

OUR **UPWARD TREND** CONTINUES

Protecting what matters.



# Letter from the Chairwoman of the Managing Board

**Dear Shareholders,  
Ladies and Gentlemen!**

Our cover page and business development in the first nine months of 2018 both show that “our upward trend continues” – with due care and a clear vision for the future. Premium volume increased 2.9% to EUR 7.4 billion, and our Group result before taxes rose significantly by 6.4% to EUR 352.3 million. Our combined ratio also improved to 96.3% (compared to 97.3% in the first nine months of 2017). This shows that we continue to be well on our way to achieving our targets for premium growth and result before taxes for 2018 as a whole.



rating with stable outlook assigned by Standard & Poor's at the end of August, which once again makes us the highest rated company in the ATX index. This also gives us the financial foundation needed to digitally modernise products, sales and internal processes in order to remain fit for the future.

After the first nine months of 2018, we remain highly confident about achieving our plans for 2018 as a whole. Our continued upward trend of profitable growth confirms our long-term Group strategy and shows we can successfully implement our Agenda 2020 initiatives in our business model.

A handwritten signature in black ink that reads "Stadler".

Elisabeth Stadler

Our premium volume and result before taxes once again increased significantly both in some important CEE markets (Baltic states, Czech Republic, Hungary) and some smaller markets in the Remaining CEE segment, such as Bosnia-Herzegovina, Croatia, Macedonia, Serbia and Ukraine. This confirms our belief that a broad presence in the CEE region pays off. Romania is the only market where performance in the motor business has been less favourable. We are therefore monitoring the market situation carefully and, following a goodwill impairment in the 2<sup>nd</sup> quarter, we made additional precautions in the 3<sup>rd</sup> quarter. Nevertheless, due to our decentralised organisation and broad risk diversification across countries, isolated events like these do not have a considerable effect on the overall earnings power of the Group. Our financial result of EUR 795.9 million, 8.7% higher than in the same period in the previous year, also contributed to our positive performance.

VIG strengthened its market position in important CEE markets in previous months with new acquisitions and purchase conclusions (Poland, Baltic states) and by merging local composite insurers with its life insurers specialising in bank distribution. We also continue to enjoy a solid financial position and high capital strength, as recognised by the A+

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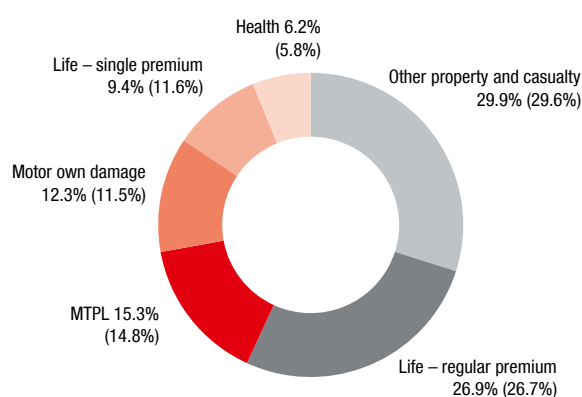
# Interim management report

## BUSINESS DEVELOPMENT (IN ACCORDANCE WITH IFRS)

In 1<sup>st</sup>–3<sup>rd</sup> quarter 2018, Vienna Insurance Group wrote EUR 7,357.5 million in Group premiums, an increase of 2.9% compared to the same period in the previous year. Adjusted for single premium life insurance products, Vienna Insurance Group recorded an even larger increase in premiums of 5.4%.

### PREMIUM PERCENTAGE BY LINES OF BUSINESS

#### 1<sup>ST</sup>–3<sup>RD</sup> QUARTER 2018



Values for 1<sup>st</sup>–3<sup>rd</sup> quarter 2017 in parentheses

Expenses for claims and insurance benefits less reinsurers' share were EUR 5,195.6 million in the first nine months of 2018 (1<sup>st</sup>–3<sup>rd</sup> quarter 2017: EUR 5,167.8 million), representing a year-on-year increase of 0.5%.

Acquisition and administrative expenses less reinsurance commissions rose 5.8% year-on-year to EUR 1,600.6 million (1<sup>st</sup>–3<sup>rd</sup> quarter 2017: EUR 1,513.5 million). This was primarily due to an increase in commissions and generally corresponded to the increase in premiums, not including single premium products.

The Group result before taxes rose to EUR 352.3 million in the first nine months of 2018 (1<sup>st</sup>–3<sup>rd</sup> quarter 2017: EUR 331.2 million). The year-on-year increase of 6.4% was mainly due to good growth in the financial result and an improved combined ratio.

## VIG in 1<sup>st</sup>–3<sup>rd</sup> quarter 2018

- Premiums increased 2.9% to EUR 7,357.5 million
- Result before taxes rose to EUR 352.3 million, representing a significant increase of 6.4%
- The combined ratio is at an excellent 96.3%

The Group's combined ratio after reinsurance (not including investment income) improved to 96.3% compared to the previous period (1<sup>st</sup>–3<sup>rd</sup> quarter 2017: 97.3%).

Group investments including cash and cash equivalents were EUR 37.5 billion as of 30 September 2018, which was slightly higher than the level in the previous year (31 December 2017: EUR 37.4 billion).

VIG earned a financial result of EUR 795.9 million in the 1<sup>st</sup>–3<sup>rd</sup> quarter 2018 (1<sup>st</sup>–3<sup>rd</sup> quarter 2017: EUR 732.1 million). This year-on-year increase of 8.7% was primarily due to investment gains, both from the sale of the interest in S IMMO AG and from real estate.

## BUSINESS DEVELOPMENT BY SEGMENT

### Austria

The Austrian Vienna Insurance Group companies wrote premiums of EUR 2,996.4 million in the first nine months of 2018, slightly less than in the same period in the previous year (1<sup>st</sup>–3<sup>rd</sup> quarter 2017: EUR 3,009.6 million). When adjusted for single premium life insurance products, the Austrian Group companies recorded an increase of 1.9%.

Due to the improved combined ratio, result before taxes rose 23.2% in the 1<sup>st</sup>–3<sup>rd</sup> quarter of the current year to EUR 130.2 million (1<sup>st</sup>–3<sup>rd</sup> quarter 2017: EUR 105.7 million).

The combined ratio continued to improve in the 1<sup>st</sup>–3<sup>rd</sup> quarter 2018 as a result of positive performance in fire and natural hazards insurance and the motor lines of business, reaching an outstanding level of 94.9% (1<sup>st</sup>–3<sup>rd</sup> quarter 2017: 97.0%).

## DEVELOPMENT BY SEGMENT

	Premiums written		Result before taxes	
	1.1.-30.9.18	1.1.-30.9.17	1.1.-30.9.18	1.1.-30.9.17
in EUR million				
Austria	2,996.4	3,009.6	130.2	105.7
Czech Republic	1,274.4	1,206.5	123.8	113.7
Slovakia	591.7	589.2	31.8	39.9
Poland	668.7	675.2	23.5	31.0
Romania	392.9	373.4	-72.2	8.9
Baltic states	279.2	239.7	3.1	-1.2
Hungary	191.1	171.8	4.7	3.5
Bulgaria	129.6	119.6	7.0	5.7
Turkey/Georgia	149.1	154.7	4.9	6.9
Remaining CEE <sup>1</sup>	284.6	263.1	20.0	12.4
Other Markets <sup>2</sup>	232.7	228.5	20.1	20.3
Central Functions <sup>3</sup>	1,168.1	1,068.1	55.5	-15.2
Consolidation	-1,001.2	-946.8	-0.1	-0.2
<b>Total</b>	<b>7,357.5</b>	<b>7,152.6</b>	<b>352.3</b>	<b>331.2</b>

<sup>1</sup> Remaining CEE: Albania incl. Kosovo, Bosnia-Herzegovina, Croatia, Macedonia, Moldova, Serbia, Ukraine

<sup>2</sup> Other Markets: Germany, Liechtenstein

<sup>3</sup> Central Functions include VIG Holding, VIG Re, the Wiener RE, VIG Fund, the non-profit societies, corporate IT service providers and intermediate holding companies.

### Czech Republic

The VIG companies in the Czech Republic wrote EUR 1,274.4 million in premiums in the 1<sup>st</sup>-3<sup>rd</sup> quarter 2018, an increase of 5.6% compared to the same period in the previous year. The increase was mainly due to good performance in the regular premium life insurance and other property and casualty areas.

The result before taxes was EUR 123.8 million in the 1<sup>st</sup>-3<sup>rd</sup> quarter of the current year, corresponding to a year-on-year increase of 9.0% (1<sup>st</sup>-3<sup>rd</sup> quarter 2017: EUR 113.7 million). The increase was primarily due to the improvement in the combined ratio.

The combined ratio decreased compared to the same period in the previous year to an excellent 93.6% (1<sup>st</sup>-3<sup>rd</sup> quarter 2017: 96.8%). It must be noted that the combined ratio was negatively affected by large losses in the first nine months of the previous year.

### Slovakia

The VIG companies in Slovakia wrote EUR 591.7 million in premiums in the first nine months of the current year, with an increase of 0.4% they were slightly higher than in the previous year (1<sup>st</sup>-3<sup>rd</sup> quarter 2017: EUR 589.2 million). After adjusting for single premium life insurance, the increase was even 3.8%.

The result before taxes was EUR 31.8 million in 1<sup>st</sup>-3<sup>rd</sup> quarter 2018 (1<sup>st</sup>-3<sup>rd</sup> quarter 2017: EUR 39.9 million). The decrease was predominantly due to a clear deterioration in the combined ratio resulting from an increase in reserves performed in the 1<sup>st</sup> quarter of 2018.

The combined ratio in the first nine months of 2018 was higher than in the previous year at 97.6% (1<sup>st</sup>-3<sup>rd</sup> quarter 2017: 95.8%).

### Poland

The premiums written by the VIG companies in Poland in the 1<sup>st</sup>-3<sup>rd</sup> quarter 2018 were EUR 668.7 million, representing a year-on-year decrease of 1.0%. After adjusting for single premium life insurance, the increase was 11.1%. This significant increase was mainly due to positive performance in the motor lines of business and other property and casualty insurance.

Result before taxes decreased to EUR 23.5 million in the first nine months of the current year. This was due to new reserves for expenses incurred as a result of a change in cancellation terms when certain life insurance products are surrendered. (1<sup>st</sup>-3<sup>rd</sup> quarter 2017: EUR 31.0 million).

The combined ratio improved to an excellent 93.5% in the 1<sup>st</sup>-3<sup>rd</sup> quarter 2018 due to continued good performance in the motor lines of business (1<sup>st</sup>-3<sup>rd</sup> quarter 2017: 94.7%).

### Romania

The Romanian VIG companies wrote EUR 392.9 million in premiums in the 1<sup>st</sup>-3<sup>rd</sup> quarter 2018, implying an increase of 5.2%. The increase was primarily due to strong premium growth in the motor own damage insurance.

A loss of EUR 72.2 million was reported in the 1<sup>st</sup>-3<sup>rd</sup> quarter 2018 (1<sup>st</sup>-3<sup>rd</sup> quarter 2017: result before taxes of EUR 8.9 million). This was altogether due to a goodwill impairment of

EUR 50.1 million carried out in the 2<sup>nd</sup> quarter, the building of a provision for an ongoing market-wide antitrust procedure and a reserve strengthening in the motor lines of business in the 3<sup>rd</sup> quarter 2018.

As a result of the reserve strengthening mentioned above, the combined ratio was 106.4% (1<sup>st</sup>–3<sup>rd</sup> quarter 2017: 98.2%).

### **Baltic states**

The Baltic states consist of the countries of Estonia, Latvia and Lithuania.

VIG companies in the Baltic states wrote EUR 279.2 million in premiums in the first nine months of 2018 representing a year-on-year increase of 16.5%. This significant increase in premiums was due to a generally positive performance achieved in all lines of business, in particular the motor lines of business and other property and casualty insurance.

The result before taxes improved clearly year-on-year in the Baltic states to EUR 3.1 million (1<sup>st</sup>–3<sup>rd</sup> quarter 2017: loss of EUR 1.2 million). The positive development was primarily due to an improvement in the combined ratio.

The combined ratio improved compared to the same period in the previous year to 99.8% due to the good performance in the motor lines of business (1<sup>st</sup>–3<sup>rd</sup> quarter 2017: 102.2%).

### **Hungary**

Premiums written rose 11.2% in Hungary in the 1<sup>st</sup>–3<sup>rd</sup> quarter 2018 to EUR 191.1 million, mainly due to growth in single premium life insurance, motor third party liability insurance and health insurance.

The result before taxes rose to EUR 4.7 million (1<sup>st</sup>–3<sup>rd</sup> quarter 2017: EUR 3.5 million). This major year-on-year increase of 34.9% was primarily due to the absence of the write-down of Vienna Life insurance portfolios performed in the previous year.

The combined ratio was 98.9% in the 1<sup>st</sup>–3<sup>rd</sup> quarter 2018, which was slightly lower than in the previous year (1<sup>st</sup>–3<sup>rd</sup> quarter 2017: 99.2%).

### **Bulgaria**

EUR 129.6 million in premiums were written in Bulgaria in the 1<sup>st</sup>–3<sup>rd</sup> quarter 2018. The large increase of 8.4% was predominantly due to good growth in motor own damage and health insurance.

The VIG companies in Bulgaria contributed EUR 7.0 million to the Group result before taxes in the 1<sup>st</sup>–3<sup>rd</sup> quarter 2018. This corresponds to a year-on-year increase of 21.7%, which was primarily due to the absence of insurance portfolio write-downs in the Doverie pension fund.

The combined ratio of 97.8% was slightly higher than in the same period in the previous year (1<sup>st</sup>–3<sup>rd</sup> quarter 2017: 97.1%).

### **Turkey/Georgia**

The VIG companies in the Turkey/Georgia segment registered written premiums of EUR 149.1 million in the first nine months of 2018, corresponding to a year-on-year decrease of 3.6%. When adjusted for negative exchange rate effects, however, the Turkey/Georgia segment recorded an increase of 25.4%.

The result before taxes declined to EUR 4.9 million in the 1<sup>st</sup>–3<sup>rd</sup> quarter of the current year, primarily due to negative exchange rate effects (1<sup>st</sup>–3<sup>rd</sup> quarter 2017: EUR 6.9 million).

Although the combined ratio improved significantly to 100.8% compared to the same period in the previous year, mainly due to an improvement in the claims ratio in Georgia, it nevertheless remained slightly above the 100% mark (1<sup>st</sup>–3<sup>rd</sup> quarter 2017: 102.3%).

### **Remaining CEE**

The Remaining CEE segment includes the countries of Albania incl. Kosovo, Bosnia-Herzegovina, Croatia, Macedonia, Moldova, Serbia and Ukraine.

The VIG companies in the Remaining CEE countries wrote EUR 284.6 million in premiums in the 1<sup>st</sup>–3<sup>rd</sup> quarter 2018. This year-on-year increase of 8.2% was mainly due to growth in life insurance and other property and casualty insurance in Croatia and the first-time consolidation of Vienna

osiguranje (formerly Merkur Osiguranie) in Bosnia-Herzegovina, the purchase of which was concluded in February 2018.

The result before taxes rose 61.6% to EUR 20.0 million, primarily due to positive performance in the combined ratio (1<sup>st</sup>-3<sup>rd</sup> quarter 2017: EUR 12.4 million).

The combined ratio improved to 95.6%, mainly due to positive performance in Moldova and Serbia (1<sup>st</sup>-3<sup>rd</sup> quarter 2017: 99.3%).

#### **Other Markets**

The Other Markets segment includes the countries of Germany and Liechtenstein.

The VIG companies in the Other Markets segment wrote EUR 232.7 million in premiums in the first nine months of 2018. The 1.8% year-on-year increase was mainly due to growth in life insurance and other property and casualty insurance in Germany.

The result before taxes declined 0.9% to EUR 20.1 million in the 1<sup>st</sup>-3<sup>rd</sup> quarter 2018, primarily due to storm damages in the 1<sup>st</sup> quarter of 2018 (1<sup>st</sup>-3<sup>rd</sup> quarter 2017: EUR 20.3 million).

In spite of higher losses due to storm Friederike in the 1<sup>st</sup> quarter 2018, the combined ratio was an excellent 80.6% in the 1<sup>st</sup>-3<sup>rd</sup> quarter 2018 (1<sup>st</sup>-3<sup>rd</sup> quarter 2017: 78.9%).

#### **Central Functions**

Premiums written in the Central Functions segment rose 9.4% in the 1<sup>st</sup>-3<sup>rd</sup> quarter 2018 to EUR 1,168.1 million. This was mainly the result of an increase in internal Group reinsurance premiums received by VIG Holding and an increase in premiums generated by the Group company VIG Re entering new reinsurance business areas (Western Europe). In addition, Wiener Re was added to the Central Functions segment in the 2<sup>nd</sup> quarter of 2018.

The Central Functions reported a result before taxes of EUR 55.5 million in the first nine months of the current year (1<sup>st</sup>-3<sup>rd</sup> quarter 2017: loss of EUR 15.2 million). The positive result was predominantly due to significantly higher results

from the non-profit societies as well as lower expenses in the IT area and an improved technical result.

## **EMPLOYEES**

Vienna Insurance Group had 25,325 employees in the 1<sup>st</sup>-3<sup>rd</sup> quarter 2018. This was 266 more than 2017 as a whole. The increase was primarily due to a larger number of field employees in the Czech Republic.

## **GROUP BUSINESS DEVELOPMENT IN THE 3<sup>RD</sup> QUARTER OF 2018**

Vienna Insurance Group generated EUR 2,207.2 million in premiums written in the 3<sup>rd</sup> quarter 2018. This increase of 1.2%, which was achieved in spite of the decrease in single premium life insurance, was primarily due to growth in other property and casualty and motor own damage insurance.

Due to fluctuations in the Swiss franc to the euro exchange rate, expenses for claims and insurance benefits less reinsurers' share decreased to EUR 1,737.9 million in the 3<sup>rd</sup> quarter 2018, 2.0% less than the same period in the previous year.

Acquisition and administrative expenses less reinsurance commissions received rose 5.7% in the 3<sup>rd</sup> quarter 2018 to EUR 510.1 million. The increase was mainly due to a significant decrease in reinsurance commissions for externally ceded reinsurance.

The result before taxes rose to EUR 119.6 million in the 3<sup>rd</sup> quarter 2018, representing an increase of 8.0% that was primarily due to good development in the financial result and an improved combined ratio.

The financial result was EUR 284.6 million in the 3<sup>rd</sup> quarter 2018. The year-on-year increase of 16.8% was mainly due to investment gains from real estate.

