the backbone of the Donau, because it is a very important element of financial security for our customers. We continue to concentrate on life insurance in 2011. In property & casualty business Donau achieved a premium increase of 2.7 percent. In non-motor business the increase amounted to 4.1 percent.

In spite of investing in the development of health insurance in Austria and in motor third party insurance in Italy we were able to reduce our operating cost in 2010. Efficient cost management and consistent optimization of administrative processes using information and communication technologies will furthermore have top priority. The long-term objective is a continuous improvement of the actuarial result. With the sustainable measures mentioned above we will achieve significant success. The combined ratio (after re-insurance) was below 96% in 2010.

Our company motto "As flexible as life" is reflected in our innovative product portfolio. In May 2010 Donau has successfully launched health insurance. Thereby our employed sales staff and our independent business partners have reached excellent sales results. Next to health insurance we focussed on insurance covers for industry and trade.

Besides the excellent business result, we also received an important award in the reporting year. In the category "company pension schemes" Donau was able to achieve the third place in the highly coveted AssCompact Award 2010. About 1000 independent insurance brokers and clients voted for our company, our service, our quality and our products.

In Italy Donau has completed its position as a property and casualty insurer by including motor third party insurances in its product range. On November 10th, 2010 the Italian Insurance Supervisory Board granted Donau the licence to write motor third party business and immediately thereafter we started our sales campaign. The feedback from the Italian market promises an excellent business development in the next years.

Our IT-team reached a significant milestone in its SAP project in 2010. Donau is one of the first insurers worldwide to underwrite glass insurance with this system (new business and migration of existing policies). Currently other classes of business are being adapted to the new system.

In 2011 Donau will again think big. Besides life insurance the sales- and communication focus will be on health insurance, where alternative medical procedures will also be covered. In commercial business we plan a simplification of risk and premium calculation in the service of our clients.





Mag. Johanna Stefan – Board Member, Mag. Roland Gröll – Board Member, Dr. Franz Kosyna – General Manager, Mag. Gertrud Drobesh (Member of the extended management board), Mag. Robert Haider – Board Member, Dr. Jutta Frühberger (Member of the extended management board)

With regard to the strategic development of our company, health insurance will be playing an important role. This new class of business is a further step toward a broader product range for our clients.

We appreciate our employees for their enormous commitment and the contribution to Donau Versicherung AG. We thank our clients, our shareholders and our business partners for their confidence placed in us. Together with our staff we will still cope with the challenges of the market.

**The Board of Management,  
Donau Versicherung AG Vienna Insurance Group**

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



**AUSTRIA**

**WIENER STÄDTISCHE**  
 VIENNA INSURANCE GROUP

**onau**  
 VIENNA INSURANCE GROUP

**S-VERSICHERUNG**  
 VIENNA INSURANCE GROUP

**SLOVAKIA**

**Kooperativa**  
 VIENNA INSURANCE GROUP

**KOMUNÁLNA poisťovňa**  
 VIENNA INSURANCE GROUP

**POIŠŤOVŇA SLOVENSKEJ SPORITELNE**  
 VIENNA INSURANCE GROUP

**BULGARIA**

**BULSTRAD**  
 VIENNA INSURANCE GROUP

**Life BULSTRAD**  
 VIENNA INSURANCE GROUP

**БЪЛГАРСКИ ИМОТИ**  
 VIENNA INSURANCE GROUP

**UKRAINE**

**КНЯЖА**  
 VIENNA INSURANCE GROUP

**ГЛОБУС**  
 VIENNA INSURANCE GROUP

**ЮПИТЕР**  
 VIENNA INSURANCE GROUP

**GEORGIA**

**GPIA**  
 VIENNA INSURANCE GROUP

**IRAO**  
 VIENNA INSURANCE GROUP

**ITALY BRANCH**

**WIENER STÄDTISCHE**  
 VIENNA INSURANCE GROUP

**onau**  
 VIENNA INSURANCE GROUP

**POLAND**

**COMPENSA**  
 VIENNA INSURANCE GROUP

**InterRisk**  
 VIENNA INSURANCE GROUP

**BENEFIA**  
 VIENNA INSURANCE GROUP

**CROATIA**

**KVARNER**  
 VIENNA INSURANCE GROUP

**HELIOS**  
 VIENNA INSURANCE GROUP

**ERSTE OSIGURANJE**  
 VIENNA INSURANCE GROUP

**UKRAÏNЬSKA СТРАХОВА ГРУПА**  
 VIENNA INSURANCE GROUP

**ESTONIA**

**COMPENSA**  
 VIENNA INSURANCE GROUP

**ALBANIA**

**SIGMA**  
 VIENNA INSURANCE GROUP

**interalbanian**  
 VIENNA INSURANCE GROUP

**SLOVENIA BRANCH**

**WIENER STÄDTISCHE**  
 VIENNA INSURANCE GROUP

**PZM TU S.A.**  
 VIENNA INSURANCE GROUP

**HUNGARY**

**UNION BIZTOSÍTÓ**  
 VIENNA INSURANCE GROUP

**ERSTE BIZTOSÍTÓ**  
 VIENNA INSURANCE GROUP

**LATVIA**

**COMPENSA**  
 VIENNA INSURANCE GROUP

**MACEDONIA**

**WINNER**  
 VIENNA INSURANCE GROUP

**Life WINNER**  
 VIENNA INSURANCE GROUP

**CZECH REPUBLIC**

**Kooperativa**  
 VIENNA INSURANCE GROUP

**ČPP**  
 VIENNA INSURANCE GROUP

**POJIŠŤOVNA ČESKÉ SPORITELNY**  
 VIENNA INSURANCE GROUP

**VIG Re**

**ROMANIA**

**OMNIASIG**  
 VIENNA INSURANCE GROUP

**ASIROM**  
 VIENNA INSURANCE GROUP

**BCR ASIGURARI**  
 VIENNA INSURANCE GROUP

**BCR ASIGURARI DE VIATA**  
 VIENNA INSURANCE GROUP

**SERBIA**

**WIENER STÄDTISCHE**  
 VIENNA INSURANCE GROUP

**LITHUANIA**

**COMPENSA**  
 VIENNA INSURANCE GROUP

**MONTENEGRO**

**Život WIENER STÄDTISCHE**  
 VIENNA INSURANCE GROUP

**TURKEY**

**RAYSIGORTA**  
 VIENNA INSURANCE GROUP

**GERMANY**

**InterRisk**  
 VIENNA INSURANCE GROUP

**RUSSIA**

**СТРАХОВАЯ КОМПАНИЯ МСК-Лайф**  
 VIENNA INSURANCE GROUP

**LIECHTENSTEIN**

**VIENNA-LIFE**  
 VIENNA INSURANCE GROUP

**BELARUS**

**КУПАЛА**  
 VIENNA INSURANCE GROUP

## Vienna Insurance Group

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

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VIG – A strong identity unites all group companies

