

# POTEN**CEE**AL



# Letter from the Chair of the Managing Board

**Dear Shareholders,  
Ladies and Gentlemen!**

Vienna Insurance Group (VIG) has been focusing on expanding in Central and Eastern Europe (CEE) for more than 25 years. There is a simple reason for this – we are firmly convinced of the potential of the region. The economic outlook certainly appears to support this view. According to forecasts, EU member states in the CEE region will achieve average GDP growth rates of 3% in 2016 and 2017. In comparison, Austria is expected to grow by 1.5% in the same period. The enormous potential of the region is also clearly shown by insurance density. For example, per capita expenditure of the people on insurance averages around EUR 200 per year in the CEE region. In contrast, the corresponding amount is more than EUR 2,000 in Austria. The CEE region therefore still exhibits a great deal of upward potential in this respect. This is particularly the case in Serbia and Romania, where insurance density is just over EUR 90 in each country. In July and August 2016, VIG signed purchase agreements to acquire new insurance companies in these two countries. The closing will allow us to reach our medium-term goal of achieving a market share of more than 10% in Serbia. In addition to the acquisitions, VIG received more good news in July when the Standard & Poor's rating agency confirmed its A+ rating with a stable outlook. This means that VIG continues to enjoy the best credit rating of all companies in the ATX Index.

Looking at our business development in the 1<sup>st</sup> half of 2016, the first point to mention is the change in valuation method and consolidation approach for non-profit housing societies. This was essentially due to a gradual shift from full consolidation to at-equity consolidation to include VIG's shares in nine non-profit housing societies in the consolidated financial statements during the period from 2012 to 2014. The valuation method and consolidation approach that VIG chose were verified by independent auditors. In a notice of August 2016, however, the Austrian Financial Market Authority (FMA) informed the Group that a different valuation method was required for reporting the participations in the non-profit housing societies. The resulting adjustments are



shown in this report. Control has now been acquired over these companies again, which means that the shares in the nine companies will, in future, be included in the financial statements using full consolidation.

With regard to premiums, the Group achieved an increase of 0.4% to EUR 4,928.1 billion in the 1<sup>st</sup> half of 2016, in spite of intentional restraint in sales of single premium life insurance business. However, excluding the single premium business, VIG premiums actually rose by 4.5%. In spite of the expected reduction in the financial result and the effects of the adjustments mentioned above, Group profit before taxes was EUR 201.3 million. The combined ratio was 97.9%, which was in line with the value achieved in the 1<sup>st</sup> quarter (97.8%).

Regardless of the change in the valuation method for the non-profit housing societies and the resulting change in the consolidation approach for these companies, the Group is still maintaining its profit forecast of at least doubling profit (before taxes) to up to EUR 400 million.

A handwritten signature in black ink, appearing to read 'Stadler', written in a cursive style.

Elisabeth Stadler

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# Interim management report

## ECONOMIC ENVIRONMENT

According to the economic research institute WIFO, Austria's economy recovered slightly in the 1<sup>st</sup> half of 2016 compared to 2015. In spite of modest growth in the global economy and continued stagnation in residential construction, Austrian GDP grew 1.6% in the 1<sup>st</sup> quarter of the year. The most important driver to date has been the unexpected strength of private household consumption due to a further drop in the price of oil, which led to an increase in purchasing power, and the positive effects of the tax reform. Public-sector consumption primarily rose as a result of the additional expenditure required to deal with the refugee situation.

Individual growth indicators, such as retail sales, industrial production and employment, exceeded forecasts in the industrialised countries in the 1<sup>st</sup> half of 2016. This especially benefits the EU member states. Fortunately, this year private consumption in the CEE countries has proved to be particularly stimulating for the economy so far.

Capital markets were marked by uncertainty at the end of the 1<sup>st</sup> half of 2016, due to the vote for Brexit in Great Britain. The general level of interest rates fell, partly as a result of the Brexit vote. The yields on 10-year Austrian government bonds have now fallen below 0.1%. The low rate for refinancing operations is helping the public sector prepare and remain within its budgets.

## NEW SEGMENT REPORTING

Since the 1<sup>st</sup> quarter of 2016, regular reporting to the Group Managing Board in its capacity as the ultimate decision-making body has only taken place at the country level. Certain countries were combined based on size according to regional or product-specific factors (Turkey/Georgia, Remaining CEE and Other Markets).

The regular reports will no longer include separate reporting by lines of business (property and casualty, life and health insurance). This change took place in connection with the

## VIG IN THE 1<sup>ST</sup> HALF OF 2016

- **Premium volume of EUR 4,928.1 million – not including single premium life products +4.5%**
- **Profit before taxes of EUR 201.3 million**
- **Retrospective adjustments of non-profit housing societies**
- **Combined ratio of 97.9%**

change in the composition of the Group Managing Board on 1 January 2016. Regular monitoring of goodwill impairment takes place solely at the country level starting as of the 1<sup>st</sup> quarter of 2016.

## RETROSPECTIVE ADJUSTMENT

The adjustment is based on a notice of 2 August 2016 from the Austrian Financial Market Authority (FMA) in accordance with § 3(1) no. 3 of the Austrian Financial Reporting Enforcement Act (Rechnungslegungs-Kontrollgesetz – RL-KG), in which the FMA found that the participations in the non-profit housing societies were not reported in accordance with IFRS. The audit was based on the consolidated financial statements of 31 December 2014 and 31 December 2015 and the half-year reports of 30 June 2014 and 30 June 2015. According to this notice, statutory restrictions on payout and realisation of assets that apply to non-profit housing societies, and indirectly to their holding company, were not taken into account when determining the fair value of these companies at the time of loss of control or recognising the share of their profits. The effects on the Vienna Insurance Group balance sheet and income statement are as follows:

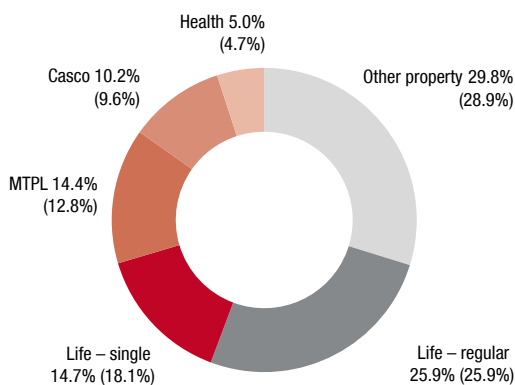
- The non-controlling interests reported due to full consolidation of Neue Heimat Holding are fully eliminated. This causes the non-controlling interests in the shareholders' equity to fall by EUR 57,101,000 (as of 1 January 2015).

- Due to the change in consolidation on 1 January 2014, the at-equity book value of the non-profit housing societies drops by EUR 501,730,000 as of 1 January 2015.
- Only the amount of payouts received from the non-profit housing societies is reported as their current contribution to earnings, instead of the amount previously shown for the pro rata profits of the companies.

## BUSINESS DEVELOPMENT (IN ACCORDANCE WITH IFRS)

In the 1<sup>st</sup> half of 2016, VIG wrote EUR 4,928.1 million in Group premiums, an increase of 0.4% compared to the same period in the previous year. Excluding premium life insurance business, the Group recorded a significant increase in premiums of 4.5%.

### PREMIUM PERCENTAGE BY LINES OF BUSINESS IN THE 1<sup>ST</sup> HALF OF 2016



Values for 1<sup>st</sup> half of 2016 in parentheses

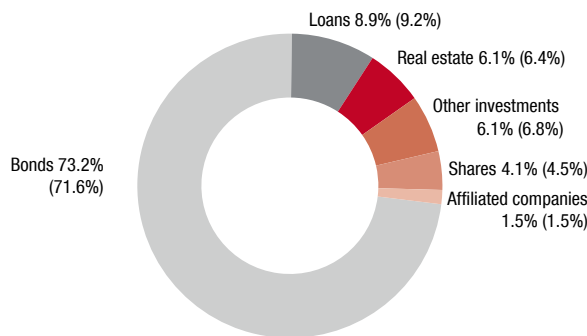
Expenses for claims and insurance benefits less reinsurers' share were EUR 3,467.0 million in the first six months of 2016, representing a year-on-year increase of 3.4%. When interpreting this value, one has to take account of the fact that the 1<sup>st</sup> half of 2015 was affected by positive currency effects in Liechtenstein due to the Swiss franc being unpegged from the euro. These currency effects had no ef-

fect on earnings for the 1<sup>st</sup> half of 2015, since they were offset by a contrary effect in other expenses. Acquisition and administrative expenses less reinsurance commissions rose 1.8% in the 1<sup>st</sup> half of 2016 to EUR 973.3 million (1<sup>st</sup> half of 2015: EUR 956.5 million).

Group profit before taxes decreased to EUR 201.3 million (-17.5%) in the 1<sup>st</sup> half of 2016, primarily due to the significantly lower financial result. In addition, the retrospective adjustment for the non-profit housing societies mentioned above decreases the result for the 1<sup>st</sup> quarter of 2016 by EUR 11.9 million.

The Group had a combined ratio after reinsurance (not including investment income) of 97.9% in the 1<sup>st</sup> half of 2016, due among others to hail losses in the motor lines of business in Poland and the Czech Republic (1<sup>st</sup> half of 2015: 95.9%).

### BREAKDOWN OF INVESTMENTS AS OF 30 JUNE 2016



Restated values as of 31 December 2015 in parentheses

Group investments including cash and cash equivalents were EUR 32.2 billion as of 30 June 2016.

Vienna Insurance Group generated a financial result of EUR 449.5 million in the 1<sup>st</sup> half of 2016. This represented a 13.2% year-on-year decrease that was mainly due to lower realised gains on the disposal of investments in bonds, loans and investment funds.

## BUSINESS DEVELOPMENT BY SEGMENT

### Development by segment

	Premiums written		Profit before taxes	
	1.1.-30.6.2016	1.1.-30.6.2015	1.1.-30.6.2016	1.1.-30.6.2015 restated
in EUR million				
Austria	2,264.9	2,286.2	75.2	85.7
Czech Republic	791.9	835.2	77.6	88.1
Slovakia	374.1	388.5	25.9	26.2
Poland	414.5	449.4	13.9	26.0
Romania	266.7	194.2	3.6	3.5
The Baltic	70.2	29.4	-6.3	0.9
Hungary	116.8	101.2	1.7	1.2
Bulgaria	75.0	73.3	3.8	3.0
Turkey/ Georgia	113.0	94.9	3.9	1.7
Remaining CEE*	165.8	158.0	8.7	10.1
Other Markets**	202.3	211.6	10.5	10.1
Central Funktionen***	699.6	675.8	-16.7	-12.1
Consolidation	-626.7	-589.8	-0.4	-0.3
<b>Total</b>	<b>4,928.1</b>	<b>4,908.0</b>	<b>201.3</b>	<b>244.1</b>

\* Remaining CEE: Albania, Bosnia-Herzegovina, Croatia, Macedonia, Moldova, Serbia, Ukraine

\*\* Other Markets: Germany, Liechtenstein

\*\*\*Central Functions include VIG Fund, VIG Holding, VIG Re, the non-profit housing societies, corporate IT service providers and intermediate holding companies.

#### Austria

The Austrian VIG Group companies recorded premiums written of EUR 2,264.9 million in the 1<sup>st</sup> half of 2016. The small year-on-year decline of 0.9% was due to the reduction in single premium life insurance. Adjusted for single premium life insurance business, the Austrian Group companies recorded an increase of 0.6%.

Profit before taxes was EUR 75.2 million. This represents a drop of 12.3%, which was mainly due to fewer realised gains from the disposal of investments.

The combined ratio was 99.3% in the 1<sup>st</sup> half of 2016 (1<sup>st</sup> half of 2015: 96.6%), mainly due to a change in the calculation of personnel provisions.

#### Czech Republic

Premiums written in the Czech Republic were EUR 791.9

million in the first six months of 2016. The year-on-year decrease of 5.2% was due to restraint in single premium life insurance business. When adjusted for this, however, premiums increased a satisfactory 7.8%.

Profit before taxes declined 11.9% year-on-year to EUR 77.6 million in the 1<sup>st</sup> half of 2016 due to the drop in the financial result.

The combined ratio was 92.8% (1<sup>st</sup> half of 2015: 89.8%). The year-on-year increase was primarily the result of higher insurance payments in the motor lines of business due to hail losses.

#### Slovakia

The Slovakian Vienna Insurance Group Group companies recorded premiums written of EUR 374.1 million in the 1<sup>st</sup> half of 2016, representing a year-on-year decrease of 3.7%. When adjusted for single premium life insurance business, however, a satisfactory increase of 4.5% was achieved.

Profit before taxes decreased 1.3% in the first six months of 2016 to EUR 25.9 million (1<sup>st</sup> half of 2015: EUR 26.2 million).

The combined ratio was 96.5% in the 1<sup>st</sup> half of 2016 (1<sup>st</sup> half of 2015: 95.6%).

#### Poland

Premiums written in Poland were EUR 414.5 million in the first six months of the current financial year. The 7.8% year-on-year reduction was due to a drop in single premium life insurance business and the transfer of the Baltic non-life insurance business.

The Polish Group companies earned profit before taxes of EUR 13.9 million in the 1<sup>st</sup> half of 2016. The decrease of 46.6% compared to the same period in the previous year was mainly due to a lower financial result due to market conditions, the continuing intense price competition in the motor lines of business, and large hail losses in the motor lines of business.

The ongoing difficult market environment and large hail losses in the motor lines of business had a negative effect

on the combined ratio in the 1<sup>st</sup> half of 2016, which was just under the 100% mark at 99.7% (1<sup>st</sup> half of 2015: 96.8%).

#### **Romania**

The VIG Group companies in Romania generated EUR 266.7 million in premiums written in the 1<sup>st</sup> half of 2016. This strong increase of 37.3% was primarily due to new business in motor third party liability insurance.

Profit before taxes increased by 3.2% year-on-year to EUR 3.6 million (1<sup>st</sup> half of 2015: EUR 3.5 million).

The combined ratio improved again compared to the previous year, although at a level of 101.0% it was still above the 100% mark (1<sup>st</sup> half of 2015: 103.2%).

#### **The Baltic**

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

The Baltic Vienna Insurance Group companies significantly increased premiums written to EUR 70.2 million in the 1<sup>st</sup> half of 2016 (1<sup>st</sup> half of 2015: EUR 29.4 million). The increase was primarily due to the first-time consolidation of the newly founded insurance company Compensa Non-Life and the acquisition of the non-life insurance company Baltikums.

The loss of EUR 6.3 million reported in the 1<sup>st</sup> half of 2016 was primarily due to start-up losses for Compensa Non-Life resulting from a transfer of the Baltic non-life business from a Polish Group company (1<sup>st</sup> half of 2015: EUR 0.9 million).

The resulting costs also affected the combined ratio, which was 131.1% in the 1<sup>st</sup> half of 2016.

#### **Hungary**

Premiums written in Hungary were EUR 116.8 million in the first six months of 2016. This marked increase of 15.4% was mainly the result of strong premium growth in single premium life insurance products.

Profit before taxes rose to EUR 1.7 million. This 45.5% year-on-year increase was the result of cost reductions and syn-

ergy effects among the Hungarian companies due to the advanced stage of integration of Vienna Life.