## **BUSINESS DEVELOPMENT BY BALANCE SHEET UNITS**

Further information on business development by balance sheet units is provided in the additional disclosures in ac-

cordance with the Austrian Insurance Supervision Act (VAG) starting on page 53.

## RELATED PARTY TRANSACTIONS

Information on related party transactions is provided in the notes to the consolidated financial statements on page 51.

## RISK REPORT

The Vienna Insurance Group risk environment remained practically unchanged in the 3<sup>rd</sup> quarter of 2018, so that information on the significant business risks to which VIG is exposed can be obtained from the risk reporting in the Group Annual Report for 2017 and the Solvency and Financial Condition Report (SFCR) for 2017.

The VIG solvency ratio was 220.3% on 31 December 2017. The solvency ratio was affected by repayment of hybrid capital in the 3<sup>rd</sup> quarter, which led to a change of around 6 percentage points. The otherwise moderate change in the market environment and riskless yield curve will help keep the solvency ratio in the upper part of our target solvency corridor at the end of the 3<sup>rd</sup> quarter of 2018. The final results of the solvency calculation were not yet available at the editorial deadline.

The Group's excellent regulatory capital and A+ rating from Standard & Poor's confirm its high risk-bearing capacity.

Vienna Insurance Group will continue to maintain its current investment policy of maintaining a conservative, low-risk asset allocation.

Given the effective management of risks based on a conservative business and risk strategy and its strong capital base, Vienna Insurance Group feels it is well-prepared for the future.

## OUTLOOK

Vienna Insurance Group sees growth potential in the bank insurance business and would like to further expand this distribution channel. The main goal was, and continues to

be, broadening the range of products offered and optimising the cooperation between banks and insurance companies in all ten countries where Erste Bank and Sparkassen are working together with Vienna Insurance Group. To optimise implementation of the cooperation, a decision was made in 2017 to merge life insurance companies specialising in bank distribution with local composite insurers. Subject to approval by the local authorities, these mergers are expected to be implemented by the beginning of 2019.

The Group will continue to focus on efficiency improvements and making use of synergies, and will work systematically on reducing both losses and expenses with the aim of achieving a sustainable combined ratio of 95%. In life insurance, efforts will also be made to further promote biometric risk coverage and the regular premium business. This is aimed to offset the ongoing reduction in the ordinary financial result caused by the low interest rate environment.

The strategic measures and initiatives set by the Agenda 2020 work programme to optimise our business model, organisation and cooperation and ensure future viability will be further promoted and shall thereby further contribute to the positive development of the Group in the future. Based on this, VIG plans to generate EUR 9.5 billion in gross written premiums and a result before taxes of EUR 450 to 470 million in the financial year 2018.

Based on current conditions and the positive macroeconomic development of the region, VIG aims to steadily increase premiums to more than EUR 10 billion and achieve a result before taxes in the range of EUR 500 million to EUR 520 million over the medium term by 2020. This will also benefit our shareholders, who can expect to receive stable dividends that increase with corporate earnings based on Vienna Insurance Group's established dividend policy.

## CURRENT TOPICS

### **Call and repayment of a hybrid bond**

VIG called the hybrid capital bond (Bond 08/S1/T1) with ISIN AT0000A09SA8 effective 12 September 2018 for early repayment at its redemption amount of 100% of nominal



value plus all accrued interest up to (but not including) the repayment date. This only marginally reduced the solvency ratio by around 6 percentage points.

### **Rating confirmed again**

The international rating agency Standard & Poor's (S&P) once again confirmed its A+ rating with stable outlook for Vienna Insurance Group at the end of August 2018. Its capital resources continue to receive a rating of AAA. S&P also rated VIG's business risk profile as "strong", due to its market leadership in Austria and Central and Eastern Europe and broad product portfolios in the non-life, life and health areas. VIG continues to have the best credit rating of all companies listed on the ATX leading index of the Vienna Stock Exchange.

### **VIG qualifies again for two sustainability indices**

Vienna Insurance Group was included in the Austrian VÖNIX sustainability index and in the global FTSE4Good index again this year. Both of the sustainability indices include companies involved in the environmental, social and governance areas. Being included in the indices confirms the importance that corporate social responsibility has for Vienna Insurance Group.

## **PERSONNEL CHANGES**

### **Changes in the Managing Board**

Peter Thirring moved from his position as General Manager of the VIG company Donau Versicherung to the Managing Board of VIG Holding on 1 July 2018. Furthermore Liane Hirner, who is a member of the VIG Managing Board since February 2018, has as of 1 July assumed the position of CFO from Martin Simhandl, who voluntarily decided to leave the Managing Board after 32 years of working for the Group.

## **ENSURING FUTURE VIABILITY**

### **Erste Group and VIG renew cooperation agreement**

Erste Group and VIG have worked together closely in a very successful strategic partnership since 2008. The signing of the cooperation agreement on 17 May 2018 extended the underlying distribution agreement to the end of 2033. The extensive range of products and, in particular, services will

be made more readily accessible to customers of both companies under the renewed agreement. Vienna Insurance Group created a Bancassurance area at the beginning of the year to manage this change and implement Group-wide strategic initiatives.

### **Vienna Insurance Group expands assistance in Poland and Romania**

A motor assistance centre was set up in 2016 for the VIG companies in Poland as part of VIG's assistance project. Growth of the Polish assistance market led to the foundation of the company "Global Assistance Polska" in August 2018. The Global Assistance company established last year in Romania has also been operating in the motor area since 1 October 2018.

## **BUSINESS MODEL OPTIMISATION**

### **Mergers of local composite insurers with life insurance companies specialising in bank distribution continue**

Following Hungary, Slovakia and Croatia in the 1<sup>st</sup> half of 2018, the bank insurance company in Austria has now also been successfully merged with the local composite insurer according to schedule. Entry into the commercial register officially concludes the merger of Wiener Städtische and s Versicherung. This leaves just the merger of Pojišťovna České spořitelny (PČS) and Kooperativa pojišťovna (Kooperativa) in the Czech Republic, which is planned for the end of the year.

### **Merger of Compensa Life and Polisa-Zycie concluded in Poland**

The Polish Group company Polisa-Zycie was merged with Compensa on 30 May 2018. The company will operate under the Compensa brand in the future and will, therefore, retain its focus on life insurance, both single and regular premium.

### **Vienna Insurance Group merges AXA Life with VIG company BCR Life in Romania**

AXA Life Insurance S.A. (AXA Life), which was acquired in Romania in 2017, was successfully merged with BCR Life on 1 June 2018. The merged company will operate under the BCR Life brand in the future in the Romanian insurance market.

## STRENGTHENING MARKET POSITION

### **Acquisition of Seesam in the Baltic states successfully concluded**

Following signing of the purchase agreement in December 2017, the receipt of approval by the local authorities on 3 September 2018 has now concluded the acquisition of 100% of the shares of Seesam Insurance AS (Seesam). Vienna Insurance Group is using the acquisition to further expand its leading position in the Baltic market.

### **VIG purchases Gothaer insurance company in Poland**

The purchase agreement to acquire Gothaer Towarzystwo Ubezpieczen (Gothaer TU) was signed on 6 June 2018. The purchase is subject to approval by the local authorities. The acquisition strengthens VIG's position in non-life insurance in the Polish market.

### **Acquisition and renaming of Merkur in Bosnia-Herzegovina**

The acquisition of 100% of the shares of Merkur Osiguranje d.d. ("Merkur") was concluded on 8 February 2018 with the approval of the local authorities. This adds the life segment to the range of products offered by VIG in Bosnia-Herzegovina, which was previously heavily dominated by the property and casualty business. Merkur's regional presence in the Federation of Bosnia-Herzegovina is also an important factor in its acquisition. The company was subsequently renamed Vienna osiguranje d.d. in October 2018.

## AWARDS

### **Global Assistance named Company of the Year for 2017 in the Czech Republic**

The 20<sup>th</sup> annual award ceremony for "The Czech Automotive Company of the Year" took place in Prague. The Czech Global Assistance company won the competition held by the Automotive Industry Association (AIA) against 25 other companies to receive the award for Best Company of the Year for 2017.

### **Bulgarian Bulstrad Life wins first place in the "Insurers for Society" awards**

For the second time in a row, Bulstrad Life won the first place in the "Insurers for Society" initiative organised by the

Association of Bulgarian Insurers and Association of Bulgarian Insurance Brokers. The award recognised four social projects implemented by Bulstrad Life under the "Stories of Goodness" initiative.

### **Wiener Städtische receives "excellent" rating as an occupational disability insurer**

The research house Morgen & Morgen awarded Wiener Städtische a five-star rating for the second time in a row. 31 questions about benefits were used to evaluate and analyse its insurance terms and conditions. This makes the company one of the best-rated occupational disability insurers in Austria.

### **VIG one of the top brands in Austria**

The "Austrian Brand Value Study 2018" issued by the European Brand Institute presents the most valuable brand companies in Austria. Vienna Insurance Group, the only insurance company at the top of the list, maintained its Top 10 ranking from the previous year.

### **Wiener Städtische is a superbrand**

The Superbrands Austria Brand Council and Business Brand Council selected the most successful brands in Austria again this year. Wiener Städtische was a winner for the second time in a row, receiving awards both in the "superbrands" and "business superbrands" categories.

### **InterRisk Germany receives awards**

FOCUS MONEY magazine has published the latest winners of its 2017 insurance awards and the best insurance brokers. As in the previous year, InterRisk Versicherungs-AG Vienna Insurance Group once again received two first prizes. InterRisk was also named "Germany's best insurance company" by the Franke and Bornberg rating agency and Deutsche Institut für Service-Qualität in cooperation with the news network n-tv.

# Capital markets & investor relations & share

## CAPITAL MARKETS

### International overview

Rising corporate earnings and sustained favourable economic data helped create a generally positive atmosphere in stock markets in the 3<sup>rd</sup> quarter of 2018. The global MSCI World equity index gained 4.5% in the 3<sup>rd</sup> quarter, and more than compensated for the substantial price correction in the 1<sup>st</sup> quarter of the year by rising 3.8% between the end of 2017 and the end of September. The overall positive performance recorded by stock markets did, however, show considerable regional differences.

US stock markets performed particularly well, with the leading Dow Jones Industrial (DJI) index and NASDAQ Composite technology index achieving new historical highs in the 3<sup>rd</sup> quarter of 2018. The DJI has recorded a 7.0% increase so far this year and the NASDAQ Composite even achieved a gain of 16.6%, reflecting the current investor preference for technology-oriented growth equities. The continued strength of the economy and investor's beliefs that current trade policy conflicts will have less of an effect on the US than export-oriented economies were the market drivers.

In contrast, most European stock markets – which focus on export-oriented companies and include fewer technology-oriented growth shares – only recovered slowly from the market downturn in the 1<sup>st</sup> quarter of 2018. The Eurostoxx 50 European benchmark index rose 0.1% in the 3<sup>rd</sup> quarter of 2018, resulting in a 3.0% loss after three quarters compared to the end of 2017. Thanks to strong performance of 8.1% in the 3<sup>rd</sup> quarter of 2018, mainly due to a yen exchange rate favourable to exports and positive economic data for the East Asian economic area, the leading Japanese Nikkei 225 index turned around to reach positive territory, rising 6.0% between the end of 2017 and the end of September 2018.

As expected, the trend of interest rate increases in the US put pressure on the emerging market's stock markets. The MSCI Emerging Markets index has recorded a loss of 9.5% so far this year, including a decrease of 2.0% in the 3<sup>rd</sup> quarter of 2018. The Eastern European CECE index, calculated in EUR, fell 8.1% in the first three quarters, with

a very weak 1<sup>st</sup> half year followed by a significant increase in the 3<sup>rd</sup> quarter of 2018 (6.7%).

### Vienna Stock Exchange

The leading ATX index of the Vienna Stock Exchange rose 2.7% in the third quarter of 2018, significantly exceeding overall European gains. At the end of September 2018, the ATX was nevertheless 2.2% below its level at the end of 2017, since the Vienna Stock Exchange was unable to fully escape the general caution of global investors towards investments in strongly export-oriented European economies, in spite of the good economic situation in Austria and positive earnings growth for listed companies.

## INVESTOR RELATIONS

The Investor Relations agenda in the fall was concerned with the investor conferences organised by investment banks. Vienna Insurance Group took part in the Austrian & CEE Investor Conference and Bank of America Merrill Lynch CEO Conference in London in September. Many meetings were also held with institutional investors during the Baader Investment Conference in Munich, the Erste Bank Investor Conference in Stegersbach, and the European Financial Conference of Wood & Company in Warsaw.

The results of the investor survey conducted between the middle of June and beginning of July 2018 were presented to the Managing Board following the summer. The answers indicated that the respondents considered the growth potential in the CEE, mergers that had been introduced and the focus on profitable growth and cost management to be particularly attractive strategically. The responses concerning capital allocation, dividend policy and investor communication were analysed and discussed and included in the planning for the coming year.

## VIG SHARE PERFORMANCE

VIG shares significantly outperformed the ATX index with an increase of 5.2% in the 3<sup>rd</sup> quarter of 2018. The overall picture, however, reveals a similar negative development to the Austrian leading Index. Vienna Insurance Group shares ending the 3<sup>rd</sup> quarter down 4.6% compared to the end of 2017.

Following an interim high of EUR 28.740 on 1 February 2018, the price of VIG shares fell to a low of EUR 22,940 on 3 July 2018, before returning once again to a range above EUR 23. Although the price temporarily rose above the EUR 25 mark in September, it was unable to sustain that level. VIG shares were trading at EUR 24,280 on the editorial deadline of 9 November 2018.

#### Key share information 1<sup>st</sup>-3<sup>rd</sup> quarter 2018

High	EUR	28,740
Low	EUR	22,940
Year-end price	EUR	24,580
Market capitalisation	EUR	3,1 billion
Dividend 2017	EUR	0,90
Book value per share	EUR	35,48

#### Overview of VIG shares

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

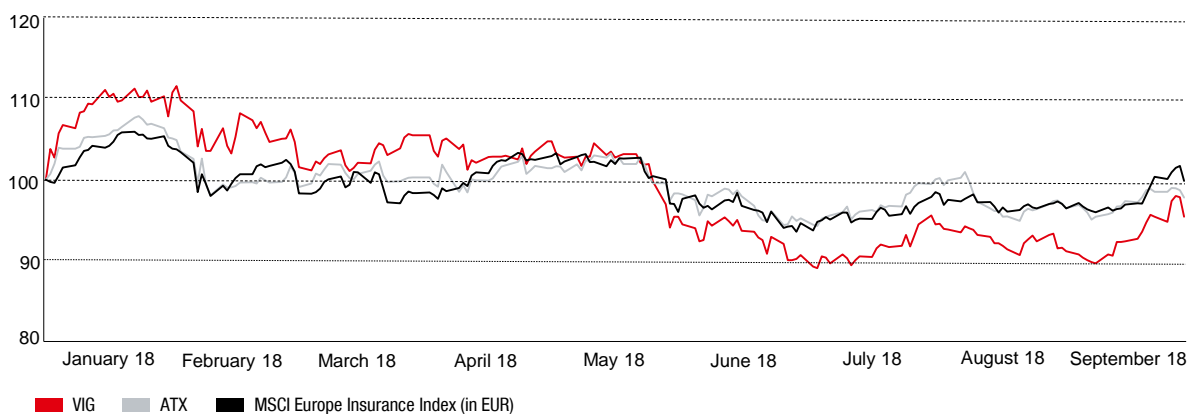
#### VIG financial calendar\*

Preliminary results for financial year 2018	21 March 2019
Result for the year and 2018 Annual Report	17 April 2019
Annual General Meeting record date	14 May 2019
Results for the 1 <sup>st</sup> quarter of 2019	22 May 2019
Annual General Meeting	24 May 2019
Ex-dividend date	27 May 2019
Dividend record date	28 May 2019
Dividend payment day	29 May 2019
Results for the 1 <sup>st</sup> half of 2019	27 August 2019
Results for the 1 <sup>st</sup> -3 <sup>rd</sup> quarters of 2019	27 November 2019

\* Preliminary schedule

### VIENNA INSURANCE GROUP (VIG) COMPARED TO THE ATX AND MSCI EUROPE INSURANCE INDEX (IN EUR) 1 JANUARY 2018 TO 30 SEPTEMBER 2018

Indexed (basis =100)



# Consolidated interim financial statements in accordance with IFRS

## CONSOLIDATED BALANCE SHEET

Assets	Notes	30.9.2018	31.12.2017
<b>in EUR '000</b>			
Intangible assets	1	1,905,494	1,970,641
Investments	2	36,530,212	35,932,907
Investments for unit-linked and index-linked life insurance		8,742,965	9,061,073
Reinsurers' share in underwriting provisions	3	1,081,015	1,066,320
Receivables	4	1,544,185	1,475,862
Tax receivables and advance payments out of income tax		276,598	239,455
Deferred tax assets		90,553	80,806
Other assets		407,905	389,160
Cash and cash equivalents		976,847	1,497,731
<b>Total</b>		<b>51,555,774</b>	<b>51,713,955</b>
<b>Liabilities and shareholders' equity</b>			
<b>in EUR '000</b>			
Shareholders' equity		5,813,032	6,043,949
Subordinated liabilities		1,458,675	1,458,839
Underwriting provisions	6	30,520,580	30,168,173
Underwriting provisions for unit-linked and index-linked life insurance		8,339,997	8,612,749
Non-underwriting provisions	7	793,660	793,792
Liabilities	8	4,015,049	4,032,102
Tax liabilities out of income tax		221,305	202,050
Deferred tax liabilities		250,266	255,064
Other liabilities		143,210	147,237
<b>Total</b>		<b>51,555,774</b>	<b>51,713,955</b>

The numbers for the individual items in the consolidated balance sheet and consolidated income statement refer to detailed disclosures for these items in the Notes to the consolidated financial statements starting with the "Notes to the consolidated balance sheet" section on page 29.