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

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VIG is a group with about 50 insurance companies in 24 countries

### Growth region: CEE

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

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Today 50% of the group premium is allotted to Central- and Eastern Europe

### Core market: Austria

Austria is an important market for the concern and the expansion was launched there. VIG is market leader in Austria and the companies Wiener Städtische Versicherung, Donau Versicherung and Sparkassen Versicherung are in outstanding positions.

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With its subsidiaries VIG is market leader in Austria

### Corporate structure redesigned

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

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Since 2010 VIG has been focused on the control tasks of the group

### Comprehensive product offerings

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

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



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

### **Employees ensure success**

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VIG is near to the needs of customers and markets

Innovative products require top-quality advice and outstanding service. For that reason, the employees are particularly important to the company's success: Due to the regional approach the employees are always close to the customers and meet the market requirements.

## The Economic Background in 2010

Whereas the Austrian economy shrunk by 3.7 percent in 2009, in 2010 it grew by 1.9 percent according to the December forecast of the Austrian National Bank. For this reason the development of the last year was much better than expected by many economic researchers. The 2010 boost was mainly due to exports. Domestic demand was significantly less dynamic. In view of the low wage and salary increases (in real terms) private households refrained from increased consumer goods consumption in spite of the economic recovery. Positive is the fact that the economic and financial crisis did not significantly affect the Austrian labour market. The economic slump is over and a recovery of the economy is expected in the next years.

### Business Results of the Private Insurers

The Austrian insurance industry achieved positive results in all classes of business. According to the Association of Austrian Insurance Companies the overall premium income was EUR 16.8 billion. This represents an increase of 2.0 percent. Claims decreased by 1.7 percent to 12.0 billion.

2010 Premium Income of Austrian Insurers EUR 16.8 billion

### Life Insurance

In 2010 the Austrian insurance industry achieved a life insurance premium income of EUR 7.6 billion. This represents a growth rate of 1.9 percent. Total benefits paid amounted to EUR 5.8 billion, representing an increase of 1.2 percent.

In 2010 the Austrian insurance economy achieved an increase of life insurance premium of 1.9 percent to EUR 7.6 billion

### Health Insurance

In 2010 private health insurers achieved a premium income of EUR 1.6 billion, representing an increase of 2.9 percent over the previous year. Benefits paid increased by 5.0 percent to EUR 1.1 billion.

### Property and Casualty Insurance

The premium volume of property and casualty business amounted to EUR 7.6 billion in 2010. This is an increase of 1.9 percent. Claims decreased by 6.2 percent to EUR 5.0 billion, which is still a very high figure.

## The Donau in 2010

### Balance Sheet Structure

The relevant financial performance indicators shown in the balance sheet of an insurance company are the investments under assets, the capital & reserves and the technical provisions under liabilities.

<b>Assets in EUR million</b>	<b>2010</b>		<b>2009</b>	
Investments (incl. investments of fund- and index-linked life insurance)	2,583.6	92.4%	2,467.2	91.6%
Other assets	212.4	7.6%	226.3	8.4%
	<b>2,796.0</b>	<b>100.0%</b>	<b>2,693.5</b>	<b>100.0%</b>

<b>Liabilities in EUR million</b>	<b>2010</b>		<b>2009</b>	
Capital and reserves	128.0	4.6%	113.1	4.2%
Technical provisions (incl. technical provisions of fund- and index-linked life insurance)	2,235.0	79.9%	2,192.4	81.4%
Other liabilities	433.0	15.5%	388.0	14.4%
	<b>2,796.0</b>	<b>100.0%</b>	<b>2,693.5</b>	<b>100.0%</b>

The capital and reserves developed as follows over the last two years:

<b>in EUR million</b>	<b>share capital</b>	<b>capital reserves</b>	<b>profit reserves</b>	<b>risk reserve per sec 73a ISA</b>	<b>balance sheet profit</b>	<b>total</b>
<b>Amount 1/1/2009</b>	<b>16.6</b>	<b>16.6</b>	<b>14.4</b>	<b>11.8</b>	<b>32.2</b>	<b>91.6</b>
Dividend					-30.0	-30.0
Transfer/release						0.0
Profit for the financial year					51.5	51.5
<b>Amount 31/12/2009</b>	<b>16.6</b>	<b>16.6</b>	<b>14.4</b>	<b>11.8</b>	<b>53.7</b>	<b>113.1</b>
Dividend					-25.0	-25.0
Transfer/release						0.0
Profit for the financial year					39.9	39.9
<b>Amount 31/12/2010</b>	<b>16.6</b>	<b>16.6</b>	<b>14.4</b>	<b>11.8</b>	<b>68.6</b>	<b>128.0</b>



## Total Business

In 2010 Donau Versicherung achieved a total written premium income of EUR 709.4 million representing a growth rate of 3.8 percent. Besides the recovery of the economy the high degree of client loyalty and the flexibility of the product line were the decisive factors contributing to the excellent overall success of Donau in 2010.

Written premiums in EUR million	2010	2009	Change in %
Property & casualty, direct	497.7	484.8	2.7
Health insurance, direct	0.3	0.0	—
Life insurance, direct	211.4	198.8	6.3
<b>Total, direct business</b>	<b>709.4</b>	<b>683.6</b>	<b>3.8</b>
Property & casualty, indirect	1.2	1.1	9.1
Life insurance, indirect	6.4	7.3	-12.3
<b>Total, inward reinsurance</b>	<b>7.6</b>	<b>8.4</b>	<b>-9.5</b>
Property & casualty, reinsurance direct	121.6	62.2	95.5
Property & casualty, reinsurance indirect	0.4	0.4	0.0
Life insurance, reinsurance direct	2.5	2.4	4.2
Life insurance, reinsurance indirect	0.0	0.0	0.0
<b>Total, outward reinsurance</b>	<b>124.5</b>	<b>65.0</b>	<b>91.5</b>
<b>Net retained written premiums</b>	<b>592.5</b>	<b>627.0</b>	<b>-5.5</b>

### Property & Casualty Business

The direct written premiums of Donau property & casualty business grew by 2.7 percent to EUR 497.9 million in 2010.