The combined ratio was 105.0% in the 1<sup>st</sup> half of 2016 due to tax charges for insurance tax and trade tax (1<sup>st</sup> half of 2015: 106.5%).

#### **Bulgaria**

The Bulgarian Group companies recorded premiums written of EUR 75.0 million in the 1<sup>st</sup> half of 2016, representing a year-on-year increase of 2.4%. The drop in premiums from motor third party liability insurance due to strong price competition in the market was more than offset by double-digit growth rates for motor own damage insurance (+16.5%) and other property and casualty insurance (+11.2%).

Profit before taxes was EUR 3.8 million. This represents an increase of 24.9% compared to the same period in the previous year, which was primarily due to higher net profits from the pension fund Doverie.

The combined ratio improved considerably compared to the same period in the previous year to 99.0% due to the restrictive underwriting policy used in the motor lines of business (1<sup>st</sup> half of 2015: 101.4%).

#### **Turkey/Georgia**

The VIG Group companies in the Turkey/Georgia segment recorded premiums written of EUR 113.0 million during the first six months of 2016, representing a strong year-on-year increase of 19.1%. This change was due to a sharp rise in new business in the areas of motor third party liability insurance and other property and casualty insurance.

Profit before taxes rose to EUR 3.9 million. This significant year-on-year increase of 138.0% was due to the increase in motor third party liability insurance and other property and casualty insurance in Turkey.

This also had a positive effect on the combined ratio, which improved to 97.0% in the 1<sup>st</sup> half of 2016 (1<sup>st</sup> half of 2015: 101.5%).

### **Remaining CEE**

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

The Group companies in the Remaining CEE segment recorded EUR 165.8 million in premiums written in the 1<sup>st</sup> half of 2016, an increase of 4.9% that was primarily due to good performance in Croatia and Serbia.

An increase in claims expenses reduced profit before taxes 13.8% year-on-year to EUR 8.7 million.

As a result, the combined ratio was only just under the 100% mark at 99.5% in the 1<sup>st</sup> half of 2016 (1<sup>st</sup> half of 2015: 97.1%)

### **Other Markets**

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

The Vienna Insurance Group Group companies in the Other Markets segment generated EUR 202.3 million in premiums written. This decrease of 4.4% compared to the same period in the previous year was mainly due to a reduction in single premium life insurance in Liechtenstein.

Profit before taxes rose by 3.8% year-on-year to EUR 10.5 million in the 1<sup>st</sup> half of 2016 (1<sup>st</sup> half of 2015: EUR 10.1 million).

The combined ratio was an excellent 84.4% in the 1<sup>st</sup> half of 2016 (1<sup>st</sup> half of 2015: 83.7%).

### **Central Functions**

Premiums written in the Central Functions rose 3.5% in the first six months of 2016 to EUR 699.6 million. This was mainly due to an increase in premiums under internal Group reinsurance contracts.

The Central Functions recorded a loss of EUR 16.7 million in the 1<sup>st</sup> half of 2016 due to the interest expenses for the subordinated capital of the Group.

## **EMPLOYEES**

VIG had 23,005 employees in the 1<sup>st</sup> half of the current year – 10 more than in 2015 as a whole.

## **GROUP BUSINESS DEVELOPMENT IN THE 2<sup>ND</sup> QUARTER OF 2016**

In spite of the decrease in single premium life insurance, VIG recorded premiums written of EUR 2,222.3 million in the 2<sup>nd</sup> quarter of the current year. This year-on-year growth of 3.3% was primarily due to an increase in motor third party liability insurance and other property and casualty insurance.

Expenses for claims and insurance benefits less reinsurers' share rose 5.8% to EUR 1,716.5 million in the 2<sup>nd</sup> quarter of 2016. The increase was among others due to large hail losses in the motor lines of business in Poland and the Czech Republic.

Acquisition and administrative expenses less received reinsurance commissions were EUR 471.0 million in the 2<sup>nd</sup> quarter of the current year. The year-on-year increase of 5.3% was primarily due to a change in the calculation of personnel provisions in Austria.

Profit before taxes was EUR 111.7 million in the 2<sup>nd</sup> quarter of 2016. The drop of 10.0% was primarily due to a decrease in the financial result to EUR 225.4 million in the 2<sup>nd</sup> quarter of the current year. This year-on-year decrease of 11.8% mainly resulted from lower realised gains on the disposal of equity investments.

## **RELATED PARTY TRANSACTIONS**

Information on related party transactions is provided in the notes to the consolidated financial statements on page 54.

## **SIGNIFICANT EVENTS AFTER THE FINANCIAL STATEMENTS WERE PREPARED**

Significant events after the financial statements were prepared are presented on page 55 in the consolidated interim financial statements.



## RISK REPORT

The core business of VIG consists of assuming risk. A conscious and controlled handling of risks at all levels of the Group therefore forms the basis for sustainable business development. In order to ensure this sustainability, VIG follows a conservative risk policy that forms the foundation of an integrated risk management system that is an integral part of the structural and process organisation of the Company. Local risk departments and a central risk management department at the holding company level assist the VIG operational departments with Group-wide risk management processes, while continuously promoting the risk awareness of each employee and the existing risk culture in the entire Group.

The risk management processes themselves ensure that all risks in the Group can be promptly and appropriately identified, assessed, analysed and controlled. The associated reporting and regular communications between the Managing Board, risk departments and operating departments also ensure transparency and form a framework for ensuring that the risk situation is appropriately taken into account in the decisions made at the individual company and Group levels.

The Vienna Insurance Group risk environment remained practically unchanged in the 1<sup>st</sup> half of 2016, so that information on the significant business risks to which Vienna Insurance Group is exposed can be obtained from the risk reporting in the Group Annual Report 2015.

In addition to very good capital adequacy under Solvency II, with a solvency ratio of 196% as of 31 December 2015 at the level of the listed VIG Group, Standard and Poor's also confirmed its existing A+ rating with a stable outlook for VIG, thereby confirming the large risk-bearing capacity of the Group.

The situation in financial markets, in particular changes in the interest rate environment, are being monitored closely. Vienna Insurance Group will continue to maintain the conservative, security-oriented investment policy it has used to access financial markets in the past.

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 excellently prepared for the future.

## OUTLOOK

### Economic outlook

The forecasts for Austrian economic growth in 2016 and 2017 predict a weakening of export demand. This is likely to be offset, however, mainly by increased consumer demand. The stagnation in global GDP is not expected to spread to Austria until 2017. According to the economic research institute WIFO, the Austrian economy will grow 1.6% in 2016, 0.7 percentage points more than the previous year. In spite of a steady increase in the employment rate, the unemployment rate is also forecast to increase slightly to 5.9% (forecast according to EUROSTAT). Real per capita net wages and salaries are likely to record a strong increase of 2.6%. This relief for private households is one of the most important factors providing support for growth this year.

According to forecasts from the Vienna Institute for International Economic Studies (WIIW), economic growth will generally stabilise in the countries of the CEE region in coming years, with national GDP growth rates of between 2% and 4%. Based on macroeconomic factors, the countries or regions likely to achieve particularly large growth this year include the Baltic (2.2%–3%), Romania (4%) and the Western Balkans (1.6%–3.9%). The Czech Republic is expected to record annual GDP growth of around 2.5% over the medium term.

At the EU level, developments concerning the Brexit vote in the UK will continue to contribute to financial market uncertainty. Nevertheless, it can be assumed that an orderly transition process and deadlines will be established to maintain the architecture of European markets and institutions as far as possible.

### VIG-Outlook

Vienna Insurance Group aims to generate healthy, properly considered growth and, based on this principle, will continue in the future to follow a growth policy focusing on earnings. In doing so, the Group will continue to rely on targeted strengthening of high-margin business areas by deliberately driving forward property and casualty insurance and life insurance with regular premiums. In addition, VIG will pay attention to the potential for insurance in the small and

medium-size company segment (SME) and place a stronger focus on the area of health insurance. Furthermore, on the product and service side, there will be a new focus on digitalisation.

VIG aims to strengthen its market share by organic growth and through further acquisitions aimed at improving its position in the markets and strategically supplementing the existing portfolio. Countries where VIG holds a top market shares will be secured. These include the Czech Republic and Slovakia, each with a market share of significantly more than 30%, and Austria with close to 24%. Vienna Insurance Group wants to increase its market share to a minimum of 10% in each of Poland, Hungary, Croatia, and Serbia over the medium term. Vienna Insurance Group will reach this target in Serbia when official approval is received for the acquisition of AXA Non-Life and AXA Life in Belgrade. In spite of this aim, a focus will still be placed on cost-effectiveness. Checks will be made to determine where it makes sense to consolidate or combine services and processes.

With regard to the development of results of Vienna Insurance Group, it is expected that the current low-interest rate environment will lead to another decline in the financial result in 2016. Investments continue to be made based on the objective of generating stable, secure cash flows. In spite of the change in the valuation method for the non-profit housing societies and the resulting change in consolidation method for these companies, the Group still aims to at least double profit before taxes to up to EUR 400 million. VIG also aims to improve its combined ratio, with a medium-term target of 95%.

## CURRENT TOPICS

### General Meeting

The 25th ordinary general meeting on 13 May 2016 approved the proposal of the Vienna Insurance Group Managing and Supervisory Boards to pay a dividend of EUR 0.60 per share. This corresponds to a dividend payout ratio of around 78% of profit after taxes and minority interests, thereby continuing the Group's long-term dividend

policy of paying out at least 30% of net profit. Further information on the general meeting and a video of the presentation by General Manager Elisabeth Stadler are available on the Internet at [www.vig.com/en/annual-general-meeting](http://www.vig.com/en/annual-general-meeting).

### **Weather-related claims in Central and Eastern Europe**

In total, gross weather-related claims were around EUR 61 million in the 1<sup>st</sup> half of 2016. After deducting reinsurance, Vienna Insurance Group had a net retention of around EUR 52 million.

### **Awards**

#### **VIG receives TÜV award for quality management**

TÜV Austria has awarded the VIG “International Processes and Methods” department, headed by Christian Walter, a certificate for quality management in accordance with EN ISO 9001:2015. This makes VIG the only insurance company in Austria that has received this current seal of quality. TÜV Austria presented the award for the results- and efficiency-oriented management of processes in VIG.

#### **VIG in the Czech Republic: Kooperativa receives the “Golden Crown”**

As in previous years, the Czech Group company Kooperativa has once again succeeded in winning the Golden Crown award in this year’s survey for the most successful insurance company in the Czech Republic. The Group company received awards in four categories: gold for “Industrial and Commercial Insurance”, silver for household insurance and two bronze awards in the “Motor and Liability Insurance” category. This is the 14<sup>th</sup> time in a row the competition has been held to honour the best financial products of the year in the Czech market.

#### **VIG in Austria: s Versicherung celebrates its fifth “Recommender Award”**

s Versicherung, Austria’s leading provider of life insurance, was awarded first place in the “Bank Insurance” category of the coveted Recommender Award, making this the fifth time it has received this special hallmark of excellence. A total of 9,000 customers of Austrian banks, insurance companies and home loan savings associations were surveyed for the award.

# Capital markets & investor relations & share

## CAPITAL MARKETS

### International overview

Concerns about international economic developments sent stock exchanges plunging at the beginning of 2016. Improved economic prospects and positive signals from central banks helped prices to recover from the middle of the 1<sup>st</sup> quarter. Macroeconomic and political uncertainties nevertheless continued to put pressure on equity markets in the 2<sup>nd</sup> quarter, leading to correspondingly weak price performance.

Equity markets in the USA performed relatively well during the 1<sup>st</sup> half of 2016. Although the US Dow Jones Industrial Index (DJI), quoted in USD, lost more than 10% of its value in the first six weeks of the year, as of 30 June 2016 it had converted these losses into a price gain of 2.9% compared to the end of 2015. The broader-based S&P 500 Index in USD recorded a similar gain in the 1<sup>st</sup> half of 2016, while the NASDAQ technology index quoted in USD suffered a small loss. The above-average price performance in the USA was due to comparatively robust US economic data, price speculation based on potential corporate acquisitions and, in particular, the lack of interest rate policy tightening by the US Federal Reserve.

In Europe, on the other hand, even the European Central Bank's strongly expansive policy was unable to keep the price level from eroding. Although the pan-European EuroStoxx 50 equity index quoted in EUR recorded rapid and significant gains from its low in the middle of February 2016, the value of the index at the end of the 1<sup>st</sup> quarter of 2016 was still 8.0% below its value at the end of 2015. A continuation of extremely modest economic growth in Europe and a large number of political uncertainties – ranging from the political stalemate in Spain and the ongoing refugee crisis through to Brexit – put pressure on European prices in the 2<sup>nd</sup> quarter, causing the EuroStoxx 50 to fall by the end of June 2016 to a level 12.3% below its end-of-year value in 2015.

Similar to European stock exchanges, Japanese price losses in the 1<sup>st</sup> quarter of 2016 increased to an overall year-to-date loss of 18.2%. The emerging markets benefited

from the expansive policy maintained by the US Federal Reserve in the 1<sup>st</sup> half of 2016. While the MSCI Emerging Market Index quoted in USD rose 5.4% during the 1<sup>st</sup> half of 2016, emerging market stock exchanges in Central and Eastern Europe suffered significant price losses. The Eastern European CECE Index quoted in EUR fell 9.6% in the first six months of 2016. Given generally solid growth figures, this loss is mainly attributable to investor concerns about future changes in the political and economic architecture of Europe, including in particular the consequences of Brexit.

### Vienna Stock Exchange

The Vienna Stock Exchange was also affected by the general market movements in the 1<sup>st</sup> quarter of 2016. The leading ATX index temporarily fell below 2,000 points, recording a loss of 18.4% at its low for the year in the middle of February compared to its value at the end of 2015. In the following recovery phase, the Vienna Stock Exchange outperformed most international stock exchanges to reach a level of 2,358.44 points by the middle of April, only 1.6% below its level at the end of 2015. Prices fell again, however, in subsequent weeks with relatively low trading volume. As in the CEE countries, the Vienna Stock Exchange was dominated by the topic of Brexit in June, and the ATX dropped below the 2,000 point mark again. Similar to the EuroStoxx 50, the value of 2,095.96 points on 30 June 2016 represented a loss of 12.6% compared to the end-of-year value for 2015.

## INVESTOR RELATIONS

After publishing solid Q1 results at the end of May 2016, VIG took part in a number of international investor conferences in June 2016. These included the European financial conferences organised by Wood & Company in Warsaw, Goldman Sachs in Paris and Autonomous in London, as well as the conference in Frankfurt jointly organised by Berenberg and the Vienna Stock Exchange. Many investors took advantage of these events to hear information from Vienna Insurance Group management on current developments in the Group.

## VIG SHARE PERFORMANCE

VIG share prices essentially followed international markets and moved parallel to the ATX Index in the 1<sup>st</sup> half of 2016. A significant drop in price occurred after VIG's results were published. The share price subsequently recovered slightly and trended sideways, but was affected by the downward movement of stock markets following the unexpected result of the Brexit vote. As a result, the share price fell to a low of EUR 16.275 for the 1<sup>st</sup> half of 2016 on 27 June 2016. Performance continued to be weak as of 30 June 2016, with a total loss of 32.8% compared to the end of financial year 2015. The share price subsequently remained at this level, closing at EUR 17.565 on the editorial deadline of 16 August 2016.