## CONSOLIDATED INCOME STATEMENT AND CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Consolidated income statement	Notes	1.1.-30.9.2018	1.1.-30.9.2017	1.7.-30.9.2018	1.7.-30.9.2017
in EUR '000					
<b>Net earned premiums – retention</b>		<b>6,518,053</b>	<b>6,325,767</b>	<b>2,163,175</b>	<b>2,106,721</b>
<b>Premiums written – retention</b>		<b>6,689,741</b>	<b>6,473,068</b>	<b>2,041,119</b>	<b>2,017,130</b>
Premiums written – gross	9	7,357,472	7,152,648	2,207,208	2,180,209
Premiums written – reinsurers' share		-667,731	-679,580	-166,089	-163,079
<b>Change in unearned premiums – retention</b>		<b>-171,688</b>	<b>-147,301</b>	<b>122,056</b>	<b>89,591</b>
Change in unearned premiums – gross		-236,000	-213,968	151,912	128,380
Change in unearned premiums – reinsurers' share		64,312	66,667	-29,856	-38,789
Financial result excluding at equity consolidated companies	10	753,847	695,860	277,646	230,242
Result from shares in at equity consolidated companies		42,004	36,211	6,931	13,474
Other income	11	83,304	131,738	17,017	71,895
Expenses for claims and insurance benefits – retention	12	-5,195,590	-5,167,822	-1,737,881	-1,773,099
Acquisition and administrative expenses	13	-1,600,603	-1,513,467	-510,112	-482,673
Other expenses	14	-248,687	-177,055	-97,197	-55,871
<b>Result before taxes</b>		<b>352,328</b>	<b>331,232</b>	<b>119,579</b>	<b>110,689</b>
Taxes		-76,850	-65,021	-17,788	-16,725
<b>Result of the period</b>		<b>275,478</b>	<b>266,211</b>	<b>101,791</b>	<b>93,964</b>
thereof attributable to Vienna Insurance Group shareholders		206,923	214,951	70,294	68,373
thereof other non-controlling interests		7,073	4,097	3,232	680
thereof non-controlling interests in non-profit societies		61,482	47,163	28,265	24,911
Result per share (annualised)*	5	2.07	2.15	2.12	2.04
<b>Result of the period (carryforward)</b>		<b>275,478</b>	<b>266,211</b>	<b>101,791</b>	<b>93,964</b>

\*The calculation of these figures includes the aliquot portion of interest expenses for hybrid capital. The undiluted result equals the diluted result per share (in EUR).

Consolidated statement of comprehensive income	1.1.-30.9.2018	1.1.-30.9.2017	1.7.-30.9.2018	1.7.-30.9.2017
in EUR '000				
<b>Result of the period (carryforward)</b>	<b>275,478</b>	<b>266,211</b>	<b>101,791</b>	<b>93,964</b>
<b>Other comprehensive income (OCI)</b>				
<b>Items that will not be reclassified to profit and loss in subsequent periods</b>	<b>-2,654</b>	<b>3,161</b>	<b>-624</b>	<b>1,133</b>
+/- Underwriting gains and losses from provisions for employee benefits	-4,296	5,230	-1,055	1,844
+/- Deferred profit participation	854	-1,031	247	-344
+/- Deferred taxes	788	-1,038	184	-367
<b>Items that will be reclassified to profit or loss in subsequent periods</b>	<b>-167,062</b>	<b>30,585</b>	<b>-15,961</b>	<b>16,048</b>
+/- Exchange rate changes through equity	-25,717	37,902	10,823	-9,878
+/- Unrealised gains and losses from financial instruments available for sale	-536,388	-73,922	-158,418	84,805
+/- Cash flow hedge reserve	319	416	260	-8
+/- Share of other reserves of associated companies	-6,797	1,328	92	1,170
+/- Deferred mathematical reserve	123,401	27,286	44,699	-21,683
+/- Deferred profit participation	235,734	31,947	77,633	-32,227
+/- Deferred taxes	42,386	5,628	8,950	-6,131
<b>Total OCI</b>	<b>-169,716</b>	<b>33,746</b>	<b>-16,585</b>	<b>17,181</b>
<b>Total profit</b>	<b>105,762</b>	<b>299,957</b>	<b>85,206</b>	<b>111,145</b>
thereof attributable to Vienna Insurance Group shareholders	40,252	247,405	54,371	85,021
thereof other non-controlling interests	3,702	4,849	2,310	1,223
thereof non-controlling interests in non-profit societies	61,808	47,703	28,525	24,901

## CONSOLIDATED SHAREHOLDERS' EQUITY

Development	Share capital	Capital reserves		Retained earnings	Other reserves		Subtotal*
		Other	payments hybrid capital		Currency reserve	Other	
<b>in EUR '000</b>							
As of 1 January 2017	132,887	2,109,003	193,619	1,929,339	-181,373	380,788	4,564,263
Changes in scope of consolidation/ownership interests	0	0	0	-2,453	0	0	-2,453
Other comprehensive income	0	0	0	214,951	37,572	-5,118	247,405
Other comprehensive income excluding currency changes	0	0	0	0	0	-5,118	-5,118
Currency change	0	0	0	0	37,572	0	37,572
Result of the period	0	0	0	214,951	0	0	214,951
Dividend payment	0	0	0	-114,281	0	0	-114,281
As of 30. September 2017	132,887	2,109,003	193,619	2,027,556	-143,801	375,670	4,694,934
As of 1 January 2018	132,887	2,109,003	193,619	2,108,029	-121,616	410,089	4,832,011
Changes in scope of consolidation/ownership interests	0	0	0	-9,174	0	0	-9,174
Other comprehensive income	0	0	0	206,923	-25,761	-140,910	40,252
Other comprehensive income excluding currency changes	0	0	0	0	0	-140,910	-140,910
Currency change	0	0	0	0	-25,761	0	-25,761
Result of the period	0	0	0	206,923	0	0	206,923
Repurchase of hybrid capital	0	0	-193,619	-1,094	0	0	-194,713
Dividend payment	0	0	0	-127,081	0	0	-127,081
As of 30. September 2018	132,887	2,109,003	0	2,177,603	-147,377	269,179	4,541,295

Development	Subtotal*	Non-controlling interests		Shareholders' equity
		Others	Non-profit societies	
<b>in EUR '000</b>				
As of 1 January 2017	4,564,263	114,219	1,032,775	5,711,257
Changes in scope of consolidation/ownership interests	-2,453	-736	0	-3,189
Other comprehensive income	247,405	4,849	47,703	299,957
Other comprehensive income excluding currency changes	-5,118	422	540	-4,156
Currency change	37,572	330	0	37,902
Result of the period	214,951	4,097	47,163	266,211
Dividend payment	-114,281	-6,658	-5,224	-126,163
As of 30. September 2017	4,694,934	111,674	1,075,254	5,881,862
As of 1 January 2018	4,832,011	115,944	1,095,994	6,043,949
Changes in scope of consolidation/ownership interests	-9,174	7,289	0	-1,885
Other comprehensive income	40,252	3,702	61,808	105,762
Other comprehensive income excluding currency changes	-140,910	-3,415	326	-143,999
Currency change	-25,761	44	0	-25,717
Result of the period	206,923	7,073	61,482	275,478
Repurchase of hybrid capital	-194,713	0	0	-194,713
Dividend payment	-127,081	-7,776	-5,224	-140,081
As of 30. September 2018	4,541,295	119,159	1,152,578	5,813,032

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

**Composition of dividend payments - retention**

	30.9.2018	31.12.2017
<b>in EUR '000</b>		
Dividends	115,200	102,400
Interest payments on the hybrid capital	15,841	15,841
Deferred taxes shown in equity	-3,960	-3,960
<b>Total</b>	<b>127,081</b>	<b>114,281</b>

**Composition of other reserves**

	30.9.2018					
	Unrealised gains and losses	Cash flow hedge reserve	Underwriting gains and losses from provisions for employee benefits	Share of other reserves of associated companies	Currency reserve	Total
<b>in EUR '000</b>						
Gross	2,184,482	-2,173	-291,256	-6,190	-148,603	1,736,260
+/- Exchange rate changes from financial instruments available for sale	7,878					7,878
+/- Deferred mathematical reserve	-787,766					-787,766
+/- Deferred profit participation	-857,858	0	87,829	0	0	-770,029
+/- Deferred taxes	-121,536	0	47,493	0	0	-74,043
+/- Other non-controlling interests	-5,941	0	1,319	318	1,226	-3,078
+/- Non-controlling interests in non-profit societies	0	2,208	10,372	0	0	12,580
<b>Net</b>	<b>419,259</b>	<b>35</b>	<b>-144,243</b>	<b>-5,872</b>	<b>-147,377</b>	<b>121,802</b>

**Composition of other reserves**

	31.12.2017					
	Unrealised gains and losses	Cash flow hedge reserve	Underwriting gains and losses from provisions for employee benefits	Share of other reserves of associated companies	Currency reserve	Total
<b>in EUR '000</b>						
Gross	2,720,471	-2,492	-286,960	607	-122,886	2,308,740
+/- Exchange rate changes from financial instruments available for sale	8,277					8,277
+/- Deferred mathematical reserve	-911,167					-911,167
+/- Deferred profit participation	-1,093,592	0	86,975	0	0	-1,006,617
+/- Deferred taxes	-163,922	0	46,705	0	0	-117,217
+/- Other non-controlling interests	-9,184	0	1,474	-9	1,270	-6,449
+/- Non-controlling interests in non-profit societies	0	2,534	10,372	0	0	12,906
<b>Net</b>	<b>550,883</b>	<b>42</b>	<b>-141,434</b>	<b>598</b>	<b>-121,616</b>	<b>288,473</b>



## CONSOLIDATED STATEMENT OF CASH FLOWS

in EUR '000	1.1.-30.9.2018	1.1.-30.9.2017
<b>Result of the period</b>	<b>275,478</b>	<b>266,211</b>
Change in underwriting provisions net	442,472	774,403
Change in underwriting receivables and liabilities	-185,133	-182,851
Change in deposit receivables and liabilities as well as in reinsurance receivables and liabilities	40,356	77,246
Change in other receivables and liabilities	76,930	-73,187
Change in financial instruments recognised at fair value through profit and loss (incl. held for trading)	-13,635	124,782
Gain/loss from disposal of investments	-115,708	-86,849
Depreciation/appreciation of all other investments	124,264	119,979
Change in pension, severance and other personnel provisions	6,519	-24,297
Change in deferred tax asset/liability excl. tax liabilities	29,158	237
Change in other balance sheet items	-27,979	-31,317
Change in goodwill and other intangible assets	100,536	64,960
Other cash-neutral income and expenses and adjustments to the result of the period <sup>1</sup>	78,614	-75,084
<b>Cash flow from operating activities</b>	<b>831,872</b>	<b>954,233</b>
Cash inflow from the sale of associated companies	110,392	0
Payments for the acquisition of subsidiaries	-8,094	-37,626
Cash inflow from the sale of available for sale securities	1,871,961	2,257,306
Payments for the acquisition of available for sale securities	-2,884,135	-3,152,441
Cash inflow from disposals/repayments of held to maturity securities	226,013	153,832
Payments for the addition of held to maturity securities	-79,741	-93,879
Cash inflow from the sale of land and buildings	70,045	37,846
Payments for the acquisition of land and buildings	-251,529	-176,475
Cash inflow for the sale of intangible assets	1,022	2,899
Payments for the acquisition of intangible assets	-43,333	-44,443
Change in investments for unit-linked and index-linked life insurance	209,372	18,251
Change in loans and other investments	-180,379	-63,493
<b>Cash flow from investing activities</b>	<b>-958,406</b>	<b>-1,098,223</b>
Corporate actions, incl. hybrid capital	-198,017	0
Cash inflow from subordinated liabilities	0	450,000
Cash outflow from subordinated liabilities	0	-253,055
Dividend payments	-140,081	-130,123
Cash inflow from other financing activities	126,726	147,288
Cash outflow from other financing activities	-174,794	-74,798
<b>Cash flow from financing activities</b>	<b>-386,166</b>	<b>139,312</b>
<b>Change in cash and cash equivalents</b>	<b>-512,700</b>	<b>-4,678</b>
Cash and cash equivalents at beginning of period <sup>2</sup>	1,497,731	1,589,941
Change in cash and cash equivalents	-512,700	-4,678
Effects of foreign currency exchange differences on cash and cash equivalents	-8,184	3,308
<b>Cash and cash equivalents at end of period<sup>2</sup></b>	<b>976,847</b>	<b>1,588,571</b>
thereof non-profit societies	99,831	118,823

<sup>1</sup> The non-cash income and expenses are primarily from the results of shares held in at equity consolidated companies and exchange rate changes.

<sup>2</sup> The amount of cash and cash equivalents at the beginning and the end of period correlates with position cash and cash equivalents on the asset side and consists of cash on hand and overnight deposits.

**Additional information on the statement of cash flows**
**1.1.-30.9.2018**
**1.1.-30.9.2017**
**in EUR '000**

Received interest <sup>1</sup>	578,857	581,354
Received dividends <sup>1</sup>	84,623	109,660
Interest paid <sup>2</sup>	57,728	54,535
Income taxes paid <sup>1</sup>	60,098	48,147

<sup>1</sup> Income tax payments, received dividends and received interest are included in the cash flow from operating activities.

<sup>2</sup> Interest paid result primarily from financing activities.

**Reconciliation of liabilities from financing activities**
**30.9.2018**

	Subordinated liabilities (including interests)	Liabilities to financial institutions	Liabilities from public funding	Financing liabilities <sup>1</sup>	Derivative financial instruments <sup>2</sup>
<b>in EUR '000</b>					
Book value as of 31.12. of the previous year	1,490,999	1,201,031	100,018	1,480,417	1,166
<b>Cash changes</b>	<b>-35,530</b>	<b>-73,226</b>	<b>3,904</b>	<b>1,702</b>	<b>0</b>
Cash inflows	0	59,742	5,756	61,228	0
Payments	0	-123,506	-1,816	-49,472	0
Interest paid	-35,530	-9,462	-36	-10,054	0
<b>Non-cash changes</b>	<b>47,904</b>	<b>9,476</b>	<b>288</b>	<b>9,950</b>	<b>-821</b>
Additions	48,065	9,491	288	14,290	0
Disposals	0	-15	0	-3,512	-68
Reclassifications	0	0	0	-849	0
Measurement changes	0	0	0	65	-423
Exchange rate differences	-161	0	0	-44	-330
<b>Book value as of 30.9.</b>	<b>1,503,373</b>	<b>1,137,281</b>	<b>104,210</b>	<b>1,492,069</b>	<b>345</b>

<sup>1</sup> Contains lease liabilities, derivative liabilities from financing liabilities and other financing liabilities

<sup>2</sup> Only for derivatives from financing activities

**Reconciliation of liabilities from financing activities**
**31.12.2017**

	Subordinated liabilities (including interests)	Liabilities to financial institutions	Liabilities from public funding	Financing liabilities <sup>1</sup>	Derivative financial instruments <sup>2</sup>
<b>in EUR '000</b>					
Book value as of 31.12. of the previous year	1,265,009	1,304,900	91,049	1,528,828	38
<b>Cash changes</b>	<b>131,660</b>	<b>-113,179</b>	<b>4,274</b>	<b>-23,327</b>	<b>55</b>
Cash inflows	450,000	106,595	7,742	57,808	213
Payments	-257,355	-205,190	-3,418	-64,020	-158
Interest paid	-60,985	-14,584	-50	-17,115	0
<b>Non-cash changes</b>	<b>94,330</b>	<b>9,310</b>	<b>4,695</b>	<b>-25,084</b>	<b>1,073</b>
Additions	59,852	12,352	5,210	17,579	0
Disposals	0	-11	-522	-10,436	0
Change in the scope of consolidation	0	0	0	-14	0
Reclassifications	33,326	341	0	-33,326	0
Measurement changes	0	-3,373	0	1,120	144
Exchange rate differences	1,152	1	7	-7	929
<b>Book value as of 31.12.</b>	<b>1,490,999</b>	<b>1,201,031</b>	<b>100,018</b>	<b>1,480,417</b>	<b>1,166</b>

<sup>1</sup> Contains lease liabilities, derivative liabilities from financing liabilities and other financing liabilities

<sup>2</sup> Only for derivatives from financing activities

# Notes to the consolidated financial statements

## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements for the 1<sup>st</sup>–3<sup>rd</sup> quarter 2018 were prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the European Union, and the applicable commercial law provisions of § 245a(1) of the Austrian Commercial Code (Unternehmensgesetzbuch – UGB) and Chapter 7 of the Austrian Insurance Supervision Act (Versicherungsaufsichtsgesetz – VAG).

The same IFRS accounting policies were used as for the last financial statements for the previous financial year. Similarly, the estimates and discretionary assessments needed to prepare the consolidated financial statements were made in the same way. This does not include newly applicable or amended standards.

### Adoption of new standards and new interpretations

To the extent they are relevant to Vienna Insurance Group (VIG), VIG has applied the IFRS annual improvements (2014–2016 cycle), IFRS 15 “Revenue from contracts with customers”, including clarifications, IFRIC 22 “Foreign currency transactions and advance consideration”, amendments to IFRS 2 “Clarifications and measurement of share-based payments”, amendments to IFRS 4 “Application of IFRS 9 “Financial instruments” in conjunction with IFRS 4 “Insurance contracts” and amendments to IAS 40 “Classification of property under construction” since 1 January 2018. Application of the amended standards had either no effect, or no material effect on the condensed consolidated interim financial statements.

### New standards and amendments to existing reporting standards that have or have not been adopted or have not yet been adopted by the EU

New standards and changes to current reporting standards		Applicable as of <sup>1</sup>
<b>Those already adopted by the EU</b>		
IFRS 16	Leases	1.1.2019
IFRS 9	Financial instruments	1.1.2018 <sup>2</sup>
Changes in IFRS 9	Prepayment features with negative compensation	1.1.2019
IFRIC 23	Uncertainty over income tax treatments	1.1.2019
<b>Those which are not or not yet adopted by the EU</b>		
IFRS 14	Regulatory Deferral Accounts	EU decided this standard shall not be transferred into EU law
IFRS 17	Insurance contracts	1.1.2021
Changes according IFRS 10 and IAS 28	Sale or contribution of assets between an investor and its associate or joint venture	First-time application deferred for an indefinite period
All IFRS	Yearly improvements (cycle 2015–2017)	1.1.2019
Changes in IAS 19	Remeasurement due to a plan amendment, curtailment or settlement	1.1.2019
Changes in IAS 28	Clarification for application of impairment requirements to long-term interests	1.1.2019
Changes framework	New sections, such as Status and purpose of the conceptual framework and Presentation and disclosure, as well as addition of the Derecognition section to the Recognition section.	1.1.2020
Changes in IAS 1 and IAS 8	Definition of material	1.1.2020
Changes in IFRS 3	Business Combinations	1.1.2020

<sup>1</sup> VIG is not planning early adoption of the provisions listed in the table.

<sup>2</sup> The first time adoption for insurance companies can be delayed to 1 January 2021.

The status of IFRS 9, IFRS 16 and IFRS 17 that was published for the 1<sup>st</sup> half of 2018 remains unchanged for the current reporting date.