### Life Insurance

The direct written premiums of the life insurance sector amounted to EUR 211.4 million, representing a respectable growth rate of 6.3 percent. Regular premium income increased by 0.6 percent to EUR 168.9 million. One time premiums increased by 37.5 percent.

One time premiums increased by 37.5 percent

## Claims

Claims payments (including claims handling expenses) decreased in direct business by 7.3 percent to EUR 527.6 million.

Claims paid in EUR million	2010	2009	Change in %
Property & casualty, direct	335.9	348.9	-3.7
Health insurance, direct	0.0	0.0	—
Life insurance, direct	191.7	220.0	-12.9
<b>Total, direct business</b>	<b>527.6</b>	<b>568.9</b>	<b>-7.3</b>
Property & casualty, indirect	1.1	1.1	0.0
Life insurance, indirect	2.7	1.9	42.1
<b>Total, inward reinsurance</b>	<b>3.8</b>	<b>3.0</b>	<b>26.7</b>
Property & casualty, reinsurance direct	70.3	59.9	17.4
Property & casualty, reinsurance indirect	0.3	0.6	-50.0
Life insurance, reinsurance direct	1.6	2.2	-27.3
Life insurance, reinsurance indirect	0.0	0.0	0.0
<b>Total, outward reinsurance</b>	<b>72.2</b>	<b>62.7</b>	<b>15.2</b>
<b>Net retained claims paid</b>	<b>459.2</b>	<b>509.2</b>	<b>-9.8</b>

## Operating Expenses

As compared to the previous year operating expenses decreased by 6.4 percent to EUR 150.0 million (2009: EUR 160.2 million).

## Investment Income

The amount of capital investments (minus deposit receivables, plus cash in banks) was EUR 2,579.5 million as at December 31st, 2010 (2009: EUR 2,467.2 million). This represents an increase of 4.6 percent. EUR 293.0 million (2009: EUR 227.9 million) thereof are allocated to the fund- and index-linked life insurance portfolio. Overall current investment income decreased by 3.4 percent to EUR 107.1 million in the year of account (2009: EUR 110.9 million).

## Combined Ratio

In 2010 the combined ratio (after reinsurance) was below 96.0 percent.

## Result on Ordinary Activities

Profit on ordinary activities in EUR million	2010	2009
Profit on ordinary activities (UGB)	48.5	54.1

## Property & Casualty Insurance

In addition to the traditional motor and non-motor classes of business, Donau Versicherung is offering innovative products in the commercial and industrial sector. The company is the fifth largest property & casualty insurer of the country.

### Result

In 2010 the direct premium income of property and casualty business amounted to EUR 497.7 million. This represents an overall increase of 2.7 percent as compared to the previous year. In non-motor business the increase amounted to 4.1 percent. The premium income of motor business increased slightly by 1.0 percent.

Property & casualty premiums increased by 2.7 percent

Written premiums in EUR million	2010	2009	Change in %
Non-motor business	276.1	265.3	4.1
Motor business	221.6	219.5	1.0
<b>Total, property &amp; casualty insurance</b>	<b>497.7</b>	<b>484.8</b>	<b>2.7</b>

Claims payments for direct property and casualty business decreased by 3.9 percent to EUR 324.0 million in the reporting year.

Claims paid in EUR million	2010	2009	Change in %
Non-motor business	170.4	179.7	-5.2
Motor business	153.6	157.3	-2.4
<b>Total, property &amp; casualty insurance (without claims settlement and claims prevention expenses)</b>	<b>324.0</b>	<b>337.0</b>	<b>-3.9</b>

in EUR million	2010	2009	Change in %
<b>Operating expenses</b>	<b>115.0</b>	<b>127.2</b>	<b>-9.6</b>

in EUR million	2010	2009
<b>Profit on ordinary activities</b>	<b>28.7</b>	<b>51.0</b>



## Life Insurance

Donau is living its standards of quality, flexibility and customer proximity. These strengths had a positive influence on the Donau, particularly in the past two difficult years. A reliable partner and flexible pension products were in greater demand than ever before, as is demonstrated in the positive result of the business year 2010.

### Result

Direct life insurance premiums grew by 6.3 percent

Direct life insurance premiums increased overall by 6.3 percent to EUR 211.4 million. The one-time premiums increased by 37.5 percent. Direct regular premium income increased by 0.6 percent to EUR 168.9 million.

Written premiums in EUR million	2010	2009	Change in %
Regular premiums	168.9	167.9	0.6
One time premiums	42.5	30.9	37.5
<b>Total, life insurance</b>	<b>211.4</b>	<b>198.8</b>	<b>6.3</b>

Benefits paid in EUR million	2010	2009	Change in %
Whole life	8.8	9.7	-9.3
Endowment	124.0	153.3	-19.1
Annuities	11.6	11.8	-1.7
Redemption surrenders	45.4	43.5	4.4
<b>Total, life insurance (without expenditure for paying out the benefits)</b>	<b>189.8</b>	<b>218.3</b>	<b>-13.1</b>

In EUR million	2010	2009	Change in %
<b>Operating expenses</b>	<b>34.4</b>	<b>33.0</b>	<b>4.2</b>

In EUR million	2010	2009
<b>Profit on ordinary activities</b>	<b>20.2</b>	<b>3.1</b>

### Benefits Paid

In 2010 benefits paid decreased by 13.1 percent. Endowment policy payments sank by 19.1 percent. Due to the market situation redemptions increased by 4.4 percent. Death benefits (including benefits paid in case of terminal illness) decreased by 9.3 percent.

## Health Insurance

### With Donau Health Insurance into a New Era

After receiving the license by the Finance Market Supervisory Board Donau started sales of its health insurance products in May 2010. Thus an even broader product range is available to our clients. A hospital daily benefit insurance helps people with a single income and self-employed persons to overcome financial difficulties arising due to hospitalization. The "Sonderklasse-Versicherung" (private hospital insurance) makes hospital stays as enjoyable as possible. A further focus is the out-patients' tariff. This covers the cost of private medical assistance, including alternative medicine. Furthermore tariffs for care allowance, dental care etc. were added to the product range.