### VIG financial calendar\*

9M results for 2016	22 November 2016
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\* Preliminary schedule

### Key share information for the 1<sup>st</sup> half of 2016

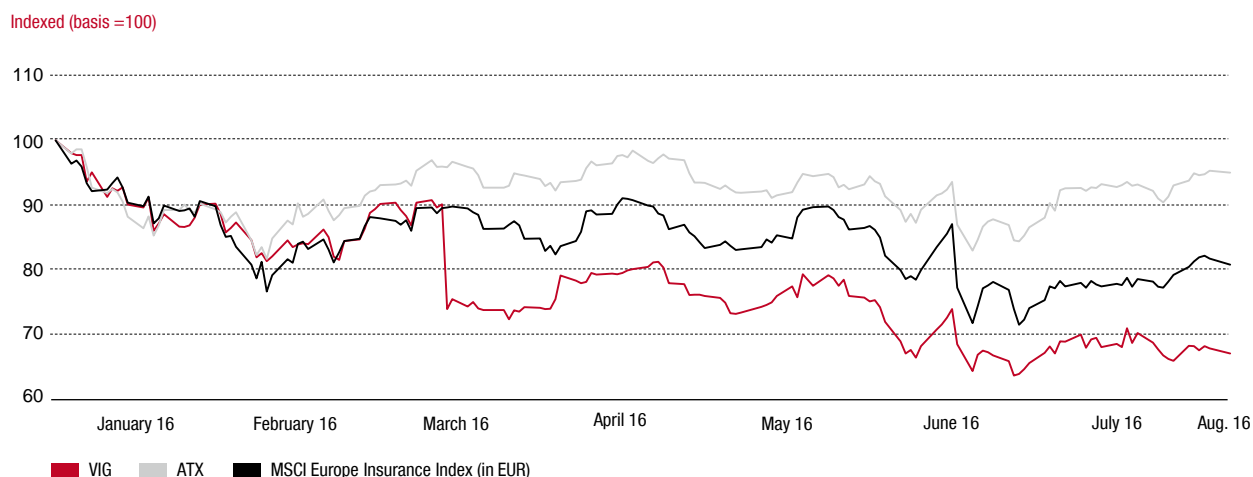
High	EUR	24.790
Low	EUR	16.275
Year-end price	EUR	17.005
Market capitalisation	EUR	2.2 bn
Dividend 2015	EUR	0.60
Average daily stock exchange trading volume*	EUR	4.6 mn

\* Using single counting

### Overview of VIG shares

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

## VIENNA INSURANCE GROUP (VIG) COMPARED TO THE ATX AND MSCI EUROPE INSURANCE INDEX (IN EUR) 1 JANUARY 2016 TO 16 AUGUST 2016



# Consolidated interim financial statements in accordance with IFRS

## CONSOLIDATED BALANCE SHEET AS OF 30 JUNE 2016

ASSETS	Notes	30.6.2016	31.12.2015 restated
in EUR '000			
<b>A. Intangible assets</b>	<b>1</b>		
I. Goodwill		1,572,882	1,579,639
II. Purchased insurance portfolios		36,951	40,773
III. Other intangible assets		442,044	459,545
<b>Total intangible assets</b>		<b>2,051,877</b>	<b>2,079,957</b>
<b>B. Investments</b>			
I. Land and buildings		1,906,825	1,907,737
a) Self-used property		435,885	434,306
b) Investment property		1,470,940	1,473,431
II. Shares in at equity consolidated companies		322,201	319,636
III. Financial instruments		28,783,572	27,914,596
a) Loans and other investments		3,500,226	3,798,216
b) Other securities	2	25,283,346	24,116,380
Financial instruments held to maturity		3,004,597	3,066,115
Financial instruments available for sale		21,890,808	20,649,481
Financial instruments recognised at fair value through profit and loss*		387,941	400,784
<b>Total investments</b>		<b>31,012,598</b>	<b>30,141,969</b>
<b>C. Investments of unit- and index-linked life insurance</b>		<b>8,191,469</b>	<b>8,144,135</b>
<b>D. Reinsurers' share in underwriting provisions</b>	<b>3</b>	<b>1,148,328</b>	<b>1,030,740</b>
<b>E. Receivables</b>	<b>4</b>	<b>1,492,245</b>	<b>1,391,980</b>
<b>F. Tax receivables and advance payments out of income tax</b>		<b>208,686</b>	<b>216,710</b>
<b>G. Deferred tax assets</b>		<b>62,034</b>	<b>123,692</b>
<b>H. Other assets</b>		<b>367,875</b>	<b>349,919</b>
<b>I. Cash and cash equivalents</b>		<b>1,238,764</b>	<b>1,101,212</b>
<b>Total ASSETS</b>		<b>45,773,876</b>	<b>44,580,314</b>

\* Including held for trading

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 balance sheet" section in the Notes to the consolidated financial statements starting on page 35.

## CONSOLIDATED BALANCE SHEET AS OF 30 JUNE 2016

LIABILITIES AND SHAREHOLDERS' EQUITY	Notes	30.6.2016	31.12.2015 restated
in EUR '000			
<b>A. Shareholders' equity</b>			
I. Share capital		132,887	132,887
II. Other capital reserves		2,109,003	2,109,003
III. Capital reserves from additional payments on hybrid capital		193,619	193,619
IV. Retained earnings		1,856,695	1,794,780
V. Other reserves		263,020	148,376
<b>Subtotal</b>		<b>4,555,224</b>	<b>4,378,665</b>
VI. Non-controlling interests		110,028	111,733
<b>Total shareholders' equity</b>		<b>4,665,252</b>	<b>4,490,398</b>
<b>B. Subordinated liabilities</b>		<b>1,270,927</b>	<b>1,280,308</b>
<b>C. Underwriting provisions</b>	<b>6</b>		
I. Provision for unearned premiums		1,519,792	1,181,269
II. Mathematical reserve		21,472,118	21,068,385
III. Provision for outstanding claims		4,713,030	4,603,648
IV. Provisions for profit-unrelated premium refunds		46,768	56,060
V. Provision for profit-related premium refunds		1,475,138	1,182,632
VI. Other underwriting provisions		47,665	53,129
<b>Total underwriting provisions</b>		<b>29,274,511</b>	<b>28,145,123</b>
<b>D. Underwriting provisions for unit- and index-linked life insurance</b>		<b>7,826,482</b>	<b>7,776,602</b>
<b>E. Non-underwriting provisions</b>			
I. Provisions for pensions and similar obligations		404,917	387,197
II. Other provisions		221,078	276,199
<b>Total non-underwriting provisions</b>		<b>625,995</b>	<b>663,396</b>
<b>F. Liabilities</b>	<b>7</b>	<b>1,519,772</b>	<b>1,634,317</b>
<b>G. Tax liabilities out of income tax</b>		<b>156,897</b>	<b>121,801</b>
<b>H. Deferred tax liabilities</b>		<b>273,264</b>	<b>294,895</b>
<b>I. Other liabilities</b>		<b>160,776</b>	<b>173,474</b>
<b>Total LIABILITIES AND SHAREHOLDERS' EQUITY</b>		<b>45,773,876</b>	<b>44,580,314</b>

## CONSOLIDATED INCOME STATEMENT

for the period from 1 January 2016 to 30 June 2016 (including comparative period)	Notes	1.1.-30.6.2016	1.1.-30.6.2015 restated
in EUR '000			
<b>Premiums</b>			
<b>Premiums written – gross</b>	<b>8</b>	<b>4,928,108</b>	<b>4,908,050</b>
Premiums written – reinsurers' share		- 513,283	- 524,344
<b>Premiums written – retention</b>		<b>4,414,825</b>	<b>4,383,706</b>
Change in unearned premium – gross		- 348,887	- 277,148
Change in unearned premium – reinsurers' share		125,674	102,296
<b>Net earned premiums – retention</b>		<b>4,191,612</b>	<b>4,208,854</b>
<b>Financial result excluding at equity consolidated companies</b>	<b>9</b>		
Income from investments		639,716	703,605
Expenses for investments and interest expenses		- 215,131	- 213,604
<b>Total financial result excluding at equity consolidated companies</b>		<b>424,585</b>	<b>490,001</b>
<b>Result from shares in at equity consolidated companies</b>		<b>24,868</b>	<b>27,903</b>
<b>Other income</b>	<b>12</b>	<b>103,884</b>	<b>50,181</b>
<b>Expenses for claims and insurance benefits</b>	<b>10</b>		
Expenses for claims and insurance benefits – gross		- 3,676,655	- 3,503,759
Expenses for claims and insurance benefits – reinsurers' share		209,616	151,160
<b>Total expenses for claims and insurance benefits</b>		<b>- 3,467,039</b>	<b>- 3,352,599</b>
<b>Acquisition and administrative expenses</b>	<b>11</b>		
Acquisition expenses		- 851,241	- 848,957
Administrative expenses		- 192,947	- 173,365
Reinsurance commissions		70,923	65,825
<b>Total acquisition and administrative expenses</b>		<b>- 973,265</b>	<b>- 956,497</b>
<b>Other expenses</b>	<b>12</b>	<b>- 103,355</b>	<b>- 223,741</b>
<b>Profit before taxes</b>		<b>201,290</b>	<b>244,102</b>
<b>Tax expenses</b>		<b>- 46,307</b>	<b>- 53,381</b>
<b>Profit for the period</b>		<b>154,983</b>	<b>190,721</b>
<i>thereof attributable to shareholders of Vienna Insurance Group</i>		<i>152,680</i>	<i>187,923</i>
<i>thereof non-controlling interests in net profit for the period</i>		<i>2,303</i>	<i>2,798</i>
Earnings per share (annualised)*	5		
Undiluted = diluted earnings per share (in EUR)		2.26	2.80
<b>Profit for the period (Carry-forward)</b>		<b>154,983</b>	<b>190,721</b>

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



## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the period from 1 January 2016 to 30 June 2016 (including comparative period)	1.1.-30.6.2016	1.1.-30.6.2015 restated
in EUR '000		
<b>Profit for the period (Carry-forward)</b>	<b>154,983</b>	<b>190,721</b>
<b>Other comprehensive income (OCI)</b>		
<b>Items that will not be reclassified to profit or loss in subsequent periods</b>		
+/- Underwriting gains and losses from provisions for employee benefits	- 16,652	- 183
<i>thereof deferred profit participation</i>	5,240	0
<i>thereof deferred taxes</i>	2,821	31
<b>Subtotal</b>	<b>- 8,591</b>	<b>- 152</b>
<b>Items that will be reclassified to profit or loss in subsequent periods</b>		
+/- Exchange rates through equity	- 23,659	18,632
+/- Unrealised gains and losses from financial instruments available for sale	670,630	- 468,598
+/- Cash flow hedge reserve	1,758	1,760
+/- Share of other reserves of associated companies	- 29	342
<i>thereof deferred actuarial reserve</i>	- 183,505	167,322
<i>thereof deferred profit participation</i>	- 293,213	137,623
<i>thereof deferred taxes</i>	- 46,008	35,104
<b>Subtotal</b>	<b>125,974</b>	<b>- 107,815</b>
<b>Total OCI</b>	<b>117,383</b>	<b>- 107,967</b>
<b>Total comprehensive income</b>	<b>272,366</b>	<b>82,754</b>
<i>thereof attributable to shareholders of Vienna Insurance Group</i>	267,324	81,960
<i>thereof non-controlling interests</i>	5,042	794

## CONSOLIDATED INCOME STATEMENT

for the period from 1 April 2016 to 30 June 2016 (including comparative period)	1.4.-30.6.2016	1.4.-30.6.2015 restated
in EUR '000		
<b>Premiums</b>		
<b>Premiums written – gross</b>	<b>2,222,349</b>	<b>2,152,134</b>
Premiums written – reinsurers' share	- 184,174	- 188,708
<b>Premiums written – retention</b>	<b>2,038,175</b>	<b>1,963,426</b>
Change in unearned premium – gross	32,354	59,509
Change in unearned premium – reinsurers' share	- 16,749	- 24,700
<b>Net earned premiums – retention</b>	<b>2,053,780</b>	<b>1,998,235</b>
<b>Financial result excluding at equity consolidated companies</b>		
Income from investments	324,220	357,310
Expenses for investments and interest expenses	- 114,050	- 124,623
<b>Total financial result excluding at equity consolidated companies</b>	<b>210,170</b>	<b>232,687</b>
<b>Result from shares in at equity consolidated companies</b>	<b>15,215</b>	<b>22,767</b>
<b>Other income</b>	<b>66,952</b>	<b>21,911</b>
<b>Expenses for claims and insurance benefits</b>		
Expenses for claims and insurance benefits – gross	- 1,792,413	- 1,679,587
Expenses for claims and insurance benefits – reinsurers' share	75,928	56,808
<b>Total expenses for claims and insurance benefits</b>	<b>- 1,716,485</b>	<b>- 1,622,779</b>
<b>Acquisition and administrative expenses</b>		
Acquisition expenses	- 402,553	- 388,319
Administrative expenses	- 99,799	- 87,281
Reinsurance commissions	31,375	28,468
<b>Total acquisition and administrative expenses</b>	<b>- 470,977</b>	<b>- 447,132</b>
<b>Other expenses</b>	<b>- 46,949</b>	<b>- 81,621</b>
<b>Profit before taxes</b>	<b>111,706</b>	<b>124,068</b>
<b>Tax expenses</b>	<b>- 25,367</b>	<b>- 22,893</b>
<b>Profit for the period</b>	<b>86,339</b>	<b>101,175</b>
<i>thereof attributable to shareholders of Vienna Insurance Group</i>	<i>85,432</i>	<i>98,899</i>
<i>thereof non-controlling interests in net profit for the period</i>	<i>907</i>	<i>2,276</i>
Earnings per share (annualised)*		
Undiluted = diluted earnings per share (in EUR)	2.55	2.97
<b>Profit for the period (Carry-forward)</b>	<b>86,339</b>	<b>101,175</b>

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

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the period from 1 April 2016 to 30 June 2016 (including comparative period)	1.4.-30.6.2016	1.4.-30.6.2015 restated
in EUR '000		
<b>Profit for the period (Carry-forward)</b>	<b>86,339</b>	<b>101,175</b>
<b>Other comprehensive income (OCI)</b>		
<b>Items that will not be reclassified to profit or loss in subsequent periods</b>		
+/- Underwriting gains and losses from provisions for employee benefits	- 14,120	- 13
<i>thereof deferred profit participation</i>	4,553	0
<i>thereof deferred taxes</i>	2,380	- 4
<b>Subtotal</b>	<b>- 7,187</b>	<b>- 17</b>
<b>Items that will be reclassified to profit or loss in subsequent periods</b>		
+/- Exchange rates through equity	- 24,745	- 7,317
+/- Unrealised gains and losses from financial instruments available for sale	226,171	- 1,064,421
+/- Cash flow hedge reserve	884	917
+/- Share of other reserves of associated companies	- 174	- 831
<i>thereof deferred actuarial reserve</i>	- 80,563	361,717
<i>thereof deferred profit participation</i>	- 93,021	364,838
<i>thereof deferred taxes</i>	- 12,754	77,328
<b>Subtotal</b>	<b>15,798</b>	<b>- 267,769</b>
<b>Total OCI</b>	<b>8,611</b>	<b>- 267,786</b>
<b>Total comprehensive income</b>	<b>94,950</b>	<b>- 166,611</b>
<i>thereof attributable to shareholders of Vienna Insurance Group</i>	93,274	- 164,221
<i>thereof non-controlling interests</i>	1,676	- 2,390