## Foreign currency translation

Transactions and separate financial statements in foreign currencies were translated in the interim report for the 1<sup>st</sup>-3<sup>rd</sup> quarter 2018 as indicated on page 102 of the Group Annual Report for 2017.

Name	Currency	Period-end exchange rate		Average exchange rate	
		30.9.2018	31.12.2017	1.1.-30.9.2018	1.1.-30.9.2017
<b>1 EUR ≙</b>					
Albanian lek	ALL	126.2900	132.9500	128.5953	134.3349
Bosnian Convertible Marka	BAM	1.9558	1.9558	1.9558	1.9558
Bulgarian lev	BGN	1.9558	1.9558	1.9558	1.9558
Georgian lari	GEL	3.0306	3.1044	2.9683	2.7620
Croatian kuna	HRK	7.4346	7.4400	7.4176	7.4411
Macedonian denar	MKD	61.4938	61.4907	61.5170	61.5939
Moldovan leu	MDL	19.7618	20.4099	19.9466	20.9524
Turkish new lira	TRY	6.9650	4.5464	5.5098	4.0031
Polish zloty	PLN	4.2774	4.1770	4.2488	4.2651
Romanian leu	RON	4.6638	4.6585	4.6518	4.5523
Swiss franc	CHF	1.1316	1.1702	1.1611	1.0951
Serbian dinar	RSD	118.4179	118.4727	118.2478	122.1763
Czech koruna	CZK	25.7310	25.5350	25.5744	26.5475
Ukraine hryvnia	UAH	33.1288	33.4954	32.2088	29.4746
Hungarian forint	HUF	324.3700	310.3300	317.5141	308.4044

## DISCLOSURES ON SEASONAL AND ECONOMIC INFLUENCES

Within VIG, seasonal fluctuations mainly occur in premiums, losses and the financial result. Due to the large number of insurance contracts 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 year) also normally shows a higher level of charges, mainly due to adverse environmental influences (snow, snowmelt, storms, floods). Adverse weather events, such as storms, can also occur during the summer and autumn. With respect to the financial result, most of the dividend income occurs in the 2<sup>nd</sup> quarter.

## CHANGES IN THE SCOPE OF CONSOLIDATION

Acquired companies are added to the scope of consolidation based on an internal Group guideline. The guideline includes quantitative thresholds and criteria. Detailed information is available in the Group Annual Report for 2017 starting on page 121.

Deconsolidations	Reason for deconsolidation	Date of deconsolidation	Segment
S IMMO AG	Sale	9.4.2018	Austria

Expansion of the scope of consolidation*	acquisition/formation	Shares	First time consolidation	Method
	Date	in %	Date	
VIG-AT Beteiligungen	2017	100.00	1.1.2018	full consolidation
SVZD GmbH	2017	100.00	1.1.2018	full consolidation
Vienna Osiguranje (previously Merkur Osiguranje)	2018	100.00	1.4.2018	full consolidation

\*Unless indicated otherwise, no goodwill exists.

## Companies acquired

Companies acquired but not yet consolidated	Acquired shares
in %	
Seesam Insurance AS	100.00
Gothaer*	100.00

\*Closing had not taken place yet by the balance sheet date.

Seesam Insurance AS was not yet included in the scope of consolidation in the 3<sup>rd</sup> quarter of 2018, as integration of the company into the Group-wide control system was not yet fully completed.

Due to the lack of closing for the transaction and lack of control over the company, Gothaer was not yet added to the scope of consolidation on the balance sheet date.

## Effect of the changes in the scope of consolidation

Balance sheet	Additions	Disposals
in EUR '000		
Intangible assets	4,374	0
Investments (excl. shares in at equity consolidated companies)	68,904	0
Shares in at equity consolidated companies	0	95,361
Reinsurers' share in underwriting provisions	578	0
Receivables (incl. tax receivables and advance payments out of income tax)	324	0
Other assets	1,690	0
Cash and cash equivalents	5,039	0
Underwriting provisions	66,694	0
Non-underwriting provisions	140	0
Liabilities (incl. Tax liabilities out of income tax)	377	0
Other liabilities	506	0

The figures shown in the table above reflect the actual dates of first consolidation, as shown in the deconsolidation and expansion of the scope of consolidation tables.

Contribution to profit before taxes in reporting period	Additions	Disposals
in EUR '000		
Net earned premiums – retention	7,244	0
Financial result excluding at equity consolidated companies	1,247	0
Result from shares in at equity consolidated companies	0	20,530
Other income	50	0
Expenses for claims and insurance benefits – retention	-5,660	0
Acquisition and administrative expenses	-2,294	0
Other expenses	-86	0
<b>Result before taxes</b>	<b>501</b>	<b>20,530</b>

## NON-PROFIT SOCIETIES

Non-profit societies build or renovate housing whose financing largely comes from housing construction subsidies that are provided for by subsidy laws and directives at the provincial level. Housing that is financed by housing construction subsidies

is subject to special restrictions set down in the Austrian Non-Profit Housing Act (Wohnungsgemeinnützigkeitsgesetz – WGG) that govern annual distributions and access to the assets of the housing society.

As a result, the total amount of annual profit that can be distributed may not exceed an amount equal to the total paid-in share capital times the interest rate (currently 3.5%) applicable under Section 14 (1) no. 3 WGG. In addition, when members leave a housing society or a housing society is dissolved, the members may not receive more than their paid-in capital contributions and their share of distributable profits. Any remaining assets are to be used for the purposes of non-profit housing. Reorganisation possibilities are also restricted. Merger agreements for merger of a housing society with other companies and spin-offs to other companies are considered legally invalid if the absorbing or newly formed company is not non-profit within the meaning of the WGG. Title to buildings, residential units and business units (co-ownership, condominium ownership) may only be transferred to the tenants or another building society within the meaning of the WGG.

VIG indirectly holds shares in the following consolidated non-profit societies:

- Neuland GmbH
- Sozialbau AG
- Urbanbau GmbH
- Erste Heimstätte GmbH
- Gemeinnützige Industrie-Wohnungsaktiengesellschaft
- Gemeinnützige Mürz-Ybbs Siedlungsanlagen-GmbH
- Schwarzatal GmbH
- Alpenländische Heimstätte GmbH
- Neue Heimat Oberösterreich GmbH

Assets	30.9.2018	thereof non-profit societies*	31.12.2017	thereof non-profit societies*
<b>in EUR '000</b>				
Intangible assets	1,905,494	1,472	1,970,641	1,592
Investments	36,530,212	3,869,709	35,932,907	3,772,645
Investments for unit-linked and index-linked life insurance	8,742,965	0	9,061,073	0
Reinsurers' share in underwriting provisions	1,081,015	0	1,066,320	0
Receivables	1,544,185	73,015	1,475,862	62,363
Tax receivables and advance payments out of income tax	276,598	6	239,455	6
Deferred tax assets	90,553	216	80,806	228
Other assets	407,905	5,137	389,160	5,570
Cash and cash equivalents	976,847	99,831	1,497,731	118,731
<b>Total</b>	<b>51,555,774</b>	<b>4,049,386</b>	<b>51,713,955</b>	<b>3,961,135</b>

\*Incl. their subsidiaries

Liabilities and shareholders' equity	30.9.2018	thereof non-profit societies*	31.12.2017	thereof non-profit societies*
<b>in EUR '000</b>				
Subordinated liabilities	1,458,675	0	1,458,839	0
Underwriting provisions	30,520,580	0	30,168,173	0
Underwriting provisions for unit-linked and index-linked life insurance	8,339,997	0	8,612,749	0
Non-underwriting provisions	793,660	44,770	793,792	58,630
Liabilities	4,015,049	2,684,258	4,032,102	2,638,085
Tax liabilities out of income tax	221,305	10	202,050	7
Deferred tax liabilities	250,266	0	255,064	0
Other liabilities	143,210	661	147,237	322
<b>Subtotal</b>	<b>45,742,742</b>	<b>2,729,699</b>	<b>45,670,006</b>	<b>2,697,044</b>
Shareholders' equity	5,813,032		6,043,949	
<b>Total</b>	<b>51,555,774</b>	<b>2,729,699</b>	<b>51,713,955</b>	<b>2,697,044</b>

\*Incl. their subsidiaries

Income statement	1.1.-30.9.2018	thereof non-profit societies*	1.1.-30.9.2017	thereof non-profit societies*
<b>in EUR '000</b>				
Premiums written – gross	7,357,472	0	7,152,648	0
Net earned premiums – retention	6,518,053	0	6,325,767	0
<b>Financial result excluding at equity consolidated companies</b>	<b>753,847</b>	<b>63,066</b>	<b>695,860</b>	<b>48,356</b>
Income from investments	1,219,953	225,170	1,176,957	210,768
Expenses for investments and interest expenses	-466,106	-162,104	-481,097	-162,412
Result from shares in at equity consolidated companies	42,004	0	36,211	0
Other income	83,304	0	131,738	0
Expenses for claims and insurance benefits – retention	-5,195,590	0	-5,167,822	0
Acquisition and administrative expenses	-1,600,603	0	-1,513,467	0
Other expenses	-248,687	-1,869	-177,055	-1,689
<b>Result before taxes</b>	<b>352,328</b>	<b>61,197</b>	<b>331,232</b>	<b>46,667</b>
Taxes	-76,850	-49	-65,021	164
<b>Result of the period</b>	<b>275,478</b>	<b>61,148</b>	<b>266,211</b>	<b>46,831</b>

\*Incl. their subsidiaries

## SEGMENT REPORTING

The statements concerning segment reporting made in the Group Annual Report for 2017 are still valid, continue to apply and can be read starting on page 126 of that report.

Wiener Re was added to the Central Functions segment in the 1<sup>st</sup> half of 2018.

## CONSOLIDATED BALANCE SHEET BY SEGMENT

Assets	Austria		Czech Republic		Slovakia	
	30.9.2018	31.12.2017	30.9.2018	31.12.2017	30.9.2018	31.12.2017
<b>in EUR '000</b>						
Intangible assets	379,191	369,941	490,846	497,204	120,823	119,262
Investments	22,761,171	22,471,543	3,225,704	3,187,622	1,300,344	1,314,977
Investments for unit-linked and index-linked life insurance	5,695,115	5,869,028	366,900	358,039	216,982	211,392
Reinsurers' share in underwriting provisions	416,533	423,340	104,357	97,678	26,834	33,111
Receivables	579,107	581,646	133,931	123,510	71,326	65,381
Tax receivables and advance payments out of income tax	17,833	17,523	8,292	13,964	1,578	1,203
Deferred tax assets	6,620	3,415	5,134	5,168	9,613	5,432
Other assets	124,273	135,236	158,862	159,513	11,745	11,410
Cash and cash equivalents	419,564	798,824	18,226	166,807	63,322	67,027
<b>Total</b>	<b>30,399,407</b>	<b>30,670,496</b>	<b>4,512,252</b>	<b>4,609,505</b>	<b>1,822,567</b>	<b>1,829,195</b>

Assets	Poland		Romania		Baltic states	
	30.9.2018	31.12.2017	30.9.2018	31.12.2017	30.9.2018	31.12.2017
<b>in EUR '000</b>						
Intangible assets	147,934	148,146	135,305	186,909	128,148	132,976
Investments	969,194	935,138	702,882	669,064	458,138	398,310
Investments for unit-linked and index-linked life insurance	772,202	940,143	140,974	177,958	60,018	51,850
Reinsurers' share in underwriting provisions	52,049	51,954	32,754	31,785	31,025	23,049
Receivables	159,194	125,510	146,107	162,084	64,488	51,323
Tax receivables and advance payments out of income tax	1,728	1,463	2,118	2,120	854	258
Deferred tax assets	9,785	5,686	23,573	25,884	1,155	1,057
Other assets	6,513	9,078	7,511	7,227	10,088	7,012
Cash and cash equivalents	18,613	32,310	18,189	11,892	30,336	43,239
<b>Total</b>	<b>2,137,212</b>	<b>2,249,428</b>	<b>1,209,413</b>	<b>1,274,923</b>	<b>784,250</b>	<b>709,074</b>

Assets	Hungary		Bulgaria		Turkey/Georgia	
	30.9.2018	31.12.2017	30.9.2018	31.12.2017	30.9.2018	31.12.2017
<b>in EUR '000</b>						
Intangible assets	23,691	23,592	184,771	184,696	20,503	22,459
Investments	145,634	154,371	166,626	166,353	73,895	95,576
Investments for unit-linked and index-linked life insurance	424,493	430,862	5,895	3,586	0	0
Reinsurers' share in underwriting provisions	11,978	15,651	20,990	15,637	73,338	80,682
Receivables	23,490	16,240	51,793	40,256	60,666	56,739
Tax receivables and advance payments out of income tax	63	3	633	6	727	57
Deferred tax assets	1,835	1,941	1,069	1,063	1,395	1,370
Other assets	9,331	6,031	2,529	2,010	2,012	2,048
Cash and cash equivalents	7,894	4,282	31,978	21,781	15,430	21,007
<b>Total</b>	<b>648,409</b>	<b>652,973</b>	<b>466,284</b>	<b>435,388</b>	<b>247,966</b>	<b>279,938</b>



Liabilities and shareholders' equity	Austria		Czech Republic		Slovakia	
	30.9.2018	31.12.2017	30.9.2018	31.12.2017	30.9.2018	31.12.2017
in EUR '000						
Subordinated liabilities	337,300	337,300	21,375	21,539	0	0
Underwriting provisions	22,018,689	22,023,833	2,943,854	3,016,152	1,177,791	1,140,185
Underwriting provisions for unit-linked and index-linked life insurance	5,453,567	5,599,225	227,930	219,815	228,564	226,462
Non-underwriting provisions	495,740	513,529	8,711	3,970	2,102	3,331
Liabilities	537,470	542,969	214,523	217,640	74,236	83,901
Tax liabilities out of income tax	199,228	179,838	9,193	11,989	8	2,973
Deferred tax liabilities	173,411	166,449	32,185	33,419	10,380	11,809
Other liabilities	69,042	78,872	24,979	16,788	5,741	6,217
<b>Subtotal</b>	<b>29,284,447</b>	<b>29,442,015</b>	<b>3,482,750</b>	<b>3,541,312</b>	<b>1,498,822</b>	<b>1,474,878</b>

Liabilities and shareholders' equity	Poland		Romania		Baltic states	
	30.9.2018	31.12.2017	30.9.2018	31.12.2017	30.9.2018	31.12.2017
in EUR '000						
Subordinated liabilities	0	0	0	0	0	0
Underwriting provisions	864,402	822,376	640,972	590,822	452,794	387,366
Underwriting provisions for unit-linked and index-linked life insurance	748,433	903,983	140,583	176,822	60,018	51,850
Non-underwriting provisions	19,689	9,220	40,830	25,971	566	335
Liabilities	78,109	85,024	68,335	74,946	47,328	36,961
Tax liabilities out of income tax	3,677	203	0	0	1,157	217
Deferred tax liabilities	21,927	21,620	0	0	2,683	2,683
Other liabilities	12,858	13,442	3,380	8,260	2,404	1,959
<b>Subtotal</b>	<b>1,749,095</b>	<b>1,855,868</b>	<b>894,100</b>	<b>876,821</b>	<b>566,950</b>	<b>481,371</b>

Liabilities and shareholders' equity	Hungary		Bulgaria		Turkey/Georgia	
	30.9.2018	31.12.2017	30.9.2018	31.12.2017	30.9.2018	31.12.2017
in EUR '000						
Subordinated liabilities	0	0	0	0	0	0
Underwriting provisions	167,690	144,046	171,834	148,198	175,479	187,618
Underwriting provisions for unit-linked and index-linked life insurance	417,625	420,163	5,642	3,452	0	0
Non-underwriting provisions	1,783	3,718	27,006	24,133	8,341	7,293
Liabilities	24,683	20,314	24,372	18,618	17,149	26,772
Tax liabilities out of income tax	369	356	703	398	476	510
Deferred tax liabilities	339	652	1,098	1,315	475	53
Other liabilities	776	2,682	299	416	994	1,881
<b>Subtotal</b>	<b>613,265</b>	<b>591,931</b>	<b>230,954</b>	<b>196,530</b>	<b>202,914</b>	<b>224,127</b>

Assets	Remaining CEE		Other Markets		Central Functions		Total	
	30.9.2018	31.12.2017	30.9.2018	31.12.2017	30.9.2018	31.12.2017	30.9.2018	31.12.2017
<i>in EUR '000</i>								
Intangible assets	83,157	77,568	1,347	1,428	189,778	206,460	1,905,494	1,970,641
Investments	938,674	810,374	655,954	655,798	5,131,996	5,073,781	36,530,212	35,932,907
Investments for unit-linked and index-linked life insurance	77,061	86,497	983,325	931,718	0	0	8,742,965	9,061,073
Reinsurers' share in underwriting provisions	14,830	27,374	5,740	6,010	290,587	260,049	1,081,015	1,066,320
Receivables	73,719	77,580	14,180	15,355	166,184	160,238	1,544,185	1,475,862
Tax receivables and advance payments out of income tax	236	1,087	1,595	0	240,941	201,771	276,598	239,455
Deferred tax assets	5,082	3,836	2,552	1,894	22,740	24,060	90,553	80,806
Other assets	14,039	12,991	4,341	4,426	56,661	32,178	407,905	389,160
Cash and cash equivalents	24,854	22,103	41,981	25,263	286,460	283,196	976,847	1,497,731
<b>Total</b>	<b>1,231,652</b>	<b>1,119,410</b>	<b>1,711,015</b>	<b>1,641,892</b>	<b>6,385,347</b>	<b>6,241,733</b>	<b>51,555,774</b>	<b>51,713,955</b>

Liabilities and shareholders' equity	Remaining CEE		Other Markets		Central Functions		Total	
	30.9.2018	31.12.2017	30.9.2018	31.12.2017	30.9.2018	31.12.2017	30.9.2018	31.12.2017
<i>in EUR '000</i>								
Subordinated liabilities	0	0	0	0	1,100,000	1,100,000	1,458,675	1,458,839
Underwriting provisions	864,028	741,132	626,489	609,390	416,558	357,055	30,520,580	30,168,173
Underwriting provisions for unit-linked and index-linked life insurance	77,061	86,497	980,574	924,480	0	0	8,339,997	8,612,749
Non-underwriting provisions	7,547	7,611	8,616	9,061	172,729	185,620	793,660	793,792
Liabilities	28,454	40,392	31,795	36,219	2,868,595	2,848,346	4,015,049	4,032,102
Tax liabilities out of income tax	879	627	1,305	219	4,310	4,720	221,305	202,050
Deferred tax liabilities	3,603	2,694	334	584	3,831	13,786	250,266	255,064
Other liabilities	18,256	14,478	2	2	4,479	2,240	143,210	147,237
<b>Subtotal</b>	<b>999,828</b>	<b>893,431</b>	<b>1,649,115</b>	<b>1,579,955</b>	<b>4,570,502</b>	<b>4,511,767</b>	<b>45,742,742</b>	<b>45,670,006</b>
Shareholders' equity							5,813,032	6,043,949
<b>Total</b>							<b>51,555,774</b>	<b>51,713,955</b>

Intrasegment transactions have been eliminated from the amounts indicated for each segment. As a result, the segment assets and liabilities cannot be netted to determine the segment shareholders' equity.