Donau has been distributed its own Health Insurance products since 2010

### Result

Direct health insurance premiums from May till December 2010 amounted to EUR 294.5 thousand.

In EUR thousand	2010
Operating expenses	570.8
Loss on ordinary activities	-355.2

### Claims

Payments for direct health insurance cases amounted to EUR 39.9 thousand.

### Product Highlights 2010

Today Donau offers a full range of health insurance products. The special highlights of the Donau Sonderklasse are worldwide cover, second opinions before surgery, immediate cover in case of accidents, etc. In addition, the client can choose additional covers within a modular system. Optional covers are e.g. daily benefits during hospitalization, out-patients' services, alternative medical treatments, wellness and fitness.



## Service and Information for the Customer

In addition to its own employed sales force of approximately 800 staff Donau co-operates with about 3000 independent insurance brokers and agents. In 2010 Donau Brokerline celebrated its 10th anniversary. Donau took over Sun Alliance Versicherungs AG in the year 2000. In the course of the merger Donau Brokerline Versicherungsmakler-Service GmbH was founded. Since then Donau Brokerline has been servicing all brokers working for the Donau.

### Long-standing Co-operation with the Savings Bank Sector

The successful co-operation with Erste Bank and the savings banks was intensified in the course of 2010. With a complete product range including bank products Donau covers all segments for an all-encompassing client service.

### Freedom of Services without Borders

Within the framework of the freedom of services directive the company is able to act direct in all countries of the European community. In addition, the company is offering its customers international service in Central and Eastern Europe at the usual high Donau standard with the support of about 50 insurance companies of the Vienna Insurance Group. For many years the company has had a lot of customers in small and medium sized industries. These clients can cover all their insurance requirements and rely on the excellent service of the Donau not only in Austria, but also in the other EU countries. In Italy Donau operates its own subsidiary in Milan. Donau is acting as the Group centre for all property and casualty classes of business.

### Donau in Italy

Donau has completed its position in Italy as a property & casualty insurer. The extension of the product range by motor third party insurances was completed after the license was granted on November 10th, 2010 by the Italian Insurance Supervisory Board ISVAP. Thereafter the sale was started successfully.

The Donau subsidiary in Milan was founded at the beginning of 2007, after having operated for about 10 years within the freedom of services directive. In close consultation with Donau Versicherung AG Austria the subsidiary is continually expanding its own sales network in Italy.

There are three channels: insurance brokers, who are always open to new business ideas, multiple agencies and financial institutions, which appreciate the attractive products and services of the Donau. It is the aim of the Donau to gain the confidence of the customer through an all-comprehensive service. A long-term stable relationship with all sales channels is the main idea of the Donau. The personal needs and requirements of the customers are also of high importance. Constant analysis of the market makes it possible to create flexible products meeting the requirements of the customer.

The product range includes householders' and homeowners' insurance, insurance covers for small and medium-size companies, motor insurance to the point of personal accident insurances. Simple tariffs, comprehensible policy wordings and uncomplicated underwriting criteria are important elements of the Donau philosophy.

Also the administrative system "Millenium" underlines the innovative power of Donau Italy. The integrated web module facilitates the co-operation with brokers and agencies. Donau Italy concentrates on a professional customer service and claims management.

The administrative system Millenium underlines the 21innovative power of Donau

## Information Technology

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In 2010 the IT team reached a milestone in the SAP project. As one of the first insurers worldwide Donau has started policy production with the first class of the property and casualty business (new business and migration of old policies). Since June 2010 every new glass insurance policy is written under the SAP system. In October 2010 also the old glass insurance portfolio was transferred to the new system. Other classes of business are being transferred continuously. A complex process which is optimizing many internal work processes.

In IT Donau is a world leader

### Online-Information MyDon@u

MyDon@u is the free-of-charge online information tool, which has been available to clients for several years. Donau clients can register directly under [www.donauversicherung.at](http://www.donauversicherung.at). The online service is constantly being extended and improved. Automatic links to clauses and conditions relating to the insurance contracts of registered clients were realized.

In addition to the possibility to view all policies with up-to-date information, the client is informed on the value of his funds on a daily basis at the push of a button in the case of fund-linked life insurances. It is possible to download and save the premium payment confirmation required by the tax authorities for the offsetting of premiums.



## Marketing, Sponsoring and Public Relations

### Advertising



The advertising campaign 2010 focussed on health insurance. With clear and catchy slogans the advantages of private health insurance were communicated on posters and on the radio.

The poster campaign started in August and was present all over Austria until the middle of September. As in previous campaigns we started with a teaser poster containing only a blue background and white text. After a week a red sticker and the Donau logo were added to the posters. In the provincial capitals of Austria the posters were also shown on rolling boards. Rolling boards are eye-catching and are placed in highly frequented locations such as at intersections. The poster campaign 2010 followed the successful line of blue background and white text. These posters have a high memory value and observers already know that they are Donau posters before the stickers are added. The accompanying radio campaign started in September and also followed the subjects of the poster campaign.



### Awards

Donau reached third place in the highly coveted "AssCompactAward 2010" in the category "company pension schemes". About 1000 independent brokers and clients voted for our company, its service and the quality of its products.

### Donau as Promotor of the Arts and Culture

As a successful company Donau is aware of its social responsibility and supports Austrian arts and culture.

Donau supports the Sammlung Essl and the Austrian National Library

For many years now our company selects special cultural arts projects such as the Sammlung Essl and the Austrian National Library for its sponsoring activities. In this way Donau makes an active contribution to preserve valuable cultural goods for future generations.

### Women Talk Business

In 2010 Donau used the platform Women Talk Business to show their commitment to gender politics on the one hand, and on the other to present the company – and above all their women – to the public.

### Careful Handling of the Environment

Protection of the environment is an important part of the philosophy of every responsible company. Therefore Donau supports measures to protect the environment. Donau is taking responsible action in the areas of building and office management, procurement and waste disposal, mobility, company cars, promotion of environment-friendly projects and connecting insurance products with effective environmental issues. In procurement and recycling the enterprise and its employees pays attention on the environment and the climate protection. For ecological reasons certain products are not being purchased at all or only after careful consideration.