## CONSOLIDATED SHAREHOLDERS' EQUITY

### CHANGE IN CONSOLIDATED SHAREHOLDERS' EQUITY IN FINANCIAL YEARS 2016 AND 2015

	Share capital	Other capital reserves	Capital reserves from additional payments on hybrid capital	Retained earnings	Other reserves	Subtotal	Non-controlling interests	Shareholders' equity
in EUR '000								
<b>As of 1 January 2015</b>	<b>132,887</b>	<b>2,109,003</b>	<b>245,602</b>	<b>2,378,849</b>	<b>244,063</b>	<b>5,110,404</b>	<b>173,023</b>	<b>5,283,427</b>
Retrospective restatement	0	0	0	-450,566	5,910	-444,656	-57,101	-501,757
<b>As of 1 January 2015 restated</b>	<b>132,887</b>	<b>2,109,003</b>	<b>245,602</b>	<b>1,928,283</b>	<b>249,973</b>	<b>4,665,748</b>	<b>115,922</b>	<b>4,781,670</b>
Changes in scope of consolidation/ownership interests	0	0	0	799	0	799	-584	215
Total comprehensive income	0	0	0	187,923	-105,963	81,960	794	82,754
Repurchase of hybrid capital	0	0	-51,983	-8,536	0	-60,519	0	-60,519
Dividend payment*	0	0	0	-192,545	0	-192,545	-7,554	-200,099
<b>As of 30 June 2015</b>	<b>132,887</b>	<b>2,109,003</b>	<b>193,619</b>	<b>1,915,924</b>	<b>144,010</b>	<b>4,495,443</b>	<b>108,578</b>	<b>4,604,021</b>
<b>As of 1 January 2016</b>	<b>132,887</b>	<b>2,109,003</b>	<b>193,619</b>	<b>1,794,780</b>	<b>148,376</b>	<b>4,378,665</b>	<b>111,733</b>	<b>4,490,398</b>
Changes in scope of consolidation/ownership interests	0	0	0	-2,084	0	-2,084	-357	-2,441
Total comprehensive income	0	0	0	152,680	114,644	267,324	5,042	272,366
Dividend payment*	0	0	0	-88,681	0	-88,681	-6,390	-95,071
<b>As of 30 June 2016</b>	<b>132,887</b>	<b>2,109,003</b>	<b>193,619</b>	<b>1,856,695</b>	<b>263,020</b>	<b>4,555,224</b>	<b>110,028</b>	<b>4,665,252</b>

\* Including payment for servicing the hybrid capital.

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

The shareholders' share of changes recognised directly in the shareholders' equity of the at equity consolidated companies is EUR 22,085,000 (EUR 15,071,000).

Composition Other reserves	30.6.2016	31.12.2015
in EUR '000		
Unrealised gains and losses	556,702	411,271
Cash flow hedge reserve	-1,474	-2,836
Underwriting gains and losses from provisions for employee benefits	-108,707	-100,192
Share of other reserves of associated companies	-2,189	-6,407
Currency reserve	-181,312	-157,711
<b>Total</b>	<b>263,020</b>	<b>144,125</b>

<b>Unrealised gains and losses</b>	<b>30.6.2016</b>	<b>31.12.2015</b>
<i>in EUR '000</i>		
Bonds	2,791,758	2,062,146
Shares and other participations	97,368	124,898
Investment funds	-35,180	-3,465
	<b>2,853,946</b>	<b>2,183,579</b>
+/- Exchange rate changes from securities Available for sale	10,371	10,108
+/- Policyholder claims		
<i>thereof deferred actuarial reserve</i>	-1,014,665	-831,160
<i>thereof deferred profit participation</i>	-1,113,891	-820,678
+/- Deferred taxes	-170,005	-124,393
+/- Non-controlling interests	-9,054	-6,185
<b>Total</b>	<b>556,702</b>	<b>411,271</b>

<b>Cash flow hedge reserve</b>	<b>30.6.2016</b>	<b>31.12.2015</b>
<i>in EUR '000</i>		
Cash flow hedge	-1,902	-3,660
+/- Deferred taxes	428	824
<b>Total</b>	<b>-1,474</b>	<b>-2,836</b>

<b>Underwriting gains and losses from provisions for employee benefits</b>	<b>30.6.2016</b>	<b>31.12.2015</b>
<i>in EUR '000</i>		
Pension provision and severance provision	-211,336	-194,684
+/- Deferred profit participation	65,744	60,504
+/- Deferred taxes	35,851	33,030
+/- Non-controlling interests	1,034	958
<b>Total</b>	<b>-108,707</b>	<b>-100,192</b>

<b>Share of Other reserves of associated companies</b>	<b>30.6.2016</b>	<b>31.12.2015 restated</b>
<i>in EUR '000</i>		
Share of Other reserves of associated companies	-2,366	-2,337
+/- Non-controlling interests	177	181
<b>Total</b>	<b>-2,189</b>	<b>-2,156</b>

<b>Currency reserve</b>	<b>30.6.2016</b>	<b>31.12.2015</b>
<i>in EUR '000</i>		
Currency reserve	-182,884	-159,225
+/- Non-controlling interests	1,572	1,514
<b>Total</b>	<b>-181,312</b>	<b>-157,711</b>

## CONSOLIDATED CASH FLOW STATEMENT

for the period from 1 January 2016 to 30 June 2016 (including comparative period)	1.1.-30.6.2016	1.1.-30.6.2015 restated
in EUR '000		
<b>Profit for the period</b>	<b>154,983</b>	<b>190,721</b>
Change in underwriting provisions net	610,520	616,463
Change in underwriting receivables and liabilities	-313,027	-244,160
Change in deposit receivables and liabilities as well as in reinsurance receivables and liabilities	30,342	143,042
Change in other receivables and liabilities	113,911	-22,930
Change in securities held for trading	28,468	20,517
Gain/loss from disposal of investments	-49,917	-75,737
Depreciation/appreciation of all other investments	24,218	30,617
Change in pension, severance and other personnel provisions	15,991	-32,913
Change in deferred tax asset/liability excl. tax liabilities	-4,754	11,159
Change in other balance sheet items	-84,043	-48,193
Change in goodwill and other intangible assets	35,640	3,353
Other cash-neutral income and expenses and adjustments to the result of the period <sup>1</sup>	34,964	-119,358
<b>Cash flow from operating activities</b>	<b>597,296</b>	<b>472,581</b>
Payments for the acquisition of fully consolidated companies	-3,057	0
Cash inflow from the sale of at equity consolidated companies	8,892	0
Cash inflow from the sale of available for sale securities	1,826,772	2,296,887
Payments for the acquisition of available for sale securities	-2,387,277	-2,772,585
Cash inflow from the disposals/repayments of held to maturity securities	126,980	184,255
Payments for the addition of held to maturity securities	-84,770	-95,838
Cash inflow from the sale of land and buildings	879	885
Payments for the acquisition of land and buildings	-29,808	-89,808
Cash inflow for the sale of intangible assets	460	0
Payments for the acquisition of intangible assets	-14,546	0
Change in unit- and index-linked life insurance items	-99,079	-131,373
Change in other investments	302,060	294,043
<b>Cash flow from investing activities</b>	<b>-352,494</b>	<b>-313,534</b>
Corporate actions, incl. hybrid capital	0	-60,519
Increase subordinated liabilities	0	364,178
Decrease of subordinated liabilities	-9,300	-400
Dividend payments	-95,071	-188,705
Cash outflow from other financing activities	-1,299	-1,299
<b>Cash flow from financing activities</b>	<b>-105,670</b>	<b>113,255</b>
<b>Change in cash and cash equivalents</b>	<b>139,132</b>	<b>272,302</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>1,101,212</b>	<b>779,781</b>
Change in cash and cash equivalents	139,132	272,302
Effects of foreign currency exchange differences in cash and cash equivalents	-1,580	-1,127
<b>Cash and cash equivalents at the end of period<sup>2</sup></b>	<b>1,238,764</b>	<b>1,050,956</b>
<b>Additional information</b>		
Received interest <sup>4</sup>	408,845	426,330
Received dividends <sup>4</sup>	83,360	83,256
Interest paid <sup>3</sup>	28,650	21,205
Income taxes paid <sup>4</sup>	43,475	42,835

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

<sup>2</sup> The amount of Cash and cash equivalents at end of period correlates with position I. on the Asset side "Cash and cash equivalents".

<sup>3</sup> Interest paid result primarily from financing activities.

<sup>4</sup> Income tax payments, dividends received and interest received are included in the cash flow from operating activities.

# Notes to the consolidated interim financial statements

## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These consolidated interim financial statements for the 1<sup>st</sup> half of 2016 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 of the Austrian Commercial Code (Unternehmensgesetzbuch – UGB) and § 138(8) of the Austrian Insurance Supervision Act (Versicherungsaufsichtsgesetz – VAG) and are in compliance with IAS 34 "Interim Financial Reporting". 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 the new interpretation

Vienna Insurance Group has applied the IFRS annual improvements (2010–2012 cycle), IAS 19 "Employee benefits", amendments to IAS 27 "Consolidated financial statements", IAS 1 "Presentation of financial statements", IFRS annual improvements (2012–2014 cycle), amendments to IAS 16 "Property, plant and equipment" and amendments to IAS 41 "Agriculture" since 1 January 2016. Application of the amended standards that were relevant for Vienna Insurance Group 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 not yet been adopted by the EU

		<b>Applicable as of</b>
<b>New Standards</b>		
IFRS 14	Regulatory Deferral Accounts	EU decided this standard shall not be transferred into EU law
IFRS 15	Revenue from contracts with customers	1.1.2018
IFRS 16	Leases	1.1.2019
IFRS 9	Financial instruments	1.1.2018
<b>Amendments to existing standards</b>		
IFRS 10 and IAS 28	Sale or contribution of assets between an investor and is associate or joint venture	still open
IFRS 10, 12 and IAS 28	Consolidation of investment companies	1.1.2016
IAS 12	Recognition of deferred tax assets for unrealised losses	1.1.2017
IAS 7	Changes to the statement of cash flows	1.1.2017

Vienna Insurance Group is not planning early adoption of the revised provisions. With the exception of the amendments to IAS 7 and IFRS 9, these amendments are expected to have no effect, or no material effect on the consolidated financial statements.

With respect to the amendments to IAS 7, VIG will adjust the consolidated financial statements in 2017 in accordance with the new presentation and notes disclosure requirements.

The amendment to IFRS 9 can, however, be expected to lead to considerably higher volatility of profit for the period. Further amendments which are likely to have greater effects on VIG primarily concern the treatment of interest clauses in debt instruments and the treatment of impairment. It must be noted that there is a draft of an amendment to IFRS 9 that would allow insurance companies to apply IFRS 9 at the same time as the forthcoming IFRS for insurance contracts. In this case, IFRS 9 would be applicable by no later than 2021.

## Foreign currency translation

### FOREIGN CURRENCY TRANSACTIONS

The individual Group companies recognise transactions in foreign currency using the mean rate of exchange on the date of each transaction. Monetary assets and liabilities in foreign currency existing on the balance sheet date are translated to euros using the mean rate of exchange on the balance sheet date. Any resulting foreign currency gains and losses are recognised through profit or loss during the reporting period.

### TRANSLATION OF SEPARATE FINANCIAL STATEMENTS IN FOREIGN CURRENCIES

For purposes of the IFRS, the functional currency of Vienna Insurance Group subsidiaries located outside the Eurozone is generally the currency of their respective country. All assets and liabilities reported in the separate financial statements are translated to euros using the mean rate of exchange on the balance sheet date. Items in the income statement are translated using the average month-end mean rate of exchange during the reporting period. In the statement of cashflows, the mean rate of exchange on the balance sheet date is used for changes in balance sheet items, and the mean exchange rate at the end of the month is used for income statement items. Foreign exchange gains and losses have been recognised directly in other comprehensive income since 1 January 2004.

The following table shows the relevant exchange rates for the consolidated financial statements:

Name	Currency	Period-end exchange rate 30.6.2016	Period-end exchange rate 30.6.2015	Average exchange rate 1.1.-30.6.2016	Average exchange rate 1.1.-30.6.2015
		1 EUR ≙	1 EUR ≙	1 EUR ≙	1 EUR ≙
Albanian lek	ALL	137.3300	140.2900	138.2728	140.2398
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	2.5976	2.4992	2.5920	2.3650
Croatian kuna	HRK	7.5281	7.5948	7.5594	7.6277
Macedonian denar	MKD	61.6949	61.6958	61.6830	61.5004
Moldovan leu	MDL	22.0325	20.8008	22.2362	20.1914
Turkish new lira	TRY	3.2060	2.9953	3.2593	2.8626
Polish zloty	PLN	4.4362	4.1911	4.3688	4.1409
Romanian leu	RON	4.5234	4.4725	4.4956	4.4479
Swiss franc	CHF	1.0867	1.0413	1.0960	1.0567
Serbian dinar	RSD	123.3115	120.6042	122.9159	121.1766
Czech koruna	CZK	27.1310	27.2530	27.0396	27.5021
Ukraine hryvnia	UAH	27.5635	23.5414	28.4989	23.7448
Hungarian forint	HUF	317.0600	314.9300	312.7135	307.5057
Belarusian rubel	BYR	22,210.0000	16,974.0000	22,557.6264	16,408.1492

## DISCLOSURES ON SEASONAL AND ECONOMIC INFLUENCES

Within VIG, seasonal fluctuations mainly affect the areas of 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) 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, the majority of dividend income occurs in the 2<sup>nd</sup> quarter.



## CHANGES TO 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 quantitative criteria that take into account IFRS 10.

The following company was deconsolidated during the reporting period from 1 January 2016 to 30 June 2016:

<b>Deconsolidations</b>	<b>Reason for deconsolidation</b>	<b>Deconsolidation date</b>	<b>Region</b>
TECH GATE	Sale	30.6.2016	Austria

The following changes took place in the scope of consolidation during the reporting period:

<b>Retrospective change of consolidation method to at equity consolidation</b>	<b>% share</b>	<b>Date of change</b>
Neue Heimat Holding	87.07	1.1.2014

The reasons for retrospective adjustments to the consolidation methods are presented on page 32.

The following company was added to the scope of consolidation during the reporting period from 1 January 2016 to 30 June 2016:

<b>Companies acquired during the reporting period</b>	<b>Shares acquired (%)</b>	<b>Date of first consolidation</b>	<b>Goodwill in EUR million</b>
Nova	100.00	1.1.2016	0.56

The requirements for including the (90%) interest in BTA Baltic in the consolidated financial statements were still not satisfied as of 30 June 2016, since prior to the closing of the transaction the Group still had no control over this company.

## SEGMENT REPORTING

The new composition of the Vienna Insurance Group Managing Board took effect on 1 January 2016. The resulting changes to areas of responsibility also led to a stronger focus on countries in the management of the Group. This was used as a reason to review the accounting business segments and, therefore, also the cash generating units and to adjust them to match the country focus.