## CONSOLIDATED INCOME STATEMENT BY SEGMENT

	Austria		Czech Republic		Slovakia		Poland	
	1.1.-30.9.18	1.1.-30.9.17	1.1.-30.9.18	1.1.-30.9.17	1.1.-30.9.18	1.1.-30.9.17	1.1.-30.9.18	1.1.-30.9.17
in EUR '000								
Premiums written – gross	2,996,449	3,009,649	1,274,361	1,206,468	591,699	589,189	668,706	675,184
Net earned premiums – retention	2,364,491	2,380,250	955,696	896,553	490,000	486,299	508,642	541,412
<b>Financial result excluding at equity consolidated companies</b>	<b>538,729</b>	<b>524,559</b>	<b>77,268</b>	<b>67,045</b>	<b>38,296</b>	<b>40,560</b>	<b>19,160</b>	<b>24,207</b>
Income from investments	672,634	655,438	117,137	102,093	41,273	43,809	28,566	33,577
Expenses for investments and interest expenses	-133,905	-130,879	-39,869	-35,048	-2,977	-3,249	-9,406	-9,370
Result from shares in at equity consolidated companies	38,151	32,535	2,288	2,181	0	0	0	0
Other income	14,225	14,343	16,450	33,934	2,841	6,693	5,381	4,332
Expenses for claims and insurance benefits – retention	-2,318,077	-2,335,998	-605,790	-589,798	-393,887	-398,144	-371,733	-410,806
Acquisition and administrative expenses	-490,109	-492,897	-294,563	-270,146	-89,145	-76,367	-110,405	-114,741
Other expenses	-17,180	-17,124	-27,514	-26,115	-16,325	-19,147	-27,536	-13,413
<b>Result before taxes</b>	<b>130,230</b>	<b>105,668</b>	<b>123,835</b>	<b>113,654</b>	<b>31,780</b>	<b>39,894</b>	<b>23,509</b>	<b>30,991</b>
Taxes	-49,966	-23,511	-24,481	-23,359	-10,985	-11,472	-5,969	-7,054
<b>Result of the period</b>	<b>80,264</b>	<b>82,157</b>	<b>99,354</b>	<b>90,295</b>	<b>20,795</b>	<b>28,422</b>	<b>17,540</b>	<b>23,937</b>

	Romania		Baltic states		Hungary		Bulgaria	
	1.1.-30.9.18	1.1.-30.9.17	1.1.-30.9.18	1.1.-30.9.17	1.1.-30.9.18	1.1.-30.9.17	1.1.-30.9.18	1.1.-30.9.17
in EUR '000								
Premiums written – gross	392,934	373,364	279,200	239,712	191,131	171,843	129,617	119,566
Net earned premiums – retention	294,173	278,226	202,129	178,962	143,459	121,757	93,792	83,075
<b>Financial result excluding at equity consolidated companies</b>	<b>9,684</b>	<b>9,969</b>	<b>4,069</b>	<b>4,719</b>	<b>4,808</b>	<b>4,928</b>	<b>7,575</b>	<b>8,341</b>
Income from investments	15,875	14,124	5,851	6,222	6,069	6,408	18,586	20,161
Expenses for investments and interest expenses	-6,191	-4,155	-1,782	-1,503	-1,261	-1,480	-11,011	-11,820
Result from shares in at equity consolidated companies	0	0	0	0	0	0	0	0
Other income	3,414	12,752	864	1,470	4,424	1,992	338	5,574
Expenses for claims and insurance benefits – retention	-219,595	-191,707	-145,910	-125,349	-111,898	-86,390	-54,787	-48,579
Acquisition and administrative expenses	-78,839	-77,973	-49,618	-50,025	-28,687	-30,124	-33,902	-28,728
Other expenses	-81,037	-22,367	-8,448	-10,977	-7,425	-8,694	-6,052	-13,961
<b>Result before taxes</b>	<b>-72,200</b>	<b>8,900</b>	<b>3,086</b>	<b>-1,200</b>	<b>4,681</b>	<b>3,469</b>	<b>6,964</b>	<b>5,722</b>
Taxes	-3,104	-256	-1,148	59	-406	-262	-796	-464
<b>Result of the period</b>	<b>-75,304</b>	<b>8,644</b>	<b>1,938</b>	<b>-1,141</b>	<b>4,275</b>	<b>3,207</b>	<b>6,168</b>	<b>5,258</b>

	Turkey/Georgia		Remaining CEE		Other Markets	
	1.1.-30.9.18	1.1.-30.9.17	1.1.-30.9.18	1.1.-30.9.17	1.1.-30.9.18	1.1.-30.9.17
<b>in EUR '000</b>						
Premiums written – gross	149,090	154,724	284,647	263,149	232,700	228,513
Net earned premiums – retention	70,159	76,903	213,264	183,806	198,300	195,971
<b>Financial result excluding at equity consolidated companies</b>	<b>5,129</b>	<b>6,730</b>	<b>26,058</b>	<b>20,062</b>	<b>14,557</b>	<b>15,373</b>
Income from investments	9,305	9,771	31,710	31,459	15,987	17,235
Expenses for investments and interest expenses	-4,176	-3,041	-5,652	-11,397	-1,430	-1,862
Result from shares in at equity consolidated companies	0	0	0	0	0	0
Other income	14,968	3,431	4,869	10,650	2,006	35,897
Expenses for claims and insurance benefits – retention	-57,090	-63,120	-146,501	-123,922	-134,956	-189,774
Acquisition and administrative expenses	-14,197	-15,334	-70,001	-68,071	-20,310	-16,552
Other expenses	-14,021	-1,715	-7,725	-10,168	-39,460	-20,596
<b>Result before taxes</b>	<b>4,948</b>	<b>6,895</b>	<b>19,964</b>	<b>12,357</b>	<b>20,137</b>	<b>20,319</b>
Taxes	-879	-1,270	-3,555	-3,077	-4,978	-5,114
<b>Result of the period</b>	<b>4,069</b>	<b>5,625</b>	<b>16,409</b>	<b>9,280</b>	<b>15,159</b>	<b>15,205</b>

	Central Functions		Consolidation		Total	
	1.1.-30.9.18	1.1.-30.9.17	1.1.-30.9.18	1.1.-30.9.17	1.1.-30.9.18	1.1.-30.9.17
<b>in EUR '000</b>						
Premiums written – gross	1,168,149	1,068,130	-1,001,211	-946,843	7,357,472	7,152,648
Net earned premiums – retention	979,661	901,234	4,287	1,319	6,518,053	6,325,767
<b>Financial result excluding at equity consolidated companies</b>	<b>8,476</b>	<b>-30,621</b>	<b>38</b>	<b>-12</b>	<b>753,847</b>	<b>695,860</b>
Income from investments	305,143	280,018	-48,183	-43,358	1,219,953	1,176,957
Expenses for investments and interest expenses	-296,667	-310,639	48,221	43,346	-466,106	-481,097
Result from shares in at equity consolidated companies	1,565	1,495	0	0	42,004	36,211
Other income	13,527	1,235	-3	-565	83,304	131,738
Expenses for claims and insurance benefits – retention	-628,653	-604,563	-6,713	328	-5,195,590	-5,167,822
Acquisition and administrative expenses	-315,455	-268,451	-5,372	-4,058	-1,600,603	-1,513,467
Other expenses	-3,661	-15,572	7,697	2,794	-248,687	-177,055
<b>Result before taxes</b>	<b>55,460</b>	<b>-15,243</b>	<b>-66</b>	<b>-194</b>	<b>352,328</b>	<b>331,232</b>
Taxes	29,417	10,759	0	0	-76,850	-65,021
<b>Result of the period</b>	<b>84,877</b>	<b>-4,484</b>	<b>-66</b>	<b>-194</b>	<b>275,478</b>	<b>266,211</b>

## NOTES TO THE CONSOLIDATED BALANCE SHEET

### 1. INTANGIBLE ASSETS

Composition	30.9.2018	31.12.2017
in EUR '000		
Goodwill	1,479,656	1,537,694
Purchased insurance portfolios	26,817	28,092
<b>Other intangible assets</b>	<b>399,021</b>	<b>404,855</b>
Purchased software	330,879	334,821
Other	68,142	70,034
<b>Total</b>	<b>1,905,494</b>	<b>1,970,641</b>

Development of goodwill	30.9.2018	31.12.2017
in EUR '000		
Acquisition costs	1,906,517	1,884,782
Cumulative impairment as of 31.12. of previous years	-368,823	-352,592
<b>Book value as of 31.12. of the previous year</b>	<b>1,537,694</b>	<b>1,532,190</b>
Exchange rate differences	-8,756	23,790
<b>Book value as of 1.1.</b>	<b>1,528,938</b>	<b>1,555,980</b>
Additions	813	1,176
Impairments	-50,095	-19,462
<b>Book value as of 30.9. and 31.12. respectively</b>	<b>1,479,656</b>	<b>1,537,694</b>
Cumulative appreciation/depreciation as of 30.9. and 31.12. respectively	418,632	368,823
<b>Acquisition costs</b>	<b>1,898,288</b>	<b>1,906,517</b>

Due to the increase in the yields on Romanian government bonds in the 2<sup>nd</sup> quarter of 2018, VIG had the plans for its Romanian subsidiaries updated. They indicated a deterioration of results in one area, leading VIG to perform an impairment test for the Romanian CGU group for the 1<sup>st</sup> half of 2018. The resulting necessary impairment of EUR 50.1 million was recognised as an expense in the 2018 half-year report.

The impairments in the previous year concerned the Ukraine, Moldova and Albania incl. Kosovo CGU groups.

### 2. INVESTMENTS

Composition	30.9.2018	31.12.2017
in EUR '000		
Land and buildings	5,776,217	5,684,598
Shares in at equity consolidated companies	215,314	298,149
Loans and other investments	3,479,722	3,267,067
Other securities	27,058,959	26,683,093
<b>Total</b>	<b>36,530,212</b>	<b>35,932,907</b>

## 2.1. Other securities

Development	Held to maturity (incl. reclassified)		Available for sale		Recognised at fair value through profit and loss <sup>1</sup>	
	30.9.2018	31.12.2017	30.9.2018	31.12.2017	30.9.2018	31.12.2017
in EUR '000						
Acquisition costs	3,127,710	3,063,233				
Cumulative depreciation as of 31.12. of the previous years	-261	2,589				
<b>Book value as of 31.12. of the previous year</b>	<b>3,127,449</b>	<b>3,065,822</b>	<b>23,220,303</b>	<b>21,851,248</b>	<b>335,341</b>	<b>461,290</b>
Exchange rate differences	-21,711	136,911	-21,670	34,806	-4,041	5,569
<b>Book value as of 1.1.</b>	<b>3,105,738</b>	<b>3,202,733</b>	<b>23,198,633</b>	<b>21,886,054</b>	<b>331,300</b>	<b>466,859</b>
Reclassifications	0	0	-296	-10,676	-3,880	-1,988
Additions	76,161	149,434	2,886,846	4,187,627	226,990	174,378
Disposals/repayments	-225,864	-224,289	-1,883,671	-2,966,688	-216,122	-301,222
Change in the scope of consolidation	11,895	0	6,978	46,290	0	0
Changes in value recognised in profit and loss	0	0	0	0	-2,480	-2,686
Changes recognised directly in equity	0	0	-450,670	86,153	0	0
Impairments	0	-429	-2,599	-8,457	0	0
<b>Book value as of 30.9. and 31.12. respectively</b>	<b>2,967,930</b>	<b>3,127,449</b>	<b>23,755,221</b>	<b>23,220,303</b>	<b>335,808</b>	<b>335,341</b>
Cumulative appreciation/depreciation as of 30.9. and 31.12. respectively	950	261				
Acquisition costs	2,968,880	3,127,710				

<sup>1</sup>Including held for trading

## 3. REINSURERS' SHARE IN UNDERWRITING PROVISIONS

Composition	30.9.2018	31.12.2017
in EUR '000		
Provision for unearned premiums	211,933	153,784
Mathematical reserve	37,951	37,850
Provision for outstanding claims	819,964	858,473
Provision for profit-unrelated premium refunds	10,348	14,670
Other underwriting provisions	819	1,543
<b>Total</b>	<b>1,081,015</b>	<b>1,066,320</b>

## 4. RECEIVABLES

Composition	30.9.2018	31.12.2017
in EUR '000		
<b>Underwriting</b>	<b>838,071</b>	<b>768,188</b>
Receivables from direct insurance business	714,878	639,792
from policyholders	567,165	492,952
from insurance intermediaries	99,767	102,919
from insurance companies	47,946	43,921
Receivables from reinsurance business	123,193	128,396
<b>Non-underwriting</b>	<b>706,114</b>	<b>707,674</b>
Other receivables	706,114	707,674
<b>Total</b>	<b>1,544,185</b>	<b>1,475,862</b>

## 5. EARNINGS PER SHARE (ANNUALISED)

		1.1.-30.9.2018	1.1.-30.9.2017	1.7.-30.9.2018	1.7.-30.9.2017
Result of the period	in EUR '000	275,478	266,211	101,791	93,964
Other non-controlling interests in net result of the period	in EUR '000	-7,073	-4,097	-3,232	-680
Non-controlling interests in the result of the period of non-profit societies	in EUR '000	-61,482	-47,163	-28,265	-24,911
<b>Result of the period less non-controlling interests</b>	<b>in EUR '000</b>	<b>206,923</b>	<b>214,951</b>	<b>70,294</b>	<b>68,373</b>
Accrued interest expenses for hybrid capital	in EUR '000	8,300	8,854	2,408	2,962
Number of shares at closing date	units	128,000,000	128,000,000	128,000,000	128,000,000
<b>Result per share (annualised)*</b>	<b>EUR</b>	<b>2.07</b>	<b>2.15</b>	<b>2.12</b>	<b>2.04</b>

\*The undiluted result per share equals the diluted result per share (in EUR).

## 6. UNDERWRITING PROVISIONS – GROSS

Composition	30.9.2018	31.12.2017
in EUR '000		
Provision for unearned premiums	1,601,173	1,395,073
<b>Mathematical reserve</b>	<b>22,085,562</b>	<b>21,962,632</b>
Guaranteed policy benefits	20,558,293	20,296,586
Allocated and committed profit shares	739,503	754,879
Deferred mathematical reserve	787,766	911,167
Provision for outstanding claims	5,273,090	5,141,400
<b>Provision for premium refunds</b>	<b>1,511,964</b>	<b>1,619,268</b>
Profit-related premium refunds	359,436	315,181
Profit-unrelated premium refunds	61,309	65,620
Deferred profit participation recognised through profit and loss*	321,379	231,850
Deferred profit participation recognised directly in equity*	769,840	1,006,617
Other underwriting provisions	48,791	49,800
<b>Total</b>	<b>30,520,580</b>	<b>30,168,173</b>

\*The deferred profit participation is solely due to the profit-related premium refund.

## 7. NON-UNDERWRITING PROVISIONS

Composition	30.9.2018	31.12.2017
in EUR '000		
Provisions for pensions and similar obligations	489,789	483,408
Other non-underwriting provisions	303,871	310,384
<b>Total</b>	<b>793,660</b>	<b>793,792</b>

## 8. LIABILITIES

Composition	30.9.2018	31.12.2017
in EUR '000		
<b>Underwriting</b>	<b>705,493</b>	<b>778,908</b>
Liabilities from direct business	515,896	625,886
to policyholders	282,923	407,101
to insurance intermediaries	188,234	191,205
to insurance companies	44,739	27,580
Liabilities from reinsurance business	143,509	102,197
Deposits from ceded reinsurance business	46,088	50,825
<b>Non-underwriting</b>	<b>3,309,556</b>	<b>3,253,194</b>
Liabilities to financial institutions	1,137,281	1,201,031
Other liabilities	2,172,275	2,052,163
<b>Total</b>	<b>4,015,049</b>	<b>4,032,102</b>



## NOTES TO THE CONSOLIDATED INCOME STATEMENT

### 9. PREMIUMS WRITTEN

Premiums written	1.1.-30.9.2018						
Gross	Motor own damage insurance (Casco)	Motor third party liability insurance	Other property and casualty insurance	Life insurance – regular premium	Life insurance – single premium	Health insurance	Total
<i>in EUR '000</i>							
Austria	227,143	258,792	1,080,031	937,115	179,841	313,527	2,996,449
Czech Republic	182,320	219,364	365,154	457,740	39,379	10,404	1,274,361
Slovakia	80,865	114,185	86,984	128,021	173,736	7,908	591,699
Poland	122,550	155,366	179,385	141,535	60,108	9,762	668,706
Romania	103,874	129,901	71,785	35,073	44,272	8,029	392,934
Baltic states	50,788	83,294	57,833	39,845	14,168	33,272	279,200
Hungary	13,419	21,893	43,769	65,056	37,041	9,953	191,131
Bulgaria	41,297	17,200	31,193	19,953	7,297	12,677	129,617
Turkey/Georgia	22,982	28,686	71,789	0	0	25,633	149,090
Remaining CEE	34,703	70,624	72,828	51,888	41,648	12,956	284,647
Other Markets	0	0	91,842	59,255	81,603	0	232,700
Central Functions	0	0	1,137,403	13,901	0	16,845	1,168,149
Consolidation							-1,001,211
<b>Total</b>	<b>879,941</b>	<b>1,099,305</b>	<b>3,289,996</b>	<b>1,949,382</b>	<b>679,093</b>	<b>460,966</b>	<b>7,357,472</b>