## Outlook

### Overall Economy – Forecast for 2011

According to the Austrian National Bank the Austrian economy will grow by 2.1 percent in 2011 and by 2.3 percent in 2012. For the insurance industry a growth rate of 1.7 percent is predicted. In 2011 the life insurance sector will grow by 1.1 percent according to the Association of Austrian Insurance Companies. Health insurance is forecast to grow by about 2.8 percent. Besides life insurance, Donau will be focussing on the sale of health insurances in 2011. In the next business year the benefits of health insurance will be extended to cover also "alternative medical treatments".

In 2011 the insurance business should grow – in accordance with the VVO – by 1.7 percent

For 2011 the Association of Austrian Insurance Companies predicts a premium growth rate of about 2.0 percent for property and casualty business. Donau will continue to focus on commercial and industrial business in 2011. It is planned to simplify risk and premium calculation in those tariffs. Starting at the beginning of 2011 the available covers of the legal expenses insurance will be extended to include, for example, payment of legal expenses for claims arising from investments. The contract legal expenses insurance also covers claims against insurance companies, even against Donau. To respond to the current requirements of the market claims arising from internet purchases are also covered. For companies which have business interests abroad, Donau offers the KMU-AuslandsService. This facilitates cross-border insurance solutions for small and medium sized companies. In Italy Donau expands its business continually.

### Broker Platform "Together"

The internet platform Together Internet Services is a cross-company communication platform. The development of this platform is a co-operation between experts – brokers, insurers and IT – and is designed to improve communication between brokers and insurers. The platform offers direct contact between brokers and Donau, respecting the stringent rules of data safety. Especially the fast electronic transmission of proposal form data and claims advices is a real advantage of this system. The service for our sales partners is permanently expanded in order to improve the agent-services; e.g. brokers can review dunning data information in the system. In 2010 a new tariff calculator for life insurances was implemented. In 2011 further classes of business will be transferred into the new program. It is further planned to show data on investment funds on Together Internet Services. Donau has made the decision to also use the platform to supply copies to brokers.

### Events After the Balance Sheet Date

There were no significant events after the balance sheet date.

## Balance Sheet as at 31 December 2010

### Assets

in EUR, 2009 amounts in EUR thousands

#### A. Intangible Assets

- I. Expenditure for the acquisition of an insurance portfolio
- II. Other intangible assets

#### Total intangible assets

#### B. Investments

- I. Land and buildings
- II. Interests in associated undertakings and participating interests
  - 1. Shares in associated undertakings
  - 2. Bonds and other securities issued by associated undertakings and loans to associated undertakings
  - 3. Participating interests
  - 4. Bonds and other securities issued by and loans to undertakings in which a participating interest is held
- III. Other investments
  - 1. Shares and other variable yield securities
  - 2. Bonds and other fixed interest securities
  - 3. Mortgage loans
  - 4. Prepayments on policies
  - 5. Other loans
  - 6. Deposits with credit institutions
- IV. Deposit receivables associated with inward reinsurances

#### Total Investments

#### C. Assets held to cover linked liabilities

#### D. Debtors

- I. Debtors arising out of direct insurance operations
  - 1. policyholders
  - 2. intermediaries
  - 3. insurance companies
- II. Debtors arising out of reinsurance operations
- III. Other receivables

#### Total Debtors

#### E. Accrued interest

#### F. Other assets

- I. Tangible assets and inventory (not including land and buildings)
- II. Cash at banks and in hand
- III. Other

#### Total other assets

#### G. Deferred expenses and accrued income

- I. Active tax deferral
- II. Other deferred expenses and accrued income

#### Total Deferred expenses and accrued income

#### H. Offset items between divisions

#### Balance Sheet Total

Property & Casualty	Health	Life	Total 2010	Total 2009
255,492.00	0.00	0.00	255,492.00	511
4,361,198.07	0.00	0.00	4,361,198.07	3,603
<b>4,616,690.07</b>	<b>0.00</b>	<b>0.00</b>	<b>4,616,690.07</b>	<b>4,114</b>
31,852,512.28	0.00	27,012,319.20	58,864,831.48	60,484
50,990,586.20	0.00	30,530,201.45	81,520,787.65	88,039
100,000,000.00	0.00	14,839,905.00	114,839,905.00	117,238
12,584,289.61	0.00	0.00	12,584,289.61	12,584
9,204,398.65	0.00	82,883,874.57	92,088,273.22	107,202
93,053,565.04	0.00	288,722,823.78	381,776,388.82	377,740
451,479,884.09	5,000,000.00	984,438,216.37	1,440,918,100.46	1,336,851
151,708.48	0.00	0.00	151,708.48	239
0.00	0.00	3,956,627.54	3,956,627.54	3,771
24,104,898.01	0.00	43,989,258.06	68,094,156.07	94,404
9,202,432.71	0.00	0.00	9,202,432.71	17,453
55,504.81	0.00	8,085,967.62	8,141,472.43	9,245
<b>782,679,779.88</b>	<b>5,000,000.00</b>	<b>1,484,459,193.59</b>	<b>2,272,138,973.47</b>	<b>2,225,249</b>
<b>0.00</b>	<b>0.00</b>	<b>311,445,786.59</b>	<b>311,445,786.59</b>	<b>243,000</b>
38,752,220.69	10,558.36	3,827,024.40	42,589,803.45	37,166
13,323,482.85	0.00	0.00	13,323,482.85	14,263
813,403.23	0.00	119,765.71	933,168.94	1,659
13,916,326.75	0.00	559,648.31	14,475,975.06	39,625
12,354,807.82	0.00	1,009,137.59	13,363,945.41	10,202
<b>79,160,241.34</b>	<b>10,558.36</b>	<b>5,515,576.01</b>	<b>84,686,375.71</b>	<b>102,914</b>
<b>12,330,966.91</b>	<b>101,576.23</b>	<b>31,396,485.56</b>	<b>43,829,028.70</b>	<b>44,136</b>
5,684,413.88	0.00	0.00	5,684,413.88	4,229
15,982,020.68	152,026.50	6,302,304.06	22,436,351.24	23,346
1,218,273.13	0.00	0.00	1,218,273.13	1,218
<b>22,884,707.69</b>	<b>152,026.50</b>	<b>6,302,304.06</b>	<b>29,339,038.25</b>	<b>28,792</b>
38,610,184.38	307.60	3,091,250.07	41,701,742.05	39,124
7,138,064.67	427,007.56	709,069.11	8,274,141.34	6,132
<b>45,748,249.05</b>	<b>427,315.16</b>	<b>3,800,319.18</b>	<b>49,975,883.39</b>	<b>45,256</b>
24,440,674.15	-1,666,552.94	-22,774,121.21	0.00	0
<b>971,861,309.09</b>	<b>4,024,923.31</b>	<b>1,820,145,543.78</b>	<b>2,796,031,776.18</b>	<b>2,693,460</b>