In accordance with IFRS, the management focus on countries led to a change in the accounting for Group assets (e.g. insurance portfolios, brands, goodwill, etc.) based on cash generating units. As a result, Group assets are no longer recognised based on balance sheet units of the parent company concerned, but at the country level. This makes it necessary to make retrospective adjustments to previous regional result shown for comparative periods in the interim report.

Segment reporting also had to be adjusted and has provided a breakdown by markets since 1 January 2016. with certain countries combined based on size according to their regional or product-specific factors (Turkey/Georgia, Remaining CEE and Other Markets). The quantitative thresholds in IFRS 8 were used to determine the segments that should be published separately.

## CONSOLIDATED BALANCE SHEET BY SEGMENT

ASSETS	Austria		Czech Republic		Slovakia	
	30.6.2016	31.12.2015 restated	30.6.2016	31.12.2015	30.6.2016	31.12.2015
in EUR '000						
A. Intangible assets	357,614	359,795	430,607	433,355	114,671	114,671
B. Investments	22,159,569	21,245,626	3,108,146	3,231,555	1,208,136	1,226,063
C. Investments of unit- and index-linked life insurance	5,325,932	5,393,111	312,199	312,243	197,891	197,708
D. Reinsurers' share in underwriting provisions	481,809	451,567	109,872	109,362	50,584	48,167
E. Receivables	672,740	657,931	153,860	127,758	60,572	64,811
F. Tax receivables and advance payments out of income tax	16,936	24,961	8,661	9,733	3,739	0
G. Deferred tax assets	2,640	51,105	3,655	4,201	2,253	3,268
H. Other assets	171,885	167,232	131,315	123,591	6,052	6,908
I. Cash and cash equivalents	470,469	539,512	42,020	53,494	64,155	50,232
<b>Total ASSETS</b>	<b>29,659,594</b>	<b>28,890,840</b>	<b>4,300,335</b>	<b>4,405,292</b>	<b>1,708,053</b>	<b>1,711,828</b>

ASSETS	Poland		Romania		The Baltic	
	30.6.2016	31.12.2015	30.6.2016	31.12.2015	30.6.2016	31.12.2015
in EUR '000						
A. Intangible assets	138,626	144,534	246,778	246,194	24,563	24,893
B. Investments	853,720	925,750	497,331	412,853	229,527	196,268
C. Investments of unit- and index-linked life insurance	704,097	671,470	209,897	206,011	36,645	34,352
D. Reinsurers' share in underwriting provisions	52,283	22,701	36,974	30,559	1,649	14,371
E. Receivables	143,819	110,719	144,729	150,406	20,895	12,893
F. Tax receivables and advance payments out of income tax	8,088	7,563	2,183	2,183	158	179
G. Deferred tax assets	3,199	3,500	11,615	12,448	560	632
H. Other assets	9,601	8,028	14,339	9,559	715	533
I. Cash and cash equivalents	6,615	12,092	5,147	42,309	11,984	17,970
<b>Total ASSETS</b>	<b>1,920,048</b>	<b>1,906,357</b>	<b>1,168,993</b>	<b>1,112,522</b>	<b>326,696</b>	<b>302,091</b>

ASSETS	Hungary		Bulgaria		Turkey/Georgia	
	30.6.2016	31.12.2015	30.6.2016	31.12.2015	30.6.2016	31.12.2015
in EUR '000						
A. Intangible assets	42,670	43,461	193,048	194,237	27,880	27,654
B. Investments	147,888	148,428	144,291	131,453	95,793	80,095
C. Investments of unit- and index-linked life insurance	369,626	361,849	0	0	0	0
D. Reinsurers' share in underwriting provisions	44,048	8,077	20,506	16,165	66,423	65,707
E. Receivables	18,885	18,395	44,205	38,902	65,515	54,440
F. Tax receivables and advance payments out of income tax	47	11	490	427	517	651
G. Deferred tax assets	164	197	1,866	1,824	2,869	4,521
H. Other assets	6,639	5,222	2,368	2,130	1,747	1,315
I. Cash and cash equivalents	4,813	6,083	11,364	12,002	25,368	22,041
<b>Total ASSETS</b>	<b>634,780</b>	<b>591,723</b>	<b>418,138</b>	<b>397,140</b>	<b>286,112</b>	<b>256,424</b>

ASSETS	Remaining CEE		Other Markets		Central Functions		Total	
	30.6.2016	31.12.2015	30.6.2016	31.12.2015	30.6.2016	31.12.2015 restated	30.6.2016	31.12.2015 restated
in EUR '000								
A. Intangible assets	132,827	133,693	1,387	1,762	341,206	355,708	<b>2,051,877</b>	<b>2,079,957</b>
B. Investments	708,714	699,581	612,738	599,339	1,246,745	1,244,958	<b>31,012,598</b>	<b>30,141,969</b>
C. Investments of unit- and index-linked life insurance	62,061	48,371	973,121	919,020	0	0	<b>8,191,469</b>	<b>8,144,135</b>
D. Reinsurers' share in underwriting provisions	30,221	26,738	6,788	7,782	247,171	229,544	<b>1,148,328</b>	<b>1,030,740</b>
E. Receivables	75,594	67,717	16,049	17,795	75,382	70,213	<b>1,492,245</b>	<b>1,391,980</b>
F. Tax receivables and advance payments out of income tax	1,715	1,265	1,061	0	165,091	169,737	<b>208,686</b>	<b>216,710</b>
G. Deferred tax assets	4,152	4,054	1,802	2,801	27,259	35,141	<b>62,034</b>	<b>123,692</b>
H. Other assets	9,314	9,745	4,453	4,649	9,447	11,007	<b>367,875</b>	<b>349,919</b>
I. Cash and cash equivalents	29,043	16,793	85,163	143,289	482,623	185,395	<b>1,238,764</b>	<b>1,101,212</b>
<b>Total ASSETS</b>	<b>1,053,641</b>	<b>1,007,957</b>	<b>1,702,562</b>	<b>1,696,437</b>	<b>2,594,924</b>	<b>2,301,703</b>	<b>45,773,876</b>	<b>44,580,314</b>

The investments included shares in at equity consolidated companies of EUR 212,263,000 in Austria (EUR 209,636,000), EUR 27,754,000 in the Czech Republic (EUR 27,471,000), and EUR 82,184,000 in the Central Functions (EUR 82,529,000).

**LIABILITIES AND SHAREHOLDERS' EQUITY**

	Austria		Czech Republic		Slovakia	
	30.6.2016	31.12.2015	30.6.2016	31.12.2015	30.6.2016	31.12.2015
in EUR '000						
B. Subordinated liabilities	103,020	112,320	20,272	20,353	0	0
C. Underwriting provisions	21,848,211	20,989,146	2,963,849	2,961,668	1,031,688	994,516
D. Underwriting provisions for unit- and index-linked life insurance	5,120,939	5,185,236	182,935	185,717	211,569	212,097
E. Non-underwriting provisions	433,659	457,698	6,371	7,271	2,989	3,069
F. Liabilities	719,255	739,517	166,341	201,819	60,773	98,179
G. Tax liabilities out of income tax	144,834	104,272	5,663	7,099	1,698	1,982
H. Deferred tax liabilities	198,701	220,958	24,098	23,839	14,451	12,557
I. Other liabilities	96,950	103,616	10,005	12,188	6,346	6,228
<b>Subtotal</b>	<b>28,665,569</b>	<b>27,912,763</b>	<b>3,379,534</b>	<b>3,419,954</b>	<b>1,329,514</b>	<b>1,328,628</b>

**LIABILITIES AND SHAREHOLDERS' EQUITY**

	Poland		Romania		The Baltic	
	30.6.2016	31.12.2015	30.6.2016	31.12.2015	30.6.2016	31.12.2015
in EUR '000						
B. Subordinated liabilities	0	0	0	0	0	0
C. Underwriting provisions	721,380	741,332	461,745	396,331	194,265	165,487
D. Underwriting provisions for unit- and index-linked life insurance	673,761	638,569	205,446	201,260	36,639	34,353
E. Non-underwriting provisions	12,851	17,838	4,083	4,061	231	367
F. Liabilities	100,792	65,223	71,221	81,756	14,447	21,806
G. Tax liabilities out of income tax	298	576	0	0	59	150
H. Deferred tax liabilities	17,903	17,602	0	0	461	409
I. Other liabilities	22,873	21,261	3,973	10,992	1,250	845
<b>Subtotal</b>	<b>1,549,858</b>	<b>1,502,401</b>	<b>746,468</b>	<b>694,400</b>	<b>247,352</b>	<b>223,417</b>

**LIABILITIES AND SHAREHOLDERS' EQUITY**

	Hungary		Bulgaria		Turkey/Georgia	
	30.6.2016	31.12.2015	30.6.2016	31.12.2015	30.6.2016	31.12.2015
in EUR '000						
B. Subordinated liabilities	0	0	0	0	0	0
C. Underwriting provisions	156,404	114,042	148,956	134,329	192,294	165,110
D. Underwriting provisions for unit- and index-linked life insurance	361,660	353,808	0	0	0	0
E. Non-underwriting provisions	6,518	6,578	15,521	14,855	1,742	1,123
F. Liabilities	14,426	21,271	18,353	15,883	28,889	20,693
G. Tax liabilities out of income tax	151	0	82	109	275	0
H. Deferred tax liabilities	1,092	1,176	1,771	1,893	40	75
I. Other liabilities	4,934	3,089	101	591	2,000	1,948
<b>Subtotal</b>	<b>545,185</b>	<b>499,964</b>	<b>184,784</b>	<b>167,660</b>	<b>225,240</b>	<b>188,949</b>

LIABILITIES AND SHAREHOLDERS' EQUITY	Remaining CEE		Other Markets		Central Functions		Total	
	30.6.2016	31.12.2015	30.6.2016	31.12.2015	30.6.2016	31.12.2015 restated	30.6.2016	31.12.2015 restated
in EUR '000								
B. Subordinated liabilities	0	0	0	0	1,147,635	1,147,635	1,270,927	1,280,308
C. Underwriting provisions	664,931	652,197	578,468	556,799	312,320	274,166	29,274,511	28,145,123
D. Underwriting provisions for unit- and index-linked life insurance	62,061	48,372	971,472	917,190	0	0	7,826,482	7,776,602
E. Non-underwriting provisions	5,298	5,505	6,321	7,003	130,411	138,028	625,995	663,396
F. Liabilities	43,258	34,094	30,466	100,976	251,551	233,100	1,519,772	1,634,317
G. Tax liabilities out of income tax	1,789	2,541	15	455	2,033	4,617	156,897	121,801
H. Deferred tax liabilities	1,718	1,649	573	321	12,456	14,416	273,264	294,895
I. Other liabilities	8,774	9,077	286	548	3,284	3,091	160,776	173,474
<b>Subtotal</b>	<b>787,829</b>	<b>753,435</b>	<b>1,587,601</b>	<b>1,583,292</b>	<b>1,859,690</b>	<b>1,815,053</b>	<b>41,108,624</b>	<b>40,089,916</b>
Shareholders' equity							4,665,252	4,490,398
<b>Total LIABILITIES AND SHAREHOLDERS' EQUITY</b>							<b>45,773,876</b>	<b>44,580,314</b>

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

## CONSOLIDATED INCOME STATEMENT BY SEGMENT

REGIONS	Austria		Czech Republic		Slovakia		Poland	
	1.1.-30.6.16	1.1.-30.6.15 restated	1.1.-30.6.16	1.1.-30.6.15	1.1.-30.6.16	1.1.-30.6.15	1.1.-30.6.16	1.1.-30.6.15
in EUR '000								
Premiums written – gross	2,264,852	2,286,219	791,942	835,151	374,063	388,458	414,520	449,446
Net earned premiums	1,710,890	1,729,651	573,857	638,598	294,746	311,056	344,743	386,247
Financial result excluding at equity consolidated companies	345,465	374,848	42,618	54,892	28,319	28,473	17,211	25,876
Income from investments	436,535	463,190	66,128	81,546	30,181	29,845	21,857	33,587
Expenses for investments and interest expenses	-91,070	-88,342	-23,510	-26,654	-1,862	-1,372	-4,646	-7,711
Result from shares in at equity consolidated companies	20,950	12,207	1,377	1,591	0	0	0	0
Other income	22,868	7,555	21,256	15,654	6,466	7,091	8,486	3,640
Expenses for claims and insurance benefits	-1,671,825	-1,692,835	-370,496	-449,316	-238,115	-253,454	-269,467	-264,955
Acquisition and administrative expenses	-340,524	-312,168	-175,777	-155,167	-51,048	-52,487	-79,063	-117,117
Other expenses	-12,643	-33,560	-15,224	-18,132	-14,498	-14,478	-8,031	-7,686
<b>Profit before taxes</b>	<b>75,181</b>	<b>85,698</b>	<b>77,611</b>	<b>88,120</b>	<b>25,870</b>	<b>26,201</b>	<b>13,879</b>	<b>26,005</b>
Tax expenses	-16,328	-18,369	-16,945	-19,352	-7,456	-7,471	-2,795	-5,220
<b>Profit for the period</b>	<b>58,853</b>	<b>67,329</b>	<b>60,666</b>	<b>68,768</b>	<b>18,414</b>	<b>18,730</b>	<b>11,084</b>	<b>20,785</b>

REGIONS	Romania		The Baltic		Hungary		Bulgaria	
	1.1.-30.6.16	1.1.-30.6.15	1.1.-30.6.16	1.1.-30.6.15	1.1.-30.6.16	1.1.-30.6.15	1.1.-30.6.16	1.1.-30.6.15
in EUR '000								
Premiums written – gross	266,688	194,249	70,202	29,443	116,789	101,237	75,049	73,296
Net earned premiums	166,405	121,992	54,332	28,705	79,719	67,457	49,778	46,852
Financial result excluding at equity consolidated companies	5,948	6,565	2,033	1,734	4,142	4,387	5,663	6,421
Income from investments	8,924	9,646	3,060	2,189	4,912	7,699	12,626	13,102
Expenses for investments and interest expenses	-2,976	-3,081	-1,027	-455	-770	-3,312	-6,963	-6,681
Result from shares in at equity consolidated companies	0	0	0	0	0	0	0	0
Other income	4,043	3,743	200	604	988	937	345	662
Expenses for claims and insurance benefits	-108,628	-77,936	-44,033	-22,339	-61,410	-49,110	-32,088	-30,965
Acquisition and administrative expenses	-50,211	-42,539	-17,204	-7,625	-16,229	-17,158	-14,814	-14,244
Other expenses	-13,993	-8,371	-1,600	-184	-5,536	-5,362	-5,120	-5,713
<b>Profit before taxes</b>	<b>3,564</b>	<b>3,454</b>	<b>-6,272</b>	<b>895</b>	<b>1,674</b>	<b>1,151</b>	<b>3,764</b>	<b>3,013</b>
Tax expenses	-942	203	-60	-101	-77	-111	-376	-282
<b>Profit for the period</b>	<b>2,622</b>	<b>3,657</b>	<b>-6,332</b>	<b>794</b>	<b>1,597</b>	<b>1,040</b>	<b>3,388</b>	<b>2,731</b>