Premiums written	1.1.-30.9.2017						
Gross	Motor own damage insurance (Casco)	Motor third party liability insurance	Other property and casualty insurance	Life insurance – regular premium	Life insurance – single premium	Health insurance	Total
<i>in EUR '000</i>							
Austria	221,440	253,210	1,056,452	932,395	244,473	301,679	3,009,649
Czech Republic	172,346	208,800	343,617	422,719	49,113	9,873	1,206,468
Slovakia	78,042	108,878	85,025	123,618	186,700	6,926	589,189
Poland	99,606	133,762	158,782	147,935	127,598	7,501	675,184
Romania	93,801	128,025	69,388	31,136	45,294	5,720	373,364
Baltic states	42,020	74,329	49,360	35,685	11,019	27,299	239,712
Hungary	12,636	17,033	44,225	65,165	26,525	6,259	171,843
Bulgaria	35,342	15,624	31,032	20,512	6,902	10,154	119,566
Turkey/Georgia	23,177	32,699	74,571	0	0	24,277	154,724
Remaining CEE	32,141	66,432	79,039	45,483	31,232	8,822	263,149
Other Markets	0	0	86,839	55,590	86,084	0	228,513
Central Functions	0	0	1,040,404	12,823	0	14,903	1,068,130
Consolidation							-946,843
<b>Total</b>	<b>810,551</b>	<b>1,038,792</b>	<b>3,118,734</b>	<b>1,893,061</b>	<b>814,940</b>	<b>423,413</b>	<b>7,152,648</b>

## 10. FINANCIAL RESULT EXCLUDING AT EQUITY CONSOLIDATED COMPANIES

Composition	1.1.-30.9.2018						
	Austria	Czech Republic	Slovakia	Poland	Romania	Baltic states	Hungary
<b>in EUR '000</b>							
Current income	555,451	72,839	32,497	16,623	14,333	5,332	4,033
Income from appreciation	2,771	1,711	968	989	6	166	0
of which a reduction in impairment	0	0	0	0	0	0	0
Gains from disposal of investments	73,531	29,457	6,736	2,860	978	272	213
Other income	40,881	13,130	1,072	8,094	558	81	1,823
<b>Total income</b>	<b>672,634</b>	<b>117,137</b>	<b>41,273</b>	<b>28,566</b>	<b>15,875</b>	<b>5,851</b>	<b>6,069</b>
Depreciation of investment	30,992	5,977	1,640	3,272	1,223	651	330
of which impairment of investments	2,069	0	0	0	0	0	317
Exchange rate differences	153	-3,739	-7	-1,195	-204	63	19
Losses from disposal of investments	6,275	17,821	502	857	535	175	157
<b>Interest expenses</b>	<b>41,926</b>	<b>3,237</b>	<b>88</b>	<b>2,939</b>	<b>2,857</b>	<b>300</b>	<b>58</b>
Personnel provisions	4,464	0	0	0	0	0	4
Interest expenses for liabilities to financial institutions	31	0	0	0	0	0	0
Interest expenses for financing liabilities	1,606	0	0	0	0	0	0
Interest expenses for subordinate liabilities	26,943	812	0	399	802	270	0
Other interest expenses	8,882	2,425	88	2,540	2,055	30	54
<b>Other expenses</b>	<b>54,559</b>	<b>16,573</b>	<b>754</b>	<b>3,533</b>	<b>1,780</b>	<b>593</b>	<b>697</b>
Managed Portfolio Fees	2,933	1,727	113	1,055	517	142	147
Asset management expenses	43,236	1,573	640	2,478	1,252	366	550
Other expenses	8,390	13,273	1	0	11	85	0
<b>Total expenses</b>	<b>133,905</b>	<b>39,869</b>	<b>2,977</b>	<b>9,406</b>	<b>6,191</b>	<b>1,782</b>	<b>1,261</b>

## Composition

1.1.-30.9.2018

	Bulgaria	Turkey/ Georgia	Remaining CEE	Other Markets	Central Functions	Consolidation	Total
<i>in EUR '000</i>							
Current income	3,055	7,763	28,070	14,993	287,702	-48,183	994,508
Income from appreciation	256	72	84	18	97	0	7,138
of which a reduction in impairment	0	0	64	18	0	0	82
Gains from disposal of investments	740	123	2,796	719	13,788	0	132,213
Other income	14,535	1,347	760	257	3,556	0	86,094
<b>Total income</b>	<b>18,586</b>	<b>9,305</b>	<b>31,710</b>	<b>15,987</b>	<b>305,143</b>	<b>-48,183</b>	<b>1,219,953</b>
Depreciation of investment	1,206	834	937	507	86,987	0	134,556
of which impairment of investments	0	0	124	97	0	0	2,607
Exchange rate differences	44	147	2,957	4	15,377	0	13,619
Losses from disposal of investments	368	807	21	82	2,896	0	30,496
<b>Interest expenses</b>	<b>266</b>	<b>1,432</b>	<b>346</b>	<b>165</b>	<b>85,992</b>	<b>-48,221</b>	<b>91,385</b>
Personnel provisions	0	0	0	0	562	0	5,030
Interest expenses for liabilities to financial institutions	0	0	0	0	8,950	0	8,981
Interest expenses for financing liabilities	108	65	25	0	35,258	-21,171	15,891
Interest expenses for subordinate liabilities	120	0	0	0	37,397	-17,927	48,816
Other interest expenses	38	1,367	321	165	3,825	-9,123	12,667
<b>Other expenses</b>	<b>9,127</b>	<b>956</b>	<b>1,391</b>	<b>672</b>	<b>105,415</b>	<b>0</b>	<b>196,050</b>
Managed Portfolio Fees	123	8	5	0	218	0	6,988
Asset management expenses	8,913	515	1,055	647	103,601	0	164,826
Other expenses	91	433	331	25	1,596	0	24,236
<b>Total expenses</b>	<b>11,011</b>	<b>4,176</b>	<b>5,652</b>	<b>1,430</b>	<b>296,667</b>	<b>-48,221</b>	<b>466,106</b>

## Composition

1.1.-30.9.2017

	Austria	Czech Republic	Slovakia	Poland	Romania	Baltic states	Hungary
<b>in EUR '000</b>							
Current income	561,881	72,988	32,192	18,071	11,829	5,481	4,107
Income from appreciation	3,812	3,059	1,935	3,925	114	630	0
of which a reduction in impairment	0	0	0	0	0	0	0
Gains from disposal of investments	50,382	19,550	8,731	3,295	1,558	77	755
Other income	39,363	6,496	951	8,286	623	34	1,546
<b>Total income</b>	<b>655,438</b>	<b>102,093</b>	<b>43,809</b>	<b>33,577</b>	<b>14,124</b>	<b>6,222</b>	<b>6,408</b>
Depreciation of investment	38,713	4,485	2,228	1,574	1,007	723	0
of which impairment of investments	2,572	0	0	274	44	0	0
Exchange rate differences	73	18,544	24	1,499	-411	33	127
Losses from disposal of investments	6,336	3,206	88	634	8	53	325
<b>Interest expenses</b>	<b>35,914</b>	<b>2,257</b>	<b>86</b>	<b>2,941</b>	<b>1,894</b>	<b>214</b>	<b>263</b>
Personnel provisions	2,985	0	0	0	0	0	0
Interest expenses for liabilities to financial institutions	35	0	0	0	0	0	0
Interest expenses for financing liabilities	1,683	0	0	0	0	0	0
Interest expenses for subordinate liabilities	21,498	1,046	0	401	803	185	204
Other interest expenses	9,713	1,211	86	2,540	1,091	29	59
<b>Other expenses</b>	<b>49,843</b>	<b>6,556</b>	<b>823</b>	<b>2,722</b>	<b>1,657</b>	<b>480</b>	<b>765</b>
Managed Portfolio Fees	3,056	1,942	103	1,009	583	8	186
Asset management expenses	39,308	1,070	632	1,713	906	469	579
Other expenses	7,479	3,544	88	0	168	3	0
<b>Total expenses</b>	<b>130,879</b>	<b>35,048</b>	<b>3,249</b>	<b>9,370</b>	<b>4,155</b>	<b>1,503</b>	<b>1,480</b>

## Composition

1.1.-30.9.2017

	Bulgaria	Turkey/ Georgia	Remaining CEE	Other Markets	Central Functions	Consolidation	Total
<b>in EUR '000</b>							
Current income	3,019	7,663	26,306	15,561	268,408	-42,906	984,600
Income from appreciation	803	1,263	727	34	159	0	16,461
of which a reduction in impairment	0	0	621	6	0	0	627
Gains from disposal of investments	1,456	76	3,706	1,346	8,808	0	99,740
Other income	14,883	769	720	294	2,643	-452	76,156
<b>Total income</b>	<b>20,161</b>	<b>9,771</b>	<b>31,459</b>	<b>17,235</b>	<b>280,018</b>	<b>-43,358</b>	<b>1,176,957</b>
Depreciation of investment	1,069	1,378	1,272	971	90,148	0	143,568
of which impairment of investments	0	0	445	0	6,148	0	9,483
Exchange rate differences	478	-237	7,939	0	-7,205	0	20,864
Losses from disposal of investments	493	23	254	71	1,399	0	12,890
<b>Interest expenses</b>	<b>264</b>	<b>1,019</b>	<b>485</b>	<b>151</b>	<b>85,142</b>	<b>-42,894</b>	<b>87,736</b>
Personnel provisions	0	0	0	0	465	0	3,450
Interest expenses for liabilities to financial institutions	0	0	0	0	10,608	0	10,643
Interest expenses for financing liabilities	109	75	53	0	34,518	-20,989	15,449
Interest expenses for subordinate liabilities	120	0	118	0	35,516	-15,610	44,281
Other interest expenses	35	944	314	151	4,035	-6,295	13,913
<b>Other expenses</b>	<b>9,516</b>	<b>858</b>	<b>1,447</b>	<b>669</b>	<b>141,155</b>	<b>-452</b>	<b>216,039</b>
Managed Portfolio Fees	119	8	10	0	161	0	7,185
Asset management expenses	8,913	185	1,199	506	136,908	0	192,388
Other expenses	484	665	238	163	4,086	-452	16,466
<b>Total expenses</b>	<b>11,820</b>	<b>3,041</b>	<b>11,397</b>	<b>1,862</b>	<b>310,639</b>	<b>-43,346</b>	<b>481,097</b>

## 11. OTHER INCOME

Composition	1.1.-30.9.2018			1.1.-30.9.2017		
	Underwriting	Non-underwriting	Total	Underwriting	Non-underwriting	Total
<b>Other income</b>						
<b>in EUR '000</b>						
Austria	7,275	6,950	14,225	7,071	7,272	14,343
Czech Republic	15,868	582	16,450	33,023	911	33,934
Slovakia	2,208	633	2,841	6,286	407	6,693
Poland	322	5,059	5,381	1,192	3,140	4,332
Romania	2,826	588	3,414	4,615	8,137	12,752
Baltic states	367	497	864	881	589	1,470
Hungary	2,606	1,818	4,424	773	1,219	1,992
Bulgaria	289	49	338	524	5,050	5,574
Turkey/Georgia	581	14,387	14,968	399	3,032	3,431
Remaining CEE	3,347	1,522	4,869	3,646	7,004	10,650
Other Markets	1,778	228	2,006	35,830	67	35,897
Central Functions	295	13,232	13,527	105	1,130	1,235
Consolidation	-3	0	-3	-565	0	-565
<b>Total</b>	<b>37,759</b>	<b>45,545</b>	<b>83,304</b>	<b>93,780</b>	<b>37,958</b>	<b>131,738</b>

The year-on-year decrease in underwriting income in the Other Markets segment was primarily caused by larger exchange rate fluctuations, which were due to the Swiss franc being unpegged from the euro. This exchange rate effect is neutral with respect to the Group result, since an offsetting change takes place in the technical result.

## 12. EXPENSES FOR CLAIMS AND INSURANCE BENEFITS

Composition	1.1.-30.9.2018						
	Austria	Czech Republic	Slovakia	Poland	Romania	Baltic states	Hungary
<i>in EUR '000</i>							
<b>Expenses for claims and insurance benefits – gross</b>	<b>2,584,479</b>	<b>741,959</b>	<b>436,722</b>	<b>443,252</b>	<b>280,865</b>	<b>194,713</b>	<b>142,666</b>
Payments for claims and insurance benefits	2,386,175	778,405	398,568	518,490	268,403	136,514	104,735
Changes in the provision for outstanding claims	-24,279	20,880	-11,593	20,975	20,596	31,281	23,251
Change in mathematical reserve	53,299	-75,878	49,188	-97,367	-7,960	27,007	10,327
Change in other underwriting provisions	-80	-1,837	0	-134	-347	-107	1,674
Expenses for profit-related and profit-unrelated premium refunds	169,364	20,389	559	1,288	173	18	2,679
<b>Expenses for claims and insurance benefits – reinsurers' share</b>	<b>-266,402</b>	<b>-136,169</b>	<b>-42,835</b>	<b>-71,519</b>	<b>-61,270</b>	<b>-48,803</b>	<b>-30,768</b>
Payments for claims and insurance benefits	-296,249	-143,332	-54,710	-69,142	-65,100	-31,921	-13,198
Changes in the provision for outstanding claims	30,625	3,708	11,145	-2,396	3,836	-16,882	-18,432
Change in mathematical reserve	-278	0	0	19	-6	0	0
Change in other underwriting provisions	0	0	0	0	0	0	753
Expenses for profit-unrelated premium refunds	-500	3,455	730	0	0	0	109
<b>Expenses for claims and insurance benefits – retention</b>	<b>2,318,077</b>	<b>605,790</b>	<b>393,887</b>	<b>371,733</b>	<b>219,595</b>	<b>145,910</b>	<b>111,898</b>
Payments for claims and insurance benefits	2,089,926	635,073	343,858	449,348	203,303	104,593	91,537
Changes in the provision for outstanding claims	6,346	24,588	-448	18,579	24,432	14,399	4,819
Change in mathematical reserve	53,021	-75,878	49,188	-97,348	-7,966	27,007	10,327
Change in other underwriting provisions	-80	-1,837	0	-134	-347	-107	2,427
Expenses for profit-related and profit-unrelated premium refunds	168,864	23,844	1,289	1,288	173	18	2,788

## Composition

1.1.-30.9.2018

	Bulgaria	Turkey/ Georgia	Remaining CEE	Other Markets	Central Functions	Consolidation	Total
in EUR '000							
<b>Expenses for claims and insurance benefits – gross</b>	<b>65,580</b>	<b>120,235</b>	<b>188,770</b>	<b>147,809</b>	<b>687,311</b>	<b>-577,666</b>	<b>5,456,695</b>
Payments for claims and insurance benefits	52,199	80,668	136,373	86,051	617,725	-524,303	5,040,003
Changes in the provision for outstanding claims	8,459	39,401	24,834	13,639	69,942	-53,360	184,026
Change in mathematical reserve	4,748	0	27,463	44,617	-675	-3	34,766
Change in other underwriting provisions	0	166	39	0	3	0	-623
Expenses for profit-related and profit-unrelated premium refunds	174	0	61	3,502	316	0	198,523
<b>Expenses for claims and insurance benefits – reinsurers' share</b>	<b>-10,793</b>	<b>-63,145</b>	<b>-42,269</b>	<b>-12,853</b>	<b>-58,658</b>	<b>584,379</b>	<b>-261,105</b>
Payments for claims and insurance benefits	-7,982	-31,680	-25,120	-8,387	-56,542	540,499	-262,864
Changes in the provision for outstanding claims	-2,812	-31,353	-17,126	-4,437	-1,871	43,878	-2,117
Change in mathematical reserve	1	0	-23	-29	2	2	-312
Change in other underwriting provisions	0	-112	0	0	0	0	641
Expenses for profit-unrelated premium refunds	0	0	0	0	-247	0	3,547
<b>Expenses for claims and insurance benefits – retention</b>	<b>54,787</b>	<b>57,090</b>	<b>146,501</b>	<b>134,956</b>	<b>628,653</b>	<b>6,713</b>	<b>5,195,590</b>
Payments for claims and insurance benefits	44,217	48,988	111,253	77,664	561,183	16,196	4,777,139
Changes in the provision for outstanding claims	5,647	8,048	7,708	9,202	68,071	-9,482	181,909
Change in mathematical reserve	4,749	0	27,440	44,588	-673	-1	34,454
Change in other underwriting provisions	0	54	39	0	3	0	18
Expenses for profit-related and profit-unrelated premium refunds	174	0	61	3,502	69	0	202,070



## Composition

1.1.-30.9.2017

	Austria	Czech Republic	Slovakia	Poland	Romania	Baltic states	Hungary
<b>in EUR '000</b>							
<b>Expenses for claims and insurance benefits – gross</b>	<b>2,712,607</b>	<b>707,974</b>	<b>463,440</b>	<b>482,518</b>	<b>265,581</b>	<b>153,459</b>	<b>97,701</b>
Payments for claims and insurance benefits	2,325,794	735,082	392,311	424,735	233,938	120,429	99,226
Changes in the provision for outstanding claims	113,890	-3,835	20,169	8,398	41,510	11,477	4,468
Change in mathematical reserve	163,892	-36,146	49,921	48,733	-8,432	21,073	-10,117
Change in other underwriting provisions	-592	1,188	0	-212	-958	0	1,784
Expenses for profit-related and profit-unrelated premium refunds	109,623	11,685	1,039	864	-477	480	2,340
<b>Expenses for claims and insurance benefits – reinsurers' share</b>	<b>-376,609</b>	<b>-118,176</b>	<b>-65,296</b>	<b>-71,712</b>	<b>-73,874</b>	<b>-28,110</b>	<b>-11,311</b>
Payments for claims and insurance benefits	-296,130	-132,972	-52,310	-65,604	-58,943	-26,372	-9,009
Changes in the provision for outstanding claims	-79,247	13,067	-13,764	-6,142	-14,956	-1,738	-1,760
Change in mathematical reserve	-316	0	0	34	25	0	0
Change in other underwriting provisions	0	0	0	0	0	0	-567
Expenses for profit-unrelated premium refunds	-916	1,729	778	0	0	0	25
<b>Expenses for claims and insurance benefits – retention</b>	<b>2,335,998</b>	<b>589,798</b>	<b>398,144</b>	<b>410,806</b>	<b>191,707</b>	<b>125,349</b>	<b>86,390</b>
Payments for claims and insurance benefits	2,029,664	602,110	340,001	359,131	174,995	94,057	90,217
Changes in the provision for outstanding claims	34,643	9,232	6,405	2,256	26,554	9,739	2,708
Change in mathematical reserve	163,576	-36,146	49,921	48,767	-8,407	21,073	-10,117
Change in other underwriting provisions	-592	1,188	0	-212	-958	0	1,217
Expenses for profit-related and profit-unrelated premium refunds	108,707	13,414	1,817	864	-477	480	2,365