## Liabilities

### A. Capital and reserves

- I. Ordinary share capital
  - Nominal amount
- II. Capital reserves
  1. Tied
  2. Not-tied
- III. Revenue reserves
  1. Legal reserve
  2. Free reserves
- IV. Risk reserve per section 73a Insurance Supervisory Act, taxed portion
- V. Balance sheet profit
  - Thereof profit carried forward

### Total capital and reserves

### B. Untaxed reserves

- I. Risk reserve per section 73a Insurance Supervisory Act
- II. Valuation reserve on account of special write-downs
- III. Other untaxed reserves

### Total Reserves

### C. Subordinated liabilities

### D. Technical provisions, net retained business

- I. Provision for unearned premiums
  1. Gross amount
  2. Reinsurers' share
- II. Long term business provision
  1. Gross amount
  2. Reinsurers' share
- III. Provision for outstanding claims
  1. Gross amount
  2. Reinsurers' share
- IV. Provision for premium refunds
  1. Gross amount
  2. Reinsurers' share
- V. Provision for profit participation bonuses for policyholders
  1. Gross amount
- VI. Claims equalization provision
- VII. Other technical provisions
  1. Gross amount
  2. Reinsurers' share

### Total technical provisions

### E. Technical provisions for linked liabilities

### F. Non-technical provisions

- I. Provisions for severance payments
- II. Provisions for pensions
- III. Provisions for taxation

### Total non-technical provisions

### G. Deposit liabilities associated with outward reinsurances

### H. Creditors

- I. Creditors arising out of direct insurance operations
  1. policyholders
  2. intermediaries
  3. insurance companies
- II. Creditors arising out of reinsurance operations
- III. Amounts owed to credit institutions
- IV. Other creditors

### Total creditors

### I. Accruals and deferred income

## Balance Sheet Total

Property & Casualty	Health	Life	Total 2010	Total 2009
8,855,878.86	1,500,000.00	6,213,527.33	16,569,406.19	16,569
1,492,237.75	0.00	327,027.75	1,819,265.50	1,819
6,531,797.47	1,000,000.00	7,226,673.84	14,758,471.31	14,758
152,612.95	0.00	654,055.51	806,668.46	807
10,601,702.49	0.00	2,996,138.32	13,597,840.81	13,598
6,533,236.77	1,593.00	5,271,810.53	11,806,640.30	11,807
49,530,386.47	-266,923.80	19,392,986.26	68,656,448.93	53,734
26,802,843.93	0.00	1,931,452.12	28,734,296.05	2,264
<b>83,697,852.76</b>	<b>2,234,669.20</b>	<b>42,082,219.54</b>	<b>128,014,741.50</b>	<b>113,093</b>
10,106,876.23	0.00	3,961,479.47	14,068,355.70	14,068
27,900.26	0.00	0.00	27,900.26	28
8,431,419.48	0.00	2,745,190.52	11,176,610.00	11,903
<b>18,566,195.97</b>	<b>0.00</b>	<b>6,706,669.99</b>	<b>25,272,865.96</b>	<b>25,999</b>
<b>37,000,000.00</b>	<b>1,500,000.00</b>	<b>37,000,000.00</b>	<b>75,500,000.00</b>	<b>75,500</b>
63,522,745.79	29,078.83	10,865,282.97	74,417,107.59	70,896
-999,494.20	0.00	-133,910.30	-1,133,404.50	-800
0.00	207,046.92	1,337,392,673.34	1,337,599,720.26	1,343,287
0.00	0.00	-5,606,411.96	-5,606,411.96	-5,790
455,213,136.45	20,500.00	6,430,541.37	461,664,177.82	476,594
-86,806,555.53	0.00	-82,693.73	-86,889,249.26	-78,052
1,534,043.00	0.00	0.00	1,534,043.00	1,385
-430,989.99	0.00	0.00	-430,989.99	-391
0.00	0.00	7,470,851.93	7,470,851.93	10,593
141,529,460.00	0.00	0.00	141,529,460.00	135,097
5,481,855.34	0.00	200,141.42	5,681,996.76	4,501
-179,393.61	0.00	0.00	-179,393.61	-352
<b>578,864,807.25</b>	<b>256,625.75</b>	<b>1,356,536,475.04</b>	<b>1,935,657,908.04</b>	<b>1,956,969</b>
<b>0.00</b>	<b>0.00</b>	<b>299,353,117.27</b>	<b>299,353,117.27</b>	<b>235,482</b>
0.00	0.00	25,458,693.00	25,458,693.00	25,770
0.00	0.00	28,904,357.00	28,904,357.00	28,653
19,410,176.90	0.00	9,221,763.11	28,631,940.01	28,244
<b>19,410,176.90</b>	<b>0.00</b>	<b>63,584,813.11</b>	<b>82,994,990.01</b>	<b>82,668</b>
<b>19,012,847.61</b>	<b>0.00</b>	<b>5,740,322.26</b>	<b>24,753,169.87</b>	<b>5,889</b>
46,554,949.72	33,416.22	5,317,812.88	51,906,178.82	43,808
5,966,399.25	0.00	0.00	5,966,399.25	5,372
2,431,154.92	0.00	0.00	2,431,154.92	3,521
2,948,292.39	0.00	607,953.50	3,556,245.89	2,013
133,829.94	0.00	43,312.50	177,142.44	432
156,146,466.81	212.14	3,089,173.67	159,235,852.62	142,340
<b>214,181,093.03</b>	<b>33,628.36</b>	<b>9,058,252.55</b>	<b>223,272,973.94</b>	<b>197,485</b>
<b>1,128,335.57</b>	<b>0.00</b>	<b>83,674.02</b>	<b>1,212,009.59</b>	<b>376</b>
<b>971,861,309.09</b>	<b>4,024,923.31</b>	<b>1,820,145,543.78</b>	<b>2,796,031,776.18</b>	<b>2,693,460</b>