REGIONS	Turkey/Georgia		Remaining CEE		Other Markets		Central Functions	
	1.1.-30.6.16	1.1.-30.6.15	1.1.-30.6.16	1.1.-30.6.15	1.1.-30.6.16	1.1.-30.6.15	1.1.-30.6.16	1.1.-30.6.15 restated
in EUR '000								
Premiums written – gross	113,045	94,944	165,793	158,039	202,307	211,626	699,578	675,784
Net earned premiums	49,098	45,393	112,220	106,279	180,821	191,389	569,580	533,993
Financial result excluding at equity consolidated companies	3,447	2,107	17,730	17,734	9,338	9,429	-57,323	-42,484
Income from investments	5,747	4,825	21,765	22,308	10,505	10,269	46,296	56,775
Expenses for investments and interest expenses	-2,300	-2,718	-4,035	-4,574	-1,167	-840	-103,619	-99,259
Result from shares in at equity consolidated companies	0	0	0	0	0	0	2,541	14,105
Other income	1,252	4,209	2,672	3,662	13,738	1,954	21,592	498
Expenses for claims and insurance benefits	-37,653	-35,076	-74,097	-70,979	-171,234	-65,185	-387,728	-340,527
Acquisition and administrative expenses	-10,539	-13,345	-40,803	-39,011	-9,211	-11,278	-162,091	-170,911
Other expenses	-1,665	-1,632	-8,980	-7,541	-12,948	-116,191	-3,289	-6,758
<b>Profit before taxes</b>	<b>3,940</b>	<b>1,656</b>	<b>8,742</b>	<b>10,144</b>	<b>10,504</b>	<b>10,118</b>	<b>-16,718</b>	<b>-12,084</b>
Tax expenses	-1,850	220	-2,224	-2,403	-2,436	-2,258	5,182	1,763
<b>Profit for the period</b>	<b>2,090</b>	<b>1,876</b>	<b>6,518</b>	<b>7,741</b>	<b>8,068</b>	<b>7,860</b>	<b>-11,536</b>	<b>-10,321</b>

REGIONS	Consolidation		Total	
	1.1.-30.6.16	1.1.-30.6.15	1.1.-30.6.16	1.1.-30.6.15 restated
in EUR '000				
Premiums written – gross	-626,720	-589,842	<b>4,928,108</b>	<b>4,908,050</b>
Net earned premiums	5,423	1,242	<b>4,191,612</b>	<b>4,208,854</b>
Financial result excluding at equity consolidated companies	-6	19	<b>424,585</b>	<b>490,001</b>
Income from investments	-28,820	-31,376	<b>639,716</b>	<b>703,605</b>
Expenses for investments and interest expenses	28,814	31,395	<b>-215,131</b>	<b>-213,604</b>
Result from shares in at equity consolidated companies	0	0	<b>24,868</b>	<b>27,903</b>
Other income	-22	-28	<b>103,884</b>	<b>50,181</b>
Expenses for claims and insurance benefits	-265	78	<b>-3,467,039</b>	<b>-3,352,599</b>
Acquisition and administrative expenses	-5,751	-3,447	<b>-973,265</b>	<b>-956,497</b>
Other expenses	172	1,867	<b>-103,355</b>	<b>-223,741</b>
<b>Profit before taxes</b>	<b>-449</b>	<b>-269</b>	<b>201,290</b>	<b>244,102</b>
Tax expenses	0	0	<b>-46,307</b>	<b>-53,381</b>
<b>Profit for the period</b>	<b>-449</b>	<b>-269</b>	<b>154,983</b>	<b>190,721</b>

## RETROSPECTIVE ADJUSTMENT

The adjustment is based on a notice of 2 August 2016 from the Austrian Financial Market Authority (FMA) in accordance with § 3(1) no. 3 of the Austrian Financial Reporting Enforcement Act (Rechnungslegungs-Kontrollgesetz – RL-KG), in which the FMA found that the participations in the non-profit housing societies were not reported in accordance with FRS. The audit was based on the consolidated financial statements of 31 December 2014 and 31 December 2015 and the half-year reports of 30 June 2014 and 30 June 2015. According to this notice, statutory restrictions on payout and realisation of assets that apply to non-profit housing societies, and indirectly to their holding company, were not taken into account when determining the fair value of these companies at the time of loss of control or recognising the share of their profits. The effects on the Vienna Insurance Group balance sheet and income statement are as follows:

- The non-controlling interests reported due to full consolidation of Neue Heimat Holding GmbH are fully eliminated. This causes the non-controlling interests in the shareholders' equity to fall by EUR 57,101,000 (as of 1 January 2015).
- Due to the change in consolidation on 1 January 2014, the at-equity book value of the non-profit housing societies drops by EUR 501,730,000 as of 1 January 2015.
- Only the amount of payouts received from the non-profit housing societies is reported as their current contribution to earnings, instead of the amount previously shown for the pro rata profits of the companies.

This means the following adjustments for financial year 2015 and for shareholders' equity as of 1 January 2015:

As of 1.1.2015	As originally reported	Non-profit adjustment	After adjustment
<b>ASSETS</b>			
B. Investments*	30,359,543	-501,485	29,858,058
E. Receivables	1,502,027	1,801	1,503,828
F. Tax receivables and advance payments out of income tax	119,209	-71	119,138
I. Cash and cash equivalents	781,987	-2,204	779,783
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>			
F. Liabilities	1,679,355	-202	1,679,153
<b>Shareholders' equity</b>	<b>5,283,427</b>	<b>-501,757</b>	<b>4,781,670</b>
Attributable to equity holders of the Company	5,110,404	-444,656	4,665,748
Non-controlling interests	173,023	-57,101	115,922

\* Adjustment only concerns shares in at equity consolidated companies.



The retrospective adjustment had the following effects on the 2015 annual financial statements:

### Annual financial statements for 2015

<b>ASSETS</b>	<b>As originally reported</b>	<b>Non-profit adjustment</b>	<b>After adjustment</b>
<i>in EUR '000</i>			
A. Intangible assets	2,079,957	0	2,079,957
B. Investments*	30,709,225	- 567,256	30,141,969
C. Investments of unit- and index-linked life insurance	8,144,135	0	8,144,135
D. Reinsurers' share in underwriting provisions	1,030,740	0	1,030,740
E. Receivables	1,390,233	1,747	1,391,980
F. Tax receivables and advance payments out of income tax	216,846	- 136	216,710
H. Other assets	349,919	0	349,919
I. Cash and cash equivalents	1,103,234	- 2,022	1,101,212
<b>Subtotal</b>	<b>45,024,289</b>	<b>- 567,667</b>	<b>44,456,622</b>
Deferred tax assets	123,692	0	123,692
<b>Total ASSETS</b>	<b>45,147,981</b>	<b>- 567,667</b>	<b>44,580,314</b>

\* Adjustment only concerns shares in at equity consolidated companies.

<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>As originally reported</b>	<b>Non-profit adjustment</b>	<b>After adjustment</b>
<i>in EUR '000</i>			
B. Subordinated liabilities	1,280,308	0	1,280,308
C. Underwriting provisions	28,145,123	0	28,145,123
D. Underwriting provisions for unit- and index-linked life insurance	7,776,602	0	7,776,602
E. Non-underwriting provisions	663,396	0	663,396
F. Liabilities	1,634,579	- 262	1,634,317
G. Tax liabilities out of income tax	121,801	0	121,801
I. Other liabilities	173,474	0	173,474
<b>Subtotal</b>	<b>39,795,283</b>	<b>- 262</b>	<b>39,795,021</b>
Deferred tax liabilities	294,895	0	294,895
Attributable to equity holders of the Company	4,860,133	- 481,468	4,378,665
Non-controlling interests	197,670	- 85,937	111,733
<b>Total LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>45,147,981</b>	<b>- 567,667</b>	<b>44,580,314</b>

**CONSOLIDATED INCOME STATEMENT**

	<b>As originally reported</b>	<b>Non-profit adjustment</b>	<b>After adjustment</b>
<i>in EUR '000</i>			
Premiums written – gross	9,019,759	0	9,019,759
Net earned premiums	8,180,535	0	8,180,535
Financial result excluding at equity consolidated companies	999,987	0	999,987
Income from investments	1,452,907	0	1,452,907
Expenses for investments and interest expenses	-452,920	0	-452,920
Result from shares in at equity consolidated companies	74,911	-34,702	40,209
Other income	150,207	0	150,207
Expenses for claims and insurance benefits	-6,748,874	0	-6,748,874
Acquisition and administrative expenses	-1,847,567	0	-1,847,567
Other expenses	-637,101	261	-636,840
<b>Profit before taxes</b>	<b>172,098</b>	<b>-34,441</b>	<b>137,657</b>
Tax expenses	-61,765	-58	-61,823
<b>Profit for the period</b>	<b>110,333</b>	<b>-34,499</b>	<b>75,834</b>
thereof attributable to shareholders of the Company	98,223	-28,204	70,019
thereof non-controlling interests	12,110	-6,295	5,815

**Earnings per share**

	<b>As originally reported</b>	<b>Non-profit adjustment</b>	<b>After adjustment</b>
<i>in EUR</i>			
Earnings per share*	0.66	-0.22	0.44

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

## NOTES TO THE CONSOLIDATED BALANCE SHEET

Significant items are presented in detail below.

### 1. INTANGIBLE ASSETS

<b>Composition</b>	<b>30.6.2016</b>	<b>31.12.2015</b>
<i>in EUR '000</i>		
Goodwill	1,572,882	1,579,639
Purchased insurance portfolios	36,951	40,773
Other intangible assets	442,044	459,545
Purchased software	402,293	419,699
Other	39,751	39,846
<b>Total</b>	<b>2,051,877</b>	<b>2,079,957</b>

<b>Development of goodwill</b>	<b>30.6.2016</b>	<b>31.12.2015</b>
<i>in EUR '000</i>		
Acquisition costs	1,838,652	1,836,272
Cumulative impairment as of 31.12. of the previous year	-259,013	-192,551
<b>Book value as of 31.12. of the previous year</b>	<b>1,579,639</b>	<b>1,643,721</b>
Exchange rate changes	-7,321	-617
<b>Book value as of 1.1.</b>	<b>1,572,318</b>	<b>1,643,104</b>
Additions	564	2,758
Impairments	0	-66,223
<b>Book value as of 30.6. and 31.12. respectively</b>	<b>1,572,882</b>	<b>1,579,639</b>
Cumulative impairment as of 30.6. and 31.12. respectively	257,488	259,013
<b>Acquisition costs</b>	<b>1,830,370</b>	<b>1,838,652</b>

Additions mainly result from the acquisition of the subsidiaries indicated in the section "Changes in the scope of consolidation".

## 2. OTHER SECURITIES

Development	Held to maturity		Available for sale		Held for trading		Recognised at fair value through profit and loss	
	30.6.2016	31.12.2015	30.6.2016	31.12.2015	30.6.2016	31.12.2015	30.6.2016	31.12.2015
in EUR '000								
Acquisition costs	3,080,231	3,059,251						
Cumulative depreciation as of 31.12. of previous years	-14,116	-13,316						
<b>Book value as of 31.12. of the previous year</b>	<b>3,066,115</b>	<b>3,045,935</b>	<b>20,649,481</b>	<b>20,134,501</b>	<b>171,410</b>	<b>194,883</b>	<b>229,374</b>	<b>271,287</b>
Exchange rate changes	-16,561	54,826	-23,527	26,852	-3,557	-2,831	-362	2,193
<b>Book value as of 1.1.</b>	<b>3,049,554</b>	<b>3,100,761</b>	<b>20,625,954</b>	<b>20,161,353</b>	<b>167,853</b>	<b>192,052</b>	<b>229,012</b>	<b>273,480</b>
Reclassifications	0	-5	4,131	-5,311	4,927	2,912	8,713	897
Additions	82,034	272,247	2,394,872	5,002,212	54,091	123,743	43,782	88,424
Disposals/repayments	-126,980	-306,317	-1,813,355	-4,110,530	-60,056	-143,311	-57,365	-147,794
Changes in scope of consolidation	0	0	1,269	-12,420	0	0	0	15,276
Changes in value recognised in profit and loss	-1	-249	0	2,240	-4,604	-3,986	1,588	-909
Changes recognised directly in equity	0	0	687,787	-369,618	0	0	0	0
Impairments	-10	-322	-9,850	-18,445	0	0	0	0
<b>Book value as of 30.6. and 31.12. respectively</b>	<b>3,004,597</b>	<b>3,066,115</b>	<b>21,890,808</b>	<b>20,649,481</b>	<b>162,211</b>	<b>171,410</b>	<b>225,730</b>	<b>229,374</b>
Cumulative appreciation/depreciation as of 30.6. and 31.12. respectively	15,350	14,116						
<b>Acquisition costs</b>	<b>3,019,947</b>	<b>3,080,231</b>						

## 3. REINSURERS' SHARE IN UNDERWRITING PROVISIONS

Composition	Total	
	30.6.2016	31.12.2015
in EUR '000		
Provision for unearned premiums	244,344	125,715
Mathematical reserve	62,770	63,262
Provisions for outstanding claims	827,842	825,929
Provision for profit-unrelated premium refunds	7,809	11,059
Other underwriting provisions	5,563	4,775
<b>Total</b>	<b>1,148,328</b>	<b>1,030,740</b>

#### 4. RECEIVABLES

Composition	Total	
	30.6.2016	31.12.2015 restated
in EUR '000		
<b>Underwriting</b>	<b>874,226</b>	<b>729,433</b>
Receivables from direct insurance business	743,206	621,839
from policyholders	596,190	462,914
from insurance intermediaries	106,953	109,342
from insurance companies	40,063	49,583
Receivables from reinsurance business	131,020	107,594
<b>Non-underwriting</b>	<b>618,019</b>	<b>662,547</b>
Other receivables	618,019	662,547
<b>Total</b>	<b>1,492,245</b>	<b>1,391,980</b>

#### 5. EARNINGS PER SHARE

	1.1.-30.6.2016		1.1.-30.6.2015 restated	
Profit for the period	EUR '000	154,983	EUR '000	190,721
Profit for the period after non-controlling interests	EUR '000	152,680	EUR '000	187,946
Interest expenses for hybrid capital	EUR '000	7,877	EUR '000	8,542
Number of shares	Units	128,000,000	Units	128,000,000
<b>Earnings per share (annualised)</b>	<b>EUR</b>	<b>2.26</b>	<b>EUR</b>	<b>2.80</b>

	1.4.-30.6.2016		1.4.-30.6.2015 restated	
Profit for the period	EUR '000	86,339	EUR '000	101,175
Profit for the period after non-controlling interests	EUR '000	85,430	EUR '000	98,920
Interest expenses for hybrid capital	EUR '000	3,939	EUR '000	3,949
Number of shares	Units	128,000,000	Units	128,000,000
<b>Earnings per share (annualised)</b>	<b>EUR</b>	<b>2.55</b>	<b>EUR</b>	<b>2.97</b>