Composition	1.1.-30.9.2017						Total
	Bulgaria	Turkey/ Georgia	Remaining CEE	Other Markets	Central Functions	Consolidation	
<b>in EUR '000</b>							
<b>Expenses for claims and insurance benefits – gross</b>	<b>58,999</b>	<b>104,507</b>	<b>156,880</b>	<b>200,333</b>	<b>678,261</b>	<b>-572,970</b>	<b>5,509,290</b>
Payments for claims and insurance benefits	55,086	72,595	123,157	151,577	594,377	-553,082	4,775,225
Changes in the provision for outstanding claims	-840	31,723	8,829	12,178	85,510	-58,504	274,973
Change in mathematical reserve	4,813	0	25,108	34,138	-1,630	38,616	329,969
Change in other underwriting provisions	0	189	-6	0	0	0	1,393
Expenses for profit-related and profit-unrelated premium refunds	-60	0	-208	2,440	4	0	127,730
<b>Expenses for claims and insurance benefits – reinsurers' share</b>	<b>-10,420</b>	<b>-41,387</b>	<b>-32,958</b>	<b>-10,559</b>	<b>-73,698</b>	<b>572,642</b>	<b>-341,468</b>
Payments for claims and insurance benefits	-11,207	-22,481	-68,541	-8,417	-48,889	553,399	-247,476
Changes in the provision for outstanding claims	786	-18,900	-3,708	-2,035	-24,710	58,151	-94,956
Change in mathematical reserve	1	0	39,291	-107	-99	-38,908	-79
Change in other underwriting provisions	0	-6	0	0	0	0	-573
Expenses for profit-unrelated premium refunds	0	0	0	0	0	0	1,616
<b>Expenses for claims and insurance benefits – retention</b>	<b>48,579</b>	<b>63,120</b>	<b>123,922</b>	<b>189,774</b>	<b>604,563</b>	<b>-328</b>	<b>5,167,822</b>
Payments for claims and insurance benefits	43,879	50,114	54,616	143,160	545,488	317	4,527,749
Changes in the provision for outstanding claims	-54	12,823	5,121	10,143	60,800	-353	180,017
Change in mathematical reserve	4,814	0	64,399	34,031	-1,729	-292	329,890
Change in other underwriting provisions	0	183	-6	0	0	0	820
Expenses for profit-related and profit-unrelated premium refunds	-60	0	-208	2,440	4	0	129,346

### 13. ACQUISITION AND ADMINISTRATIVE EXPENSES

Composition	1.1.-30.9.2018						
	Austria	Czech Republic	Slovakia	Poland	Romania	Baltic states	Hungary
<b>in EUR '000</b>							
<b>Acquisition expenses</b>	<b>487,127</b>	<b>327,196</b>	<b>94,810</b>	<b>120,465</b>	<b>88,561</b>	<b>51,851</b>	<b>27,558</b>
Commission expenses	295,584	219,583	74,167	102,078	62,385	37,237	21,852
Pro rata personnel expenses	105,414	65,100	11,144	12,659	15,487	10,263	3,096
Pro rata material expenses	86,129	42,513	9,499	5,728	10,689	4,351	2,610
<b>Administrative expenses</b>	<b>127,727</b>	<b>54,217</b>	<b>19,319</b>	<b>30,503</b>	<b>9,345</b>	<b>17,193</b>	<b>12,892</b>
Pro rata personnel expenses	56,388	23,651	8,103	14,867	5,446	10,458	5,671
Pro rata material expenses	71,339	30,566	11,216	15,636	3,899	6,735	7,221
Reinsurance commissions	-124,745	-86,850	-24,984	-40,563	-19,067	-19,426	-11,763
<b>Total</b>	<b>490,109</b>	<b>294,563</b>	<b>89,145</b>	<b>110,405</b>	<b>78,839</b>	<b>49,618</b>	<b>28,687</b>

## Composition

1.1.-30.9.2018

	Bulgaria	Turkey/ Georgia	Remaining CEE	Other Markets	Central Functions	Consolidation	Total
<b>in EUR '000</b>							
<b>Acquisition expenses</b>	<b>32,541</b>	<b>21,606</b>	<b>68,046</b>	<b>29,863</b>	<b>334,882</b>	<b>-294,838</b>	<b>1,389,668</b>
Commission expenses	24,993	15,116	44,485	26,179	329,777	-294,838	958,598
Pro rata personnel expenses	3,857	4,272	14,063	1,875	3,363	0	250,593
Pro rata material expenses	3,691	2,218	9,498	1,809	1,742	0	180,477
<b>Administrative expenses</b>	<b>4,334</b>	<b>7,095</b>	<b>22,984</b>	<b>6,979</b>	<b>4,145</b>	<b>-514</b>	<b>316,219</b>
Pro rata personnel expenses	2,146	4,297	10,461	3,803	1,368	0	146,659
Pro rata material expenses	2,188	2,798	12,523	3,176	2,777	-514	169,560
Reinsurance commissions	-2,973	-14,504	-21,029	-16,532	-23,572	300,724	-105,284
<b>Total</b>	<b>33,902</b>	<b>14,197</b>	<b>70,001</b>	<b>20,310</b>	<b>315,455</b>	<b>5,372</b>	<b>1,600,603</b>

## Composition

1.1.-30.9.2017

	Austria	Czech Republic	Slovakia	Poland	Romania	Baltic states	Hungary
<b>in EUR '000</b>							
<b>Acquisition expenses</b>	<b>478,129</b>	<b>308,432</b>	<b>83,454</b>	<b>118,102</b>	<b>77,513</b>	<b>43,040</b>	<b>28,838</b>
Commission expenses	285,751	213,650	62,863	101,098	56,697	31,239	23,089
Pro rata personnel expenses	104,790	56,508	10,559	11,619	13,059	8,486	3,055
Pro rata material expenses	87,588	38,274	10,032	5,385	7,757	3,315	2,694
<b>Administrative expenses</b>	<b>124,488</b>	<b>46,158</b>	<b>18,128</b>	<b>30,390</b>	<b>13,417</b>	<b>16,874</b>	<b>12,848</b>
Pro rata personnel expenses	54,348	21,642	7,846	15,111	5,902	10,593	5,351
Pro rata material expenses	70,140	24,516	10,282	15,279	7,515	6,281	7,497
Reinsurance commissions	-109,720	-84,444	-25,215	-33,751	-12,957	-9,889	-11,562
<b>Total</b>	<b>492,897</b>	<b>270,146</b>	<b>76,367</b>	<b>114,741</b>	<b>77,973</b>	<b>50,025</b>	<b>30,124</b>

## Composition

1.1.-30.9.2017

	Bulgaria	Turkey/ Georgia	Remaining CEE	Other Markets	Central Functions	Consolidation	Total
<b>in EUR '000</b>							
<b>Acquisition expenses</b>	<b>28,779</b>	<b>22,575</b>	<b>66,875</b>	<b>27,869</b>	<b>289,192</b>	<b>-253,674</b>	<b>1,319,124</b>
Commission expenses	23,191	15,663	42,919	24,356	284,882	-253,674	911,724
Pro rata personnel expenses	3,409	4,346	13,946	1,932	2,335	0	234,044
Pro rata material expenses	2,179	2,566	10,010	1,581	1,975	0	173,356
<b>Administrative expenses</b>	<b>3,717</b>	<b>8,102</b>	<b>23,004</b>	<b>6,838</b>	<b>3,502</b>	<b>0</b>	<b>307,466</b>
Pro rata personnel expenses	1,876	5,101	10,367	3,798	632	0	142,567
Pro rata material expenses	1,841	3,001	12,637	3,040	2,870	0	164,899
Reinsurance commissions	-3,768	-15,343	-21,808	-18,155	-24,243	257,732	-113,123
<b>Total</b>	<b>28,728</b>	<b>15,334</b>	<b>68,071</b>	<b>16,552</b>	<b>268,451</b>	<b>4,058</b>	<b>1,513,467</b>

## 14. OTHER EXPENSES

Composition	1.1.-30.9.2018			1.1.-30.9.2017		
	Underwriting	Non-underwriting	Total	Underwriting	Non-underwriting	Total
<b>Other expenses</b>						
<b>in EUR '000</b>						
Austria	12,935	4,245	17,180	7,343	9,781	17,124
Czech Republic	20,938	6,576	27,514	23,947	2,168	26,115
Slovakia	16,271	54	16,325	19,104	43	19,147
Poland	5,562	21,974	27,536	5,353	8,060	13,413
Romania	15,103	65,934	81,037	10,926	11,441	22,367
Baltic states	5,593	2,855	8,448	6,103	4,874	10,977
Hungary	5,804	1,621	7,425	6,442	2,252	8,694
Bulgaria	3,872	2,180	6,052	4,541	9,420	13,961
Turkey/Georgia	501	13,520	14,021	395	1,320	1,715
Remaining CEE	6,616	1,109	7,725	7,377	2,791	10,168
Other Markets	38,885	575	39,460	20,089	507	20,596
Central Functions	546	3,115	3,661	775	14,797	15,572
Consolidation	-21	-7,676	-7,697	-484	-2,310	-2,794
<b>Total</b>	<b>132,605</b>	<b>116,082</b>	<b>248,687</b>	<b>111,911</b>	<b>65,144</b>	<b>177,055</b>

Goodwill impairment of EUR 50.1 million was recognised in the Romania segment for the reporting period.

The year-on-year increase in underwriting expenses in the Other Markets segment was primarily caused by larger exchange rate fluctuations, which were due to the Swiss franc being unpegged from the euro. This exchange rate effect is neutral with respect to the Group result, since an offsetting change takes place in the technical result.

Further information is provided in Note 1 "Intangible assets" on page 29.

## ADDITIONAL DISCLOSURES

### 15. FINANCIAL INSTRUMENTS AND FAIR VALUE MEASUREMENT HIERARCHY

Information on the nature and extent of risks arising from financial instruments is provided in the section titled “Financial instruments and risk management” in the Group Annual Report for 2017 starting on page 133.

#### Fair values and book values of financial instruments and other investments

Fair values and book values of financial instruments and other investments	30.9.2018				Fair value
	Book value	Level 1	Level 2	Level 3	
in EUR '000					
<b>Land and buildings excluding non-profit societies<sup>1</sup></b>	<b>2,076,372</b>	<b>0</b>	<b>66,684</b>	<b>3,291,561</b>	<b>3,358,245</b>
Self-used land and buildings	453,312	0	34,976	664,080	699,056
Investment property	1,623,060	0	31,708	2,627,481	2,659,189
<b>Land and buildings non-profit societies</b>	<b>3,699,845</b>				
Self-used land and buildings	1,781				
Investment property	3,698,064				
<b>Loans</b>	<b>2,486,433</b>	<b>216,198</b>	<b>2,432,537</b>	<b>142,019</b>	<b>2,790,754</b>
Loans	1,371,320	0	1,346,452	127,132	1,473,584
Reclassified loans	179,015	84,842	130,822	0	215,664
Bonds classified as loans	936,098	131,356	955,263	14,887	1,101,506
<b>Other securities</b>	<b>27,058,959</b>	<b>23,468,364</b>	<b>3,369,840</b>	<b>480,427</b>	<b>27,318,631</b>
Financial instruments held to maturity	2,403,589	2,227,651	350,297	8,787	2,586,735
Financial instruments reclassified as held to maturity	564,341	623,436	17,431	0	640,867
Financial instruments available for sale	23,755,221	20,468,277	2,891,460	395,484	23,755,221
Financial instruments recognised at fair value through profit and loss <sup>2</sup>	335,808	149,000	110,652	76,156	335,808
<b>Other investments</b>	<b>993,289</b>				
<b>Investments for unit-linked and index-linked life insurance</b>	<b>8,742,965</b>	<b>8,742,965</b>			<b>8,742,965</b>
<b>Subordinated liabilities</b>	<b>1,458,675</b>	<b>0</b>	<b>1,501,865</b>	<b>21,059</b>	<b>1,522,924</b>
<b>Liabilities to financial institutions</b>	<b>1,137,281</b>				<b>1,137,281</b>
thereof non-profit societies	1,035,276				1,035,276
<b>Financing liabilities<sup>3</sup></b>	<b>1,487,974</b>				<b>1,487,974</b>
thereof non-profit societies	1,430,319				1,430,319

<sup>1</sup> The market values are derived from internal and external expert reports.

<sup>2</sup> Including held for trading

<sup>3</sup> Not including lease liabilities and derivative liabilities

Book value was generally used for the fair value of the financial liabilities (except for subordinated liabilities), which were primarily due to the non-profit societies, as no market exists for property subject to the Austrian Non-Profit Housing Act (WGG). The same applies to their financing loans and bonds, whose terms are determined by the special nature of the non-profit sector and consequently are not available in this form to companies outside the sector. As a result, no market can be found for these forms of financing either.

Fair values and book values of financial instruments and other investments	31.12.2017				Fair value
	Book value	Level 1	Level 2	Level 3	
<b>in EUR '000</b>					
Land and buildings excluding non-profit societies <sup>1</sup>	2,068,351	0	72,101	3,180,883	3,252,984
Self-used land and buildings	429,086	0	40,432	634,323	674,755
Investment property	1,639,265	0	31,669	2,546,560	2,578,229
Land and buildings non-profit societies	3,616,247				
Self-used land and buildings	1,820				
Investment property	3,614,427				
Loans	2,588,679	261,277	2,479,234	196,127	2,936,638
Loans	1,394,260	0	1,330,410	181,086	1,511,496
Reclassified loans	241,511	127,478	160,665	0	288,143
Bonds classified as loans	952,908	133,799	988,159	15,041	1,136,999
Other securities	26,683,093	23,571,234	3,209,867	312,333	27,093,434
Financial instruments held to maturity	2,443,702	2,367,296	360,487	8,426	2,736,209
Financial instruments reclassified as held to maturity	683,747	782,948	18,633	0	801,581
Financial instruments available for sale	23,220,303	20,259,701	2,696,134	264,468	23,220,303
Financial instruments recognised at fair value through profit and loss <sup>2</sup>	335,341	161,289	134,613	39,439	335,341
Other investments	678,388				
Investments for unit-linked and index-linked life insurance	9,061,073	9,061,073			9,061,073
Subordinated liabilities	1,458,839	0	1,515,965	21,732	1,537,697
Liabilities to financial institutions	1,201,031				1,201,031
thereof non-profit societies	1,040,498				1,040,498
Financing liabilities <sup>3</sup>	1,476,569				1,476,569
thereof non-profit societies	1,417,446				1,417,446

<sup>1</sup> The market values are derived from internal and external expert reports.

<sup>2</sup> Including held for trading

<sup>3</sup> Not including lease liabilities and derivative liabilities

### Measurement process

For information on the measurement process, please see Note 23 “Financial instruments and fair value measurement hierarchy” in the Group Annual Report for 2017 starting on page 204.

### Reclassification of financial instruments

Reclassifications were performed based on the criteria and time points indicated in Note 23 "Financial instruments and fair value measurement hierarchy" in the Group Annual Report for 2017 starting on page 206.

Reclassification of financial instruments	30.9.2018				
	Between Level 1 and Level 2	Level 3 to Level 1	Level 1 to Level 3	Level 3 to Level 2	Level 2 to Level 3
<b>Number</b>					
Financial instruments available for sale	12	0	3	3	2
Financial instruments recognised at fair value through profit and loss*	0	0	45	0	1
<b>Total</b>	<b>12</b>	<b>0</b>	<b>48</b>	<b>3</b>	<b>3</b>

\*Including held for trading

The reclassifications between Level 1 and Level 2 are primarily due to changes in liquidity, trading frequency and trading activity. Reclassifications from Level 1 to Level 3 also took place based on the non-availability of prices or comparable financial instruments used for measurement. The reclassifications from Level 3 to Level 2 were performed due to consolidation effects between the measurement hierarchies. Financial instruments whose unobservable input factors now have a greater influence on fair value than the observable factors were reclassified from Level 2 to Level 3.

Reclassification of financial instruments	31.12.2017				
	Between Level 1 and Level 2	Level 3 to Level 1	Level 1 to Level 3	Level 3 to Level 2	Level 2 to Level 3
<b>Number</b>					
Financial instruments available for sale	22	5	10	7	8
Financial instruments recognised at fair value through profit and loss*	2	0	3	0	0
<b>Total</b>	<b>24</b>	<b>5</b>	<b>13</b>	<b>7</b>	<b>8</b>

\*Including held for trading

The reclassifications between Level 1 and Level 2 are primarily due to changes in liquidity, trading frequency and trading activity. The reclassifications to Level 3 were performed due to consolidation effects between the measurement hierarchies, and reclassifications from Level 3 to Level 1 in the financial instruments available for sale category were performed for the same reason.

## Hierarchy for financial instruments measured at fair value

Measurement hierarchy	Level 1		Level 2		Level 3	
	30.9.2018	31.12.2017	30.9.2018	31.12.2017	30.9.2018	31.12.2017
Financial instruments recognised at fair value						
in EUR '000						
<b>Financial assets</b>						
<b>Financial instruments available for sale</b>	<b>20,468,277</b>	<b>20,259,701</b>	<b>2,891,460</b>	<b>2,696,134</b>	<b>395,484</b>	<b>264,468</b>
Bonds	18,020,734	17,693,862	2,789,037	2,559,555	39,962	58,129
Shares and other participations	495,108	534,841	63,553	92,359	342,990	206,339
Investment funds	1,952,435	2,030,998	38,870	44,220	12,532	0
<b>Financial instruments recognised at fair value through profit and loss*</b>	<b>149,000</b>	<b>161,289</b>	<b>110,652</b>	<b>134,613</b>	<b>76,156</b>	<b>39,439</b>
Bonds	74,078	80,713	95,985	112,607	25,358	14,209
Shares and other non-fixed-interest securities	17,616	21,746	13,847	19,887	0	0
Investment funds	57,257	57,738	0	938	28,737	3,169
Derivatives	49	1,092	820	1,181	22,061	22,061
<b>Investments for unit-linked and index-linked life insurance</b>	<b>8,742,965</b>	<b>9,061,073</b>				

\*Including held for trading

The unrealised effect on the result (net profit or loss) from Level 3 financial instruments that are still in the portfolio and whose fair value is recognised in the income statement was EUR 75,000 during the reporting year (EUR -4,627,000).

## Nicht beobachtbare Inputfaktoren

Asset class	Measurement methods	Unobservable input factors	Range
Real estate	Market value	Capitalisation rate	1.00%–7.00%
		Rental income	3,000 EUR–3,703,000 EUR
		Land prices	0 EUR–5,000 EUR
	Discounted Cash flow	Capitalisation rate	4.00%–9.75%
		Rental income	EUR 88,000–EUR 4,090,000

## Sensitivities

With respect to the value of shares measured using a Level 3 method (multiples approach), the Group assumes that alternative inputs and alternative methods do not lead to significant changes in value.