## Profit and Loss Account 2010

### Property & Casualty Insurance

in EUR, 2009 amounts in EUR thousands

Technical Account	2010	2009
<b>1. Earned premiums</b>		
Written premiums		
Gross written premiums	498,882,625.63	
Outward reinsurance premiums	-121,993,255.42	376,889,370.21
Change in the provision for unearned premiums		
Gross amount	-3,972,157.44	
Reinsurers' share	1,019,317.04	-2,952,840.40
<b>Total net earned premiums</b>	<b>373,936,529.81</b>	<b>424,137</b>
<b>2. Investment income allocated to the technical account</b>	<b>366.74</b>	<b>5</b>
<b>3. Other technical income</b>	<b>1,722,266.26</b>	<b>2,022</b>
<b>4. Claims incurred</b>		
Claims paid		
Gross amount	-336,981,496.23	
Reinsurers' share	70,614,804.19	-266,366,692.04
Change in the provision for outstanding claims		
Gross amount	16,562,850.33	
Reinsurers' share	9,168,753.56	25,731,603.89
<b>Total net incurred claims</b>	<b>-240,635,088.15</b>	<b>-277,624</b>
<b>5. Increase of technical reserves</b>		
Other technical reserves		
Gross amount	-347,100.00	
Reinsurers' share	0.00	-347,100.00
<b>Total increase of technical reserves</b>	<b>-347,100.00</b>	<b>-340</b>
<b>6. Expenditure for premium refunds</b>		
Gross amount	-1,378,359.78	
Reinsurers' share	359,554.10	-1,018,805.68
<b>Total expenditure for premium refunds</b>	<b>-1,018,805.68</b>	<b>-22</b>
<b>7. Operating expenses</b>		
Acquisition costs	-115,513,255.30	-112,532
Other operating expenses	-22,889,464.16	-25,309
Reinsurance commissions and profit participation associated with outward reinsurances	23,362,306.52	10,606
<b>Total operating expenses</b>	<b>-115,040,412.94</b>	<b>-127,236</b>
<b>8. Other technical expenses</b>	<b>-2,280,249.67</b>	<b>-2,895</b>
<b>9. Change in equalization provision</b>	<b>-6,432,342.00</b>	<b>-2,808</b>
<b>Technical result (carried forward)</b>	<b>9,905,164.37</b>	<b>15,240</b>

<b>Non-Technical Account:</b>	<b>2010</b>	<b>2009</b>
<b>Technical result (carried forward)</b>	<b>9,905,164.37</b>	<b>15,240</b>
<b>1. Investment income and interest earned</b>		
Income from participating interests, of which affiliated companies accounted for EUR 1,383,882.50 (2009: EUR 812,477.39)	1,589,728.03	1,874
Income from land and buildings, of which affiliated companies accounted for EUR 33,936.34 (2009: EUR 116,056.24)	4,787,013.68	4,930
Income from other investments, of which affiliated companies accounted for EUR 156,113.20 (2009: EUR 162,248.32)	30,277,052.20	26,257
Income from write-ups	0.00	204
Profit from the sale of investments	4,794,484.55	16,594
Other investment income and interest earned	2,564,880.27	4,084
<b>Total investment income</b>	<b>44,013,158.73</b>	<b>53,943</b>
<b>2. Investment expenditures and interest paid</b>		
Asset management expenses	-5,054,949.57	-6,362
Write-downs on investments	-7,616,800.20	-2,288
Interest paid	-10,404,206.90	-9,527
Loss from the sale of investments	-764.85	-24
Other investment expenses	-2,224,288.81	-116
<b>Total investment expenditures</b>	<b>-25,301,010.33</b>	<b>-18,318</b>
<b>3. Investment income transferred to the technical account</b>	<b>-366.74</b>	<b>-5</b>
<b>4. Other non-technical income</b>	<b>220,893.10</b>	<b>223</b>
<b>5. Other non-technical expenditures</b>	<b>-171,568.15</b>	<b>-7</b>
<b>Profit on of ordinary activities, Property and casualty insurance</b>	<b>28,666,270.98</b>	<b>51,076</b>

## Health Insurance

in EUR, 2009 amounts in EUR thousand

### Technical Account

2010

#### 1. Earned premiums

Written premiums		
Gross written premiums	294,515.43	
Outward reinsurance premiums	0.00	294,515.43
Change in the provision for unearned premiums		
Gross amount	-29,078.83	
Reinsurers' share	0.00	-29,078.83
<b>Total net earned premiums</b>		<b>265,436.60</b>

#### 2. Investment income allocated to the technical account

219,101.01

#### 3. Other technical income

24.13

#### 4. Claims incurred

Claims paid		
Gross amount	-41,410.10	
Reinsurers' share	0.00	-41,410.10
Change in the provision for outstanding claims		
Gross amount	-20,500.00	
Reinsurers' share	0.00	-20,500.00
<b>Total net incurred claims</b>		<b>-61,910.10</b>

#### 5. Increase of technical reserves

Premium reserves		
Gross amount	-207,046.92	
Reinsurers' share	0.00	-207,046.92
<b>Total increase of technical reserves</b>		<b>-207,046.92</b>

#### 6. Operating expenses

Acquisition costs		-424,950.95
Other operating expenses		-145,864.67
<b>Total operating expenses</b>		<b>-570,815.62</b>

#### 7. Other technical expenses

-20.50

#### Technical result (carried forward)

-355,231.40

<b>Non-Technical Account</b>	<b>2010</b>
<b>Technical result (carried forward)</b>	<b>-355,231.40</b>
<b>1. Investment income and interest earned</b>	
Income from other investments, of which affiliated companies accounted for EUR 0.00	253,076.23
Other investment income and interest earned	7,003.96
<b>Total investment income</b>	<b>260,080.19</b>
<b>2. Investment expenditures and interest paid</b>	
Asset management expenses	-2,721.26
Interest paid	-38,257.92
<b>Total investment expenditures</b>	<b>-40,979.18</b>
<b>3. Investment income transferred to the technical account</b>	<b>-219,101.01</b>
<b>Loss on ordinary activities, Health insurance</b>	<b>-355,231.40</b>