#### 6. UNDERWRITING PROVISION – GROSS

Composition	Total	
	30.6.2016	31.12.2015
in EUR '000		
Provision for unearned premiums	1,519,792	1,181,269
Mathematical reserve	21,472,118	21,068,385
<i>thereof for guaranteed policy benefits</i>	<i>19,529,931</i>	<i>19,304,414</i>
<i>thereof for allocated and committed profit shares</i>	<i>927,521</i>	<i>932,810</i>
<i>thereof deferred profit participation</i>	<i>1,014,666</i>	<i>831,161</i>
Provisions for outstanding claims	4,713,030	4,603,648
Provision for premium refunds	1,521,906	1,238,692
<i>thereof profit-related</i>	<i>1,475,138</i>	<i>1,182,632</i>
<i>thereof profit-unrelated</i>	<i>46,768</i>	<i>56,060</i>
Other underwriting provisions	47,665	53,129
<b>Total</b>	<b>29,274,511</b>	<b>28,145,123</b>

## 7. LIABILITIES

Composition	Total	
	30.6.2016	31.12.2015 restated
in EUR '000		
<b>Underwriting</b>	<b>793,522</b>	<b>933,128</b>
Liabilities from direct business	530,638	722,832
<i>to policyholders</i>	330,370	523,949
<i>to insurance intermediaries</i>	154,727	160,306
<i>to insurance companies</i>	45,497	38,577
<i>arising from financial insurance contracts</i>	44	0
Liabilities from reinsurance business	191,347	134,462
Deposits from ceded reinsurance business	71,537	75,834
<b>Non-underwriting</b>	<b>726,250</b>	<b>701,189</b>
Liabilities to financial institutions	241,209	283,774
Other liabilities	485,041	417,415
<b>Total</b>	<b>1,519,772</b>	<b>1,634,317</b>

## NOTES TO THE CONSOLIDATED INCOME STATEMENT

### 8. PREMIUMS WRITTEN

Composition	Gross	
	1.1.-30.6.2016	1.1.-30.6.2015
in EUR '000		
Motor third party liability insurance	496,372	460,893
Motor own damage, fire and theft insurance	696,891	615,657
Other property and casualty insurance	2,128,053	2,050,008
Life insurance - regular premium	1,269,453	1,256,395
Life insurance - single premium	712,056	875,242
Health insurance	252,003	239,698
Consolidation	-626,720	-589,843
<b>Total Written premiums</b>	<b>4,928,108</b>	<b>4,908,050</b>

## 9. FINANCIAL RESULT

Composition	Austria		Czech Republic		Slovakia		Poland		Romania		The Baltic		Hungary	
	1.1.-30.6.2016	1.1.-30.6.2016	1.1.-30.6.2016	1.1.-30.6.2016	1.1.-30.6.2016	1.1.-30.6.2016	1.1.-30.6.2016	1.1.-30.6.2016	1.1.-30.6.2016	1.1.-30.6.2016	1.1.-30.6.2016	1.1.-30.6.2016	1.1.-30.6.2016	1.1.-30.6.2016
in EUR '000														
Current income	403,560	52,873	22,037	15,497	6,971	2,489	4,445							
Income from appreciation	2,881	1,375	786	1,215	185	388	0							
<i>of which a reduction in impairment</i>	0	0	0	0	60	0	0							
Income from the disposal of investments	30,094	11,880	7,358	5,145	1,768	183	467							
<b>Total income</b>	<b>436,535</b>	<b>66,128</b>	<b>30,181</b>	<b>21,857</b>	<b>8,924</b>	<b>3,060</b>	<b>4,912</b>							
Depreciation of investments	32,891	4,082	1,135	2,373	893	638	0							
<i>Thereof impairment of investments</i>	9,011	0	0	0	313	0	0							
Exchange rate changes	160	1,537	9	-1,282	-118	0	-61							
Losses from disposal of investments	1,178	11,308	48	301	67	97	37							
Interest expenses	19,087	1,564	194	1,536	1,208	119	361							
Other expenses	37,754	5,019	476	1,718	926	173	433							
<b>Total expenses</b>	<b>91,070</b>	<b>23,510</b>	<b>1,862</b>	<b>4,646</b>	<b>2,976</b>	<b>1,027</b>	<b>770</b>							

Composition	Bulgaria		Turkey/ Georgia		Remaining CEE		Other Markets		Central Functions		Consolidation		Total	
	1.1.-30.6.2016	1.1.-30.6.2016	1.1.-30.6.2016	1.1.-30.6.2016	1.1.-30.6.2016	1.1.-30.6.2016	1.1.-30.6.2016	1.1.-30.6.2016	1.1.-30.6.2016	1.1.-30.6.2016	1.1.-30.6.2016	1.1.-30.6.2016	1.1.-30.6.2016	1.1.-30.6.2016
in EUR '000														
Current income	10,956	4,159	19,042	10,469	44,880	-28,820	568,558							
Income from appreciation	500	1,375	101	0	0	0	8,806							
<i>of which a reduction in impairment</i>	0	0	8	0	0	0	68							
Income from the disposal of investments	1,170	213	2,622	36	1,416	0	62,352							
<b>Total income</b>	<b>12,626</b>	<b>5,747</b>	<b>21,765</b>	<b>10,505</b>	<b>46,296</b>	<b>-28,820</b>	<b>639,716</b>							
Depreciation of investments	942	965	926	652	5,007	0	50,504							
<i>Thereof impairment of investments</i>	268	0	328	267	0	0	10,187							
Exchange rate changes	127	78	991	0	6,054	0	7,495							
Losses from disposal of investments	577	239	65	0	1,270	0	15,187							
Interest expenses	119	449	987	170	46,112	-28,814	43,092							
Other expenses	5,198	569	1,066	345	45,176	0	98,853							
<b>Total expenses</b>	<b>6,963</b>	<b>2,300</b>	<b>4,035</b>	<b>1,167</b>	<b>103,619</b>	<b>-28,814</b>	<b>215,131</b>							

Composition	Austria	Czech Republic	Slovakia	Poland	Romania	The Baltic	Hungary
	1.1.-30.6.2015	1.1.-30.6.2015	1.1.-30.6.2015	1.1.-30.6.2015	1.1.-30.6.2015	1.1.-30.6.2015	1.1.-30.6.2015
in EUR '000							
Current income	404,439	56,571	22,711	19,672	6,346	1,686	4,471
Income from appreciation	2,075	6,335	480	1,841	174	419	0
<i>of which a reduction in impairment</i>	0	0	0	0	0	0	0
Income from the disposal of investments	56,676	18,640	6,654	12,074	3,126	84	3,228
<b>Total income</b>	<b>463,190</b>	<b>81,546</b>	<b>29,845</b>	<b>33,587</b>	<b>9,646</b>	<b>2,189</b>	<b>7,699</b>
Depreciation of investments	27,511	3,857	764	2,371	711	258	0
<i>Thereof impairment of investments</i>	5,152	127	0	0	63	0	0
Exchange rate changes	-797	-7,970	-144	673	-102	-4	-86
Losses from disposal of investments	6,607	23,041	33	341	24	2	2,344
Interest expenses	18,241	1,915	297	2,225	1,331	55	649
Other expenses	36,780	5,811	422	2,101	1,117	144	405
<b>Total expenses</b>	<b>88,342</b>	<b>26,654</b>	<b>1,372</b>	<b>7,711</b>	<b>3,081</b>	<b>455</b>	<b>3,312</b>

Composition	Bulgaria	Turkey/ Georgia	Remaining CEE	Other Markets	Central Functions	Consolidation	Total
	1.1.-30.6.2015	1.1.-30.6.2015	1.1.-30.6.2015	1.1.-30.6.2015	1.1.-30.6.2015	1.1.-30.6.2015	1.1.-30.6.2015
in EUR '000							
Current income	10,761	3,652	18,739	10,130	50,140	-31,376	577,942
Income from appreciation	641	1,058	259	108	0	0	13,390
<i>of which a reduction in impairment</i>	0	0	1	0	0	0	1
Income from the disposal of investments	1,700	115	3,310	31	6,635	0	112,273
<b>Total income</b>	<b>13,102</b>	<b>4,825</b>	<b>22,308</b>	<b>10,269</b>	<b>56,775</b>	<b>-31,376</b>	<b>703,605</b>
Depreciation of investments	1,363	1,302	1,460	216	13,739	0	53,552
<i>Thereof impairment of investments</i>	41	0	806	132	8,700	0	15,021
Exchange rate changes	-205	-405	881	0	-4,625	0	-12,784
Losses from disposal of investments	629	119	37	30	3,329	0	36,536
Interest expenses	68	456	1,194	219	42,461	-31,395	37,716
Other expenses	4,826	1,246	1,002	375	44,355	0	98,584
<b>Total expenses</b>	<b>6,681</b>	<b>2,718</b>	<b>4,574</b>	<b>840</b>	<b>99,259</b>	<b>-31,395</b>	<b>213,604</b>



## 10. EXPENSES FOR CLAIMS AND INSURANCE BENEFITS

Composition	Austria		Czech Republic		Slovakia		Poland		Romania		The Baltic		Hungary	
	1.1.-30.6.2016	1.1.-30.6.2016	1.1.-30.6.2016	1.1.-30.6.2016	1.1.-30.6.2016	1.1.-30.6.2016	1.1.-30.6.2016	1.1.-30.6.2016	1.1.-30.6.2016	1.1.-30.6.2016	1.1.-30.6.2016	1.1.-30.6.2016	1.1.-30.6.2016	1.1.-30.6.2016
in EUR '000														
<b>Gross</b>														
<b>Expenses for claims and insurance benefits</b>														
Payments for claims and insurance benefits	1,672,862	465,808	253,288	260,932	119,075	27,880	65,528							
Changes in provision for outstanding claims	4,726	4,580	16,446	-7,704	32,135	5,242	25,625							
<b>Subtotal</b>	<b>1,677,588</b>	<b>470,388</b>	<b>269,734</b>	<b>253,228</b>	<b>151,210</b>	<b>33,122</b>	<b>91,153</b>							
Change in mathematical reserve	156,039	-19,440	9,300	61,091	3,845	17,923	2,068							
Change in other underwriting provisions	0	-3,768	0	-218	0	0	-1,515							
Expenses for profit-related and profit-unrelated premium refunds	37,078	5,722	1,503	214	-25	0	1,609							
<b>Total expenses</b>	<b>1,870,705</b>	<b>452,902</b>	<b>280,537</b>	<b>314,315</b>	<b>155,030</b>	<b>51,045</b>	<b>93,315</b>							
<b>Reinsurers' share</b>														
<b>Expenses for claims and insurance benefits</b>														
Payments for claims and insurance benefits	-226,881	-88,237	-31,108	-43,208	-36,346	-3,666	-6,364							
Changes in provision for outstanding claims	28,437	2,318	-11,314	-1,664	-10,056	-3,346	-24,915							
<b>Subtotal</b>	<b>-198,444</b>	<b>-85,919</b>	<b>-42,422</b>	<b>-44,872</b>	<b>-46,402</b>	<b>-7,012</b>	<b>-31,279</b>							
Change in mathematical reserve	-138	8	0	24	0	0	0							
Change in other underwriting provisions	0	0	0	0	0	0	-660							
Expenses for profit-unrelated premium refunds	-298	3,505	0	0	0	0	34							
<b>Total expenses</b>	<b>-198,880</b>	<b>-82,406</b>	<b>-42,422</b>	<b>-44,848</b>	<b>-46,402</b>	<b>-7,012</b>	<b>-31,905</b>							
<b>Retention</b>														
<b>Expenses for claims and insurance benefits</b>														
Payments for claims and insurance benefits	1,445,981	377,571	222,180	217,724	82,729	24,214	59,164							
Changes in provision for outstanding claims	33,163	6,898	5,132	-9,368	22,079	1,896	710							
<b>Subtotal</b>	<b>1,479,144</b>	<b>384,469</b>	<b>227,312</b>	<b>208,356</b>	<b>104,808</b>	<b>26,110</b>	<b>59,874</b>							
Change in mathematical reserve	155,901	-19,432	9,300	61,115	3,845	17,923	2,068							
Change in other underwriting provisions	0	-3,768	0	-218	0	0	-2,175							
Expenses for profit-related and profit-unrelated premium refunds	36,780	9,227	1,503	214	-25	0	1,643							
<b>Total expenses</b>	<b>1,671,825</b>	<b>370,496</b>	<b>238,115</b>	<b>269,467</b>	<b>108,628</b>	<b>44,033</b>	<b>61,410</b>							

Composition	Bulgaria	Turkey/ Georgia	Remaining CEE	Other Markets	Central Functions	Consolidation	Total
	1.1.-30.6.2016	1.1.-30.6.2016	1.1.-30.6.2016	1.1.-30.6.2016	1.1.-30.6.2016	1.1.-30.6.2016	1.1.-30.6.2016
in EUR '000							
<b>Gross</b>							
<b>Expenses for claims and insurance benefits</b>							
Payments for claims and insurance benefits	31,479	52,954	82,757	97,460	368,196	-324,392	3,173,827
Changes in provision for outstanding claims	1,003	9,650	-4,644	5,315	65,403	-22,675	135,102
<b>Subtotal</b>	<b>32,482</b>	<b>62,604</b>	<b>78,113</b>	<b>102,775</b>	<b>433,599</b>	<b>-347,067</b>	<b>3,308,929</b>
Change in mathematical reserve	6,005	0	16,757	70,335	-62	-405	323,456
Change in other underwriting provisions	0	715	480	0	0	0	-4,306
Expenses for profit-related and profit-unrelated premium refunds	238	0	-305	2,534	8	0	48,576
<b>Total expenses</b>	<b>38,725</b>	<b>63,319</b>	<b>95,045</b>	<b>175,644</b>	<b>433,545</b>	<b>-347,472</b>	<b>3,676,655</b>
<b>Reinsurers' share</b>							
<b>Expenses for claims and insurance benefits</b>							
Payments for claims and insurance benefits	-6,615	-19,422	-27,943	-6,317	-33,557	322,092	-207,572
Changes in provision for outstanding claims	-20	-6,105	6,827	1,456	-12,265	25,243	-5,404
<b>Subtotal</b>	<b>-6,635</b>	<b>-25,527</b>	<b>-21,116</b>	<b>-4,861</b>	<b>-45,822</b>	<b>347,335</b>	<b>-212,976</b>
Change in mathematical reserve	-2	0	168	451	5	402	918
Change in other underwriting provisions	0	-139	0	0	0	0	-799
Expenses for profit-unrelated premium refunds	0	0	0	0	0	0	3,241
<b>Total expenses</b>	<b>-6,637</b>	<b>-25,666</b>	<b>-20,948</b>	<b>-4,410</b>	<b>-45,817</b>	<b>347,737</b>	<b>-209,616</b>
<b>Retention</b>							
<b>Expenses for claims and insurance benefits</b>							
Payments for claims and insurance benefits	24,864	33,532	54,814	91,143	334,639	-2,300	2,966,255
Changes in provision for outstanding claims	983	3,545	2,183	6,771	53,138	2,568	129,698
<b>Subtotal</b>	<b>25,847</b>	<b>37,077</b>	<b>56,997</b>	<b>97,914</b>	<b>387,777</b>	<b>268</b>	<b>3,095,953</b>
Change in mathematical reserve	6,003	0	16,925	70,786	-57	-3	324,374
Change in other underwriting provisions	0	576	480	0	0	0	-5,105
Expenses for profit-related and profit-unrelated premium refunds	238	0	-305	2,534	8	0	51,817
<b>Total expenses</b>	<b>32,088</b>	<b>37,653</b>	<b>74,097</b>	<b>171,234</b>	<b>387,728</b>	<b>265</b>	<b>3,467,039</b>