Due to a lack of available data, no sensitivity analysis information can be provided for the other securities whose fair value in Level 3 has been determined by independent third parties.



The following sensitivities result from calculations using the Solvency II partial internal model:

sensitivities – real estate	Fair value
<i>in EUR million</i>	
Fair value at 30.9.2018	2,536.37
Rental income -5%	2,445.65
Rental income +5%	2,630.07
Capitalisation rate -50bp	2,671.24
Capitalisation rate +50bp	2,422.12
Land prices -5%	2,507.69
Land prices +5%	2,567.25

Since real estate is measured at amortised cost in the VIG balance sheet, negative sensitivities would only affect the income statement if property value fell below book value. Other comprehensive income was therefore unaffected.

#### Carry-over of assets and liabilities/financial assets and liabilities

Development of financial instruments by Level	Financial instruments available for sale					
	30.9.2018			31.12.2017		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
<i>in EUR '000</i>						
Fair value at 31.12. of the previous year	20,259,701	2,696,134	264,468	18,943,142	2,650,989	257,117
Exchange rate differences	-18,581	-2,308	-781	27,737	6,480	589
Fair value at 1.1.	20,241,120	2,693,826	263,687	18,970,879	2,657,469	257,706
Reclassification between securities categories	6,704	464	-7,464	-1,655	0	-9,021
Reclassification to Level	30,241	116,611	37,061	14,168	108,277	30,475
Reclassification from Level	-101,887	-61,188	-20,838	-115,421	-17,727	-19,772
Additions	2,458,628	273,496	154,722	3,813,979	332,764	40,884
Disposals	-1,730,623	-136,095	-16,953	-2,515,668	-404,569	-46,451
Change in the scope of consolidation	7,048	0	-70	46,066	16	208
Changes in value recognised in profit and loss	0	0	0	0	0	0
Changes recognised directly in equity	-442,038	5,597	-14,229	51,827	21,833	12,493
Impairments	-916	-1,251	-432	-4,474	-1,929	-2,054
Fair value at 30.9. or 31.12.	20,468,277	2,891,460	395,484	20,259,701	2,696,134	264,468

Development of financial instruments  
by Level

Financial instruments recognised at fair value through profit and loss\*

	30.9.2018			31.12.2017		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
<b>in EUR '000</b>						
Fair value at 31.12. of the previous year	161,289	134,613	39,439	256,865	144,416	60,009
Exchange rate differences	-3,948	-429	336	2,001	3,236	332
Fair value at 1.1.	157,341	134,184	39,775	258,866	147,652	60,341
Reclassification between securities categories	-11,852	1,039	6,933	-1,988	0	0
Reclassification to Level	0	0	19,566	1,749	129	1,846
Reclassification from Level	-18,628	-938	0	-1,846	-1,749	-129
Additions	202,083	6,936	17,971	140,490	31,087	2,801
Disposals	-175,638	-32,881	-7,603	-239,726	-47,418	-14,078
Changes in value recognised in profit and loss	-4,306	2,312	-486	3,744	4,912	-11,342
Changes recognised directly in equity	0	0	0	0	0	0
Fair value at 30.9. or 31.12.	149,000	110,652	76,156	161,289	134,613	39,439

\*Including held for trading

Please refer to Note 10. Financial result excluding at equity consolidated companies starting on page 34 for information on the effects of changes in value recognised in profit and loss.

Development of financial instruments assigned to Level 3

Subordinated liabilities

	30.9.2018	31.12.2017
<b>in EUR '000</b>		
Fair value at 31.12. of the previous year	21,732	20,807
Exchange rate differences	-164	1,202
Fair value at 1.1.	21,568	22,009
Reclassification to Level 3	0	0
Reclassification from Level 3	0	0
Changes in value recognised in profit and loss	-509	-277
Changes recognised directly in equity	0	0
Fair value at 30.9. or 31.12.	21,059	21,732

## 16. NUMBER OF EMPLOYEES

Employee statistics	30.9.2018			31.12.2017		
	Field staff	Office staff	Gesamt	Field staff	Office staff	Gesamt
<b>Number</b>						
Austria	2,799	2,291	5,090	2,806	2,335	5,141
Czech Republic	3,147	1,831	4,978	3,071	1,824	4,895
Slovakia	851	844	1,695	887	865	1,752
Poland	729	1,124	1,853	763	813	1,576
Romania	1,183	765	1,948	1,163	791	1,954
Baltic states	585	632	1,217	629	656	1,285
Hungary	36	432	468	35	433	468
Bulgaria	289	587	876	289	578	867
Turkey/Georgia	660	451	1,111	659	422	1,081
Remaining CEE	3,236	1,488	4,724	3,300	1,441	4,741
Other Markets	7	124	131	7	123	130
Central Functions		1,234	1,234		1,169	1,169
<b>Total</b>	<b>13,522</b>	<b>11,803</b>	<b>25,325</b>	<b>13,609</b>	<b>11,450</b>	<b>25,059</b>

The specified employee figures are average values based on full-time equivalents.

The Central Functions segment includes 682 employees (31 December 2017: 682) in the non-profit societies.

## 17. RELATED PARTY TRANSACTIONS

### Related parties

Related companies are the affiliated companies, joint ventures and associated companies listed in Note 27 "Participations – Details" in the Annual Report published at the end of the year starting on page 214.

Information on relationships and transactions between fully consolidated companies is not included, as this interim report includes consolidated financial statements.

Wiener Städtische Versicherungsverein directly and indirectly holds around 71% of VIG's share capital and therefore controls VIG. Due to this control, Wiener Städtische Versicherungsverein is also a related company and its Managing Board and Supervisory Board members are related persons. VIG also defines all members of the managing boards and supervisory boards of all VIG insurance companies as related persons.

Members of the Managing Board and Supervisory Board did not receive any advances or loans and had no loans outstanding during the reporting periods.

There were also no guarantees outstanding for members of the Managing Board or Supervisory Board during the reporting periods.

### Transactions with related companies

The Group charges Wiener Städtische Versicherungsverein for office space and provides other services (e.g. internal audit, Group accounting, provision of personnel) to Wiener Städtische Versicherungsverein under service agreements.

In addition, Wiener Städtische Versicherungsverein acts as the parent company of a tax group in accordance with §9 of the Austrian Corporate Income Tax Act (KStG).

Open items with related companies	30.9.2018	31.12.2017
in EUR '000		
<b>Loans</b>	<b>113,865</b>	<b>65,410</b>
Associated companies	1,389	1,631
Subsidiaries not included in the consolidated financial statements	112,476	63,779
<b>Receivables</b>	<b>272,752</b>	<b>251,423</b>
Parent company	233,916	218,641
Associated companies	2,204	3,509
Subsidiaries not included in the consolidated financial statements	36,632	29,273
<b>Liabilities</b>	<b>201,730</b>	<b>184,164</b>
Parent company	183,858	164,126
Associated companies	3,050	2,148
Subsidiaries not included in the consolidated financial statements	14,822	17,890

Transactions with related companies	30.9.2018	31.12.2017
in EUR '000		
<b>Loans</b>	<b>44,695</b>	<b>13,260</b>
Associated companies	241	796
Subsidiaries not included in the consolidated financial statements	44,454	12,464
<b>Receivables</b>	<b>58,457</b>	<b>75,108</b>
Parent company	16,420	30,426
Associated companies	5,033	10,529
Subsidiaries not included in the consolidated financial statements	37,004	34,153
<b>Liabilities</b>	<b>142,531</b>	<b>160,068</b>
Parent company	27,755	47,659
Associated companies	37,155	36,867
Subsidiaries not included in the consolidated financial statements	77,621	75,542

The transactions do not include changes in open items resulting from a change in the scope of consolidation.

#### Transactions with related persons

The amounts for related person transactions, open items and income statement items are insignificant.

## 18. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

### Storm VAIA sweeps across parts of Europe

Storm VAIA led to many damages in some VIG countries, particularly Italy, Croatia, Slovenia and Austria. The Group is unable to make a final estimate of the effects on the Group's financial figures at present.

# Additional disclosures in accordance with the Austrian Insurance Supervision Act (VAG)

## BUSINESS DEVELOPMENT BY BALANCE SHEET UNIT

	1.1.-30.9.2018				1.1.-30.9.2017			
	Property/ Casualty	Life	Health	Total	Property/ Casualty	Life	Health	Total
in EUR '000								
<b>Premiums written – gross</b>	4,348,787	2,641,518	367,167	7,357,472	4,089,567	2,717,651	345,430	7,152,648
Gross direct premiums written	4,186,630	2,627,191	367,092	7,180,913	3,954,940	2,704,884	345,355	7,005,179
Gross indirect premiums written	162,157	14,327	75	176,559	134,627	12,767	75	147,469
<b>Operating result for direct business</b>	296,844	318,543	30,149	645,536	209,797	244,116	33,226	487,139
Gross direct <sup>1</sup>	445,755	333,250	30,161	809,166	306,684	257,328	33,374	597,386
Underwriting result <sup>2</sup>	345,247			345,247	219,716			219,716
Financial result <sup>2</sup>	100,508			100,508	86,968			86,968
Direct reinsurance cessions	-148,911	-14,707	-12	-163,630	-96,887	-13,212	-148	-110,247
<b>Operating result for indirect business</b>	-62,917	1,022	66	-61,829	-32,800	2,020	60	-30,720
Gross indirect	9,829	1,676	66	11,571	14,263	3,032	60	17,355
Indirect reinsurance cessions	-72,746	-654	0	-73,400	-47,063	-1,012	0	-48,075
<b>Operating result for direct and indirect retention</b>	233,927	319,565	30,215	583,707	176,997	246,136	33,286	456,419
Other non-underwriting income and expenses	-26,968	-43,338	-231	-70,537	-35,150	8,440	-476	-27,186
Expenses for profit related premium refunds	0	-160,842	0	-160,842	0	-98,001	0	-98,001
<b>Result before taxes</b>	206,959	115,385	29,984	352,328	141,847	156,575	32,810	331,232
Taxes	-29,804	-41,588	-5,458	-76,850	-31,819	-28,073	-5,129	-65,021
<b>Result of the period</b>	177,155	73,797	24,526	275,478	110,028	128,502	27,681	266,211

<sup>1</sup> Includes commissions of EUR 916.973,000 (EUR 870,896,000) for direct insurance business.

<sup>2</sup> A breakdown of the underwriting result was only performed for property and casualty insurance. Due to immateriality, investments were not transferred to the underwriting account in property and casualty insurance. Investment results were transferred in full to the underwriting account for the life insurance and health business.

## GROSS PREMIUMS – WRITTEN BY BALANCE SHEET UNIT (INCL. CONSOLIDATION EFFECTS)

Property and Casualty insurance	1.1.-30.9.2018	1.1.-30.9.2017
in EUR '000		
<b>Direct business</b>	<b>4,186,630</b>	<b>3,954,940</b>
Casualty insurance	301,118	286,572
Health insurance	58,229	47,842
Motor own damage insurance (Casco)	879,941	810,551
Rail vehicle own-damage	3,252	3,542
Aircraft own-damage insurance	4,501	4,740
Sea, lake and river shipping own-damage insurance	8,456	7,748
Transport insurance	41,604	41,703
Fire and natural hazards insurance	779,093	760,236
Other property	395,215	381,627
Third party liability insurance for self-propelled land vehicles	1,099,305	1,038,792
Carrier insurance	12,220	12,759
Aircraft liability insurance	4,177	4,658
Sea, lake and river shipping liability insurance	2,645	2,471
General liability insurance	367,604	341,562
Credit insurance	3,575	5,104
Guarantee insurance	31,886	29,688
Insurance for miscellaneous financial losses	79,920	78,321
Legal expenses insurance	44,161	43,302
Assistance insurance, travel health insurance	69,728	53,722
<b>Indirect business</b>	<b>162,157</b>	<b>134,627</b>
Marine, aviation and transport insurance	8,907	7,668
Other insurance	136,405	112,056
Health insurance	16,845	14,903
<b>Total</b>	<b>4,348,787</b>	<b>4,089,567</b>
<b>Life insurance</b>	<b>1.1.-30.9.2018</b>	<b>1.1.-30.9.2017</b>
in EUR '000		
Regular premium – direct business	1,944,540	1,887,400
Single-premium – direct business	682,651	817,484
<b>Direct business</b>	<b>2,627,191</b>	<b>2,704,884</b>
thereof policies with profit participation	1,111,975	1,144,932
thereof policies without profit participation	340,923	335,326
thereof unit-linked life insurance portfolio	1,150,816	1,194,932
thereof index-linked life insurance portfolio	23,477	29,694
<b>Indirect business</b>	<b>14,327</b>	<b>12,767</b>
<b>Total</b>	<b>2,641,518</b>	<b>2,717,651</b>
<b>Health insurance</b>	<b>1.1.-30.9.2018</b>	<b>1.1.-30.9.2017</b>
in EUR '000		
Direct business	367,092	345,355
Indirect business	75	75
<b>Total</b>	<b>367,167</b>	<b>345,430</b>

## GROSS PREMIUMS – WRITTEN BY COUNTRY AND BALANCE SHEET UNIT

Composition	1.1.-30.9.2018	1.1.-30.9.2017
in EUR '000		
<b>Property and Casualty insurance</b>	<b>4,348,787</b>	<b>4,089,567</b>
Austria	1,536,796	1,497,724
Czech Republic	777,151	734,512
Slovakia	287,723	276,852
Poland	467,063	399,652
Romania	309,931	294,853
Turkey	112,184	118,674
Central Functions	190,203	166,509
Other countries	667,736	600,791
<b>Life insurance</b>	<b>2,641,518</b>	<b>2,717,651</b>
Austria	1,116,767	1,176,627
Czech Republic	497,119	471,831
Slovakia	301,757	310,318
Poland	201,643	275,532
Hungary	104,467	94,715
Other countries	419,765	388,628
<b>Health insurance</b>	<b>367,167</b>	<b>345,430</b>
Austria	313,527	301,679
Georgia	21,220	21,167
Other countries	32,420	22,584
<b>Total</b>	<b>7,357,472</b>	<b>7,152,648</b>

## OPERATING RESULT FOR DIRECT AND INDIRECT RETENTION BY COUNTRY AND BALANCE SHEET UNIT

	1.1.-30.9.2018	1.1.-30.9.2017
in EUR '000		
<b>Property and Casualty insurance</b>	<b>233,927</b>	<b>176,997</b>
Austria	115,059	55,723
Czech Republic	93,701	79,157
Slovakia	15,259	5,484
Poland	36,105	28,358
Romania	-3,311	14,708
Turkey	4,945	8,281
Central Functions	-60,789	-71,223
Other countries	32,958	56,509
<b>Life insurance</b>	<b>319,565</b>	<b>246,136</b>
Austria	177,949	104,284
Czech Republic	80,015	83,225
Slovakia	19,693	24,572
Poland	15,494	12,376
Hungary	2,539	3,169
Other countries	23,875	18,510
<b>Health insurance</b>	<b>30,215</b>	<b>33,286</b>
Austria	28,843	33,690
Georgia	-481	122
Other countries	1,853	-526
<b>Total</b>	<b>583,707</b>	<b>456,419</b>

## KEY FIGURES BY BALANCE SHEET UNIT

	1.1.-30.9.2018				1.1.-30.9.2017			
	Property/ Casualty	Life	Health	Total	Property/ Casualty	Life	Health	Total
in %								
Cost ratio	30.89	20.94	14.28	26.01	30.45	17.78	14.21	24.21
Claims ratio	65.36				66.83			
Combined Ratio	96.25				97.28			



# Declaration by the Managing Board

We declare to the best of our knowledge that the consolidated interim financial statements prepared in accordance with applicable accounting standards give a true and fair view of the Group's net assets, financial position and results of operations, the interim management report gives a true and fair view of the net assets, financial position and results of operations of the Group with regard to the most important events during the first nine months of the financial year and their impact on the consolidated interim financial statements, of the principal risks and uncertainties for the remaining three months of the financial year and material related party transactions to be disclosed. The interim report was not fully audited or reviewed by an auditor.

Vienna, 9 November 2018

The Managing Board:



**Elisabeth Stadler**

General Manager, CEO,  
Chairwoman of the Managing Board



**Franz Fuchs**

Member of the Managing Board



**Judit Havasi**

Member of the Managing Board



**Liane Hirner**

Member of the Managing Board, CFO



**Peter Höfing**

Member of the Managing Board



**Peter Thirring**

Member of the Managing Board

## Managing Board areas of responsibility:

**Elisabeth Stadler:** Management of the VIG Group, Strategic Questions, General Secretariat, Asset Management, Treasury/Capital market, Affiliated companies department, European Affairs, Group Communication & Marketing, Group Sponsoring, Bancassurance, Human Resources, Group Development & Strategy; Country responsibilities: Germany, Austria, Czech Republic

**Franz Fuchs:** Performance management motor vehicle insurance; Country responsibilities: Baltic states, Moldova, Poland, Ukraine, Romania

**Judit Havasi:** Planning & controlling, Legal department, Group IT, Data Management & Processes, Performance management personal insurance, Asset-Risk Management

**Liane Hirner:** Finance and accounting

**Peter Höfing:** Corporate and large customer business, Vienna International Underwriters (VIU), Group reinsurance; Country responsibilities: Albania incl. Kosovo, Belarus, Bosnia-Herzegovina, Bulgaria, Croatia, Hungary, Macedonia, Montenegro, Serbia

**Peter Thirring:** Group external income reinsurance; Country responsibilities: Georgia, Liechtenstein, Slovakia, Turkey

The **Managing Board as a whole** is responsible for Enterprise Risk Management, Actuarial Department, Group Compliance, Internal Audit and Investor Relations.

# General information

## NOTICE

This report includes forward-looking statements based on current assumptions and estimates that were made by the management of VIENNA INSURANCE GROUP AG Wiener Versicherung Gruppe to the best of its knowledge. Statements using the words “expectation”, “target” or similar formulations indicate such forward-looking statements. Forecasts related to the future development of the Company are estimates made on the basis of information available as of the date this interim report went to press. Actual results may differ from the forecasts if the assumptions underlying the forecast prove to be wrong or if unexpectedly high risks occur.

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. The possibility of rounding, type-setting or printing errors, however, cannot be ruled out completely.

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

The interim report can be downloaded as a PDF file in German or English from our website at:  
[www.vig.com/en/downloads](http://www.vig.com/en/downloads).

Editorial deadline: 9 November 2018

In case of doubt, the German version is authoritative.

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