## Life Insurance

in EUR, 2009 amounts in EUR thousand

### Technical Account

		2010	2009
<b>1. Earned premiums</b>			
Written premiums			
Gross written premiums	217,810,651.27		
Outward reinsurance premiums	-2,477,621.48	215,333,029.79	203,771
Change in the provision for unearned premiums			
Gross amount	-248,633.30		
Reinsurers' share	35,102.80	-213,530.50	336
<b>Total net earned premiums</b>		<b>215,119,499.29</b>	<b>204,107</b>
<b>2. Investment income allocated to the technical account</b>		<b>58,696,437.76</b>	<b>46,561</b>
<b>3. Non-realized profits from investments per item C. of the assets (fund and index linked life insurances)</b>		<b>32,449,958.49</b>	<b>43,087</b>
<b>4. Other technical income</b>		<b>242,289.39</b>	<b>103</b>
<b>5. Claims incurred</b>			
Claims paid			
Gross amount	-194,391,965.52		
Reinsurers' share	1,616,239.51	-192,775,726.01	-219,699
Change in provision for outstanding claims			
Gross amount	-1,433,504.96		
Reinsurers' share	-81,953.61	-1,515,458.57	-789
<b>Total net claims incurred</b>		<b>-194,291,184.58</b>	<b>-220,489</b>
<b>6. Increase of technical reserves</b>			
Long-term business reserve			
Gross amount	-54,944,351.04		
Reinsurers' share	-32,254.72	-54,976,605.76	-35,722
<b>Total net increase of technical reserves</b>		<b>-54,976,605.76</b>	<b>-35,722</b>
<b>7. Operating expenses</b>			
Acquisition costs		-22,674,161.66	-22,201
Other operating expenses		-12,180,509.81	-11,312
Reinsurance commissions and profit participation associated with outward reinsurances		503,589.99	498
<b>Total operating expenses</b>		<b>-34,351,081.48</b>	<b>-33,015</b>
<b>8. Non-realized losses from investments per item C. of the assets (fund und index linked life insurance)</b>		<b>-2,451,996.38</b>	<b>-1,032</b>
<b>9. Other technical expenses</b>		<b>-263,781.53</b>	<b>-546</b>
<b>Technical result (carried forward)</b>		<b>20,173,535.20</b>	<b>3,054</b>



<b>Non-technical account</b>	<b>2010</b>	<b>2009</b>
<b>Technical result (carried forward)</b>	<b>20,173,535.20</b>	<b>3,054</b>
<b>1. Investment income and interest earned</b>		
Income from land and buildings, of which affiliated companies accounted for EUR 0.00 (2009: EUR 0.00)	3,417,498.95	2,323
Income from other investments, of which affiliated companies accounted for EUR 526,154.53 (2009: EUR 527,600.00)	66,727,320.23	75,472
Income from write-ups	0.00	27
Profit from the sale of investments	3,938,761.06	4,810
Other investment income and interest earned	6,075,525.17	2,709
<b>Total investment income</b>	<b>80,159,105.41</b>	<b>85,341</b>
<b>2. Investment expenditures and interest paid</b>		
Asset management expenses	-7,944,369.44	-5,040
Write-downs on investments	-3,710,802.70	-22,602
Interest paid	-5,623,018.43	-7,350
Loss from the sale of investments	-645,142.56	-1,808
Other investment expenses	-3,539,334.52	-1,980
<b>Total investment expenditures</b>	<b>-21,462,667.65</b>	<b>-38,780</b>
<b>3. Investment income transferred to the technical account</b>	<b>-58,696,437.76</b>	<b>-46,561</b>
<b>4. Other non-technical income</b>	<b>20.83</b>	<b>0</b>
<b>Profit on of ordinary activities, Life insurance</b>	<b>20,173,556.03</b>	<b>3,054</b>



## Total Business

in EUR, 2009 amounts in EUR thousand

	2010	2009
<b>Non-technical account</b>		
<b>Technical result (Property &amp; Casualty and Life carried forward)</b>	<b>29,723,468.17</b>	<b>18,294</b>
<b>1. Investment income and interest earned</b>		
Income from participating interests, of which affiliated companies accounted for EUR 1,383,882.50 (2009: EUR 812,477.39)	1,589,728.03	1,874
Income from land and buildings, of which affiliated companies accounted for EUR 226,327.66 (2009: EUR 116,056.24)	8,204,512.63	7,253
Income from other investments, of which affiliated companies accounted for EUR 682,267.73 (2009: EUR 689,848.32)	97,257,448.66	101,728
Income from write-ups	0.00	231
Profit from the sale of investments	8,733,245.61	21,404
Other investment income and interest earned	8,647,409.40	6,793
<b>Total investment income</b>	<b>124,432,344.33</b>	<b>139,285</b>
<b>2. Investment expenditures and interest paid</b>		
Asset management expenses	-13,002,040.27	-11,402
Write-downs on investments	-11,327,602.90	-24,891
Interest paid	-16,065,483.25	-16,876
Loss from the sale of investments	-645,907.41	-1,832
Other investment expenses	-5,763,623.33	-2,096
<b>Total investment expenditures</b>	<b>-46,804,657.16</b>	<b>-57,098</b>
<b>3. Investment income transferred to the technical account</b>	<b>-58,915,905.51</b>	<b>-46,566</b>
<b>4. Other non-technical income</b>	<b>220,913.93</b>	<b>223</b>
<b>5. Other non-technical expenditures</b>	<b>-171,568.15</b>	<b>-7</b>
<b>6. Profit on ordinary activities</b>	<b>48,484,595.61</b>	<b>54,130</b>
<b>7. Income tax</b>	<b>-9,288,942.87</b>	<b>-3,564</b>
<b>8. Profit after tax</b>	<b>39,195,652.74</b>	<b>50,566</b>
<b>9. Release of reserves</b>		
Release of other untaxed reserves	726,500.14	905
<b>Total of reserve releases</b>	<b>726,500.14</b>	<b>905</b>
<b>10. Profit for the financial year</b>	<b>39,922,152.88</b>	<b>51,470</b>
<b>11. Profit carried forward</b>	<b>28,734,296.05</b>	<b>2,264</b>
<b>Balance Sheet Profit</b>	<b>68,656,448.93</b>	<b>53,734</b>



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**Mag. Roland Gröll, Vienna**

Board Member (since January 1<sup>st</sup>, 2011)

**Mag. Robert Haider, Vienna**

Board Member

**Mag. Johanna Stefan, Vienna**

Board Member

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