Composition	Austria		Czech Republic		Slovakia		Poland		Romania		The Baltic		Hungary	
	1.1.-30.6.2015	1.1.-30.6.2015	1.1.-30.6.2015	1.1.-30.6.2015	1.1.-30.6.2015	1.1.-30.6.2015	1.1.-30.6.2015	1.1.-30.6.2015	1.1.-30.6.2015	1.1.-30.6.2015	1.1.-30.6.2015	1.1.-30.6.2015	1.1.-30.6.2015	1.1.-30.6.2015
in EUR '000														
<b>Gross</b>														
<b>Expenses for claims and insurance benefits</b>														
Payments for claims and insurance benefits	1,698,964	482,043	284,064	342,417	99,980	9,538	54,573							
Changes in provision for outstanding claims	30,274	1,685	-8,869	-16,848	23,502	-250	3,022							
<b>Subtotal</b>	<b>1,729,238</b>	<b>483,728</b>	<b>275,195</b>	<b>325,569</b>	<b>123,482</b>	<b>9,288</b>	<b>57,595</b>							
Change in mathematical reserve	118,042	33,729	15,250	-18,838	3,352	13,340	-1,697							
Change in other underwriting provisions	0	-445	0	0	78	0	1,260							
Expenses for profit-related and profit-unrelated premium refunds	43,863	4,115	134	225	-225	0	1,453							
<b>Total expenses</b>	<b>1,891,143</b>	<b>521,127</b>	<b>290,579</b>	<b>306,956</b>	<b>126,687</b>	<b>22,628</b>	<b>58,611</b>							
<b>Reinsurers' share</b>														
<b>Expenses for claims and insurance benefits</b>														
Payments for claims and insurance benefits	-195,606	-76,895	-38,390	-51,326	-38,583	-254	-4,447							
Changes in provision for outstanding claims	-1,937	1,797	796	9,316	-10,168	-35	-4,193							
<b>Subtotal</b>	<b>-197,543</b>	<b>-75,098</b>	<b>-37,594</b>	<b>-42,010</b>	<b>-48,751</b>	<b>-289</b>	<b>-8,640</b>							
Change in mathematical reserve	-289	-1	0	9	0	0	0							
Change in other underwriting provisions	0	0	0	0	0	0	-833							
Expenses for profit-unrelated premium refunds	-476	3,288	469	0	0	0	-28							
<b>Total expenses</b>	<b>-198,308</b>	<b>-71,811</b>	<b>-37,125</b>	<b>-42,001</b>	<b>-48,751</b>	<b>-289</b>	<b>-9,501</b>							
<b>Retention</b>														
<b>Expenses for claims and insurance benefits</b>														
Payments for claims and insurance benefits	1,503,358	405,148	245,674	291,091	61,397	9,284	50,126							
Changes in provision for outstanding claims	28,337	3,482	-8,073	-7,532	13,334	-285	-1,171							
<b>Subtotal</b>	<b>1,531,695</b>	<b>408,630</b>	<b>237,601</b>	<b>283,559</b>	<b>74,731</b>	<b>8,999</b>	<b>48,955</b>							
Change in mathematical reserve	117,753	33,728	15,250	-18,829	3,352	13,340	-1,697							
Change in other underwriting provisions	0	-445	0	0	78	0	427							
Expenses for profit-related and profit-unrelated premium refunds	43,387	7,403	603	225	-225	0	1,425							
<b>Total expenses</b>	<b>1,692,835</b>	<b>449,316</b>	<b>253,454</b>	<b>264,955</b>	<b>77,936</b>	<b>22,339</b>	<b>49,110</b>							

Composition	Bulgaria	Turkey/ Georgia	Remaining CEE	Other Markets	Central Functions	Consolidation	Total
	1.1.-30.6.2015	1.1.-30.6.2015	1.1.-30.6.2015	1.1.-30.6.2015	1.1.-30.6.2015	1.1.-30.6.2015	1.1.-30.6.2015
in EUR '000							
<b>Gross</b>							
<b>Expenses for claims and insurance benefits</b>							
Payments for claims and insurance benefits	38,590	65,193	68,177	73,719	317,838	-293,907	<b>3,241,189</b>
Changes in provision for outstanding claims	-5,684	-13,531	-11,219	7,348	47,277	-22,957	<b>33,750</b>
<b>Subtotal</b>	<b>32,906</b>	<b>51,662</b>	<b>56,958</b>	<b>81,067</b>	<b>365,115</b>	<b>-316,864</b>	<b>3,274,939</b>
Change in mathematical reserve	6,189	0	18,536	-11,685	-431	125	<b>175,912</b>
Change in other underwriting provisions	0	-17	151	0	0	0	<b>1,027</b>
Expenses for profit-related and profit-unrelated premium refunds	195	0	-226	2,347	0	0	<b>51,881</b>
<b>Total expenses</b>	<b>39,290</b>	<b>51,645</b>	<b>75,419</b>	<b>71,729</b>	<b>364,684</b>	<b>-316,739</b>	<b>3,503,759</b>
<b>Reinsurers' share</b>							
<b>Expenses for claims and insurance benefits</b>							
Payments for claims and insurance benefits	-11,764	-31,841	-18,383	-5,664	-15,729	291,449	<b>-197,433</b>
Changes in provision for outstanding claims	3,442	15,268	13,461	-1,410	-8,428	25,336	<b>43,245</b>
<b>Subtotal</b>	<b>-8,322</b>	<b>-16,573</b>	<b>-4,922</b>	<b>-7,074</b>	<b>-24,157</b>	<b>316,785</b>	<b>-154,188</b>
Change in mathematical reserve	-3	0	482	530	0	-124	<b>604</b>
Change in other underwriting provisions	0	4	0	0	0	0	<b>-829</b>
Expenses for profit-unrelated premium refunds	0	0	0	0	0	0	<b>3,253</b>
<b>Total expenses</b>	<b>-8,325</b>	<b>-16,569</b>	<b>-4,440</b>	<b>-6,544</b>	<b>-24,157</b>	<b>316,661</b>	<b>-151,160</b>
<b>Retention</b>							
<b>Expenses for claims and insurance benefits</b>							
Payments for claims and insurance benefits	26,826	33,352	49,794	68,055	302,109	-2,458	<b>3,043,756</b>
Changes in provision for outstanding claims	-2,242	1,737	2,242	5,938	38,849	2,379	<b>76,995</b>
<b>Subtotal</b>	<b>24,584</b>	<b>35,089</b>	<b>52,036</b>	<b>73,993</b>	<b>340,958</b>	<b>-79</b>	<b>3,120,751</b>
Change in mathematical reserve	6,186	0	19,018	-11,155	-431	1	<b>176,516</b>
Change in other underwriting provisions	0	-13	151	0	0	0	<b>198</b>
Expenses for profit-related and profit-unrelated premium refunds	195	0	-226	2,347	0	0	<b>55,134</b>
<b>Total expenses</b>	<b>30,965</b>	<b>35,076</b>	<b>70,979</b>	<b>65,185</b>	<b>340,527</b>	<b>-78</b>	<b>3,352,599</b>

## 11. ACQUISITION AND ADMINISTRATIVE EXPENSES

Composition	Austria	Czech Republic	Slovakia	Poland	Romania	The Baltic	Hungary
	1.1.-30.6.2016	1.1.-30.6.2016	1.1.-30.6.2016	1.1.-30.6.2016	1.1.-30.6.2016	1.1.-30.6.2016	1.1.-30.6.2016
in EUR '000							
<b>Acquisition expenses</b>	<b>333,918</b>	<b>197,476</b>	<b>53,033</b>	<b>74,600</b>	<b>57,540</b>	<b>13,643</b>	<b>15,568</b>
<b>Administrative expenses</b>							
Pro rata personnel expenses	43,401	12,789	5,105	10,072	3,196	2,977	3,220
Pro rata material expenses	39,555	15,059	7,790	9,572	4,083	1,629	4,756
<b>Subtotal</b>	<b>82,956</b>	<b>27,848</b>	<b>12,895</b>	<b>19,644</b>	<b>7,279</b>	<b>4,606</b>	<b>7,976</b>
Received reinsurance commissions	-76,350	-49,547	-14,880	-15,181	-14,608	-1,045	-7,315
<b>Total</b>	<b>340,524</b>	<b>175,777</b>	<b>51,048</b>	<b>79,063</b>	<b>50,211</b>	<b>17,204</b>	<b>16,229</b>

Composition	Bulgaria	Turkey/ Georgia	Remaining CEE	Other Markets	Central Functions	Consolidation	Total
	1.1.-30.6.2016	1.1.-30.6.2016	1.1.-30.6.2016	1.1.-30.6.2016	1.1.-30.6.2016	1.1.-30.6.2016	1.1.-30.6.2016
in EUR '000							
<b>Acquisition expenses</b>	<b>16,375</b>	<b>17,528</b>	<b>39,603</b>	<b>17,496</b>	<b>171,088</b>	<b>-156,627</b>	<b>851,241</b>
<b>Administrative expenses</b>							
Pro rata personnel expenses	1,145	3,553	6,832	2,525	500	0	95,315
Pro rata material expenses	1,316	2,366	8,107	2,129	1,270	0	97,632
<b>Subtotal</b>	<b>2,461</b>	<b>5,919</b>	<b>14,939</b>	<b>4,654</b>	<b>1,770</b>	<b>0</b>	<b>192,947</b>
Received reinsurance commissions	-4,022	-12,908	-13,739	-12,939	-10,767	162,378	-70,923
<b>Total</b>	<b>14,814</b>	<b>10,539</b>	<b>40,803</b>	<b>9,211</b>	<b>162,091</b>	<b>5,751</b>	<b>973,265</b>

Composition	Austria	Czech Republic	Slovakia	Poland	Romania	The Baltic	Hungary
	1.1.-30.6.2015	1.1.-30.6.2015	1.1.-30.6.2015	1.1.-30.6.2015	1.1.-30.6.2015	1.1.-30.6.2015	1.1.-30.6.2015
in EUR '000							
<b>Acquisition expenses</b>	<b>326,451</b>	<b>189,001</b>	<b>57,940</b>	<b>107,722</b>	<b>45,761</b>	<b>6,469</b>	<b>16,108</b>
<b>Administrative expenses</b>							
Pro rata personnel expenses	24,761	13,538	4,243	11,939	3,909	1,077	3,248
Pro rata material expenses	41,806	11,063	7,259	11,541	4,481	460	4,933
<b>Subtotal</b>	<b>66,567</b>	<b>24,601</b>	<b>11,502</b>	<b>23,480</b>	<b>8,390</b>	<b>1,537</b>	<b>8,181</b>
Received reinsurance commissions	-80,850	-58,435	-16,955	-14,085	-11,612	-381	-7,131
<b>Total</b>	<b>312,168</b>	<b>155,167</b>	<b>52,487</b>	<b>117,117</b>	<b>42,539</b>	<b>7,625</b>	<b>17,158</b>

Composition	Bulgaria	Turkey/ Georgia	Remaining CEE	Other Markets	Central Functions	Consolidation	Total
	1.1.-30.6.2015	1.1.-30.6.2015	1.1.-30.6.2015	1.1.-30.6.2015	1.1.-30.6.2015	1.1.-30.6.2015	1.1.-30.6.2015
in EUR '000							
<b>Acquisition expenses</b>	<b>15,941</b>	<b>16,568</b>	<b>38,125</b>	<b>16,548</b>	<b>178,039</b>	<b>-165,716</b>	<b>848,957</b>
<b>Administrative expenses</b>							
Pro rata personnel expenses	1,054	3,479	6,691	2,398	674	0	<b>77,011</b>
Pro rata material expenses	1,090	2,202	8,449	1,990	1,080	0	<b>96,354</b>
<b>Subtotal</b>	<b>2,144</b>	<b>5,681</b>	<b>15,140</b>	<b>4,388</b>	<b>1,754</b>	<b>0</b>	<b>173,365</b>
Received reinsurance commissions	-3,841	-8,904	-14,254	-9,658	-8,882	169,163	<b>-65,825</b>
<b>Total</b>	<b>14,244</b>	<b>13,345</b>	<b>39,011</b>	<b>11,278</b>	<b>170,911</b>	<b>3,447</b>	<b>956,497</b>

## 12. OTHER INCOME AND EXPENSES

Composition Other income	Underwriting	Non- underwriting	Total	Underwriting	Non- underwriting	Total
	1.1.-30.6.2016	1.1.-30.6.2016	1.1.-30.6.2016	1.1.-30.6.2015	1.1.-30.6.2015	1.1.-30.6.2015
in EUR '000						
Austria	4,736	18,132	22,868	5,031	2,524	7,555
Czech Republic	19,929	1,327	21,256	14,673	981	15,654
Slovakia	6,290	176	6,466	6,203	888	7,091
Poland	531	7,955	8,486	1,895	1,745	3,640
Romania	2,951	1,092	4,043	3,402	341	3,743
The Baltic	53	147	200	499	105	604
Hungary	332	656	988	319	618	937
Bulgaria	321	24	345	548	114	662
Turkey/Georgia	348	904	1,252	2,146	2,063	4,209
Remaining CEE	2,273	399	2,672	2,921	741	3,662
Other Markets	13,720	18	13,738	1,926	28	1,954
Central Functions	50	21,542	21,592	8	490	498
Consolidation	-22	0	-22	-27	-1	-28
<b>Total</b>	<b>51,512</b>	<b>52,372</b>	<b>103,884</b>	<b>39,544</b>	<b>10,637</b>	<b>50,181</b>

Composition Other expenses	Underwriting	Non- underwriting	Total	Underwriting	Non- underwriting	Total
	1.1.-30.6.2016	1.1.-30.6.2016	1.1.-30.6.2016	1.1.-30.6.2015	1.1.-30.6.2015 restated	1.1.-30.6.2015 restated
in EUR '000						
Austria	7,825	4,818	12,643	9,013	24,547	33,560
Czech Republic	13,745	1,479	15,224	16,544	1,588	18,132
Slovakia	14,309	189	14,498	14,152	326	14,478
Poland	3,578	4,453	8,031	6,011	1,675	7,686
Romania	11,946	2,047	13,993	7,866	505	8,371
The Baltic	1,186	414	1,600	0	184	184
Hungary	3,921	1,615	5,536	3,718	1,644	5,362
Bulgaria	2,948	2,172	5,120	3,025	2,688	5,713
Turkey/Georgia	692	973	1,665	794	838	1,632
Remaining CEE	5,984	2,996	8,980	6,864	677	7,541
Other Markets	12,643	305	12,948	115,838	353	116,191
Central Functions	108	3,181	3,289	107	6,651	6,758
Consolidation	-28	-144	-172	-30	-1,837	-1,867
<b>Total</b>	<b>78,857</b>	<b>24,498</b>	<b>103,355</b>	<b>183,902</b>	<b>39,839</b>	<b>223,741</b>

### Other expenses

The decrease in other expenses over the previous year was mainly due to smaller currency fluctuations, which were due to the Swiss franc being unpegged from the euro in the previous year. This exchange rate effect is neutral with respect to the Group result, since an offsetting change took place in the underwriting result.

## ADDITIONAL DISCLOSURES

### 13. 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” on page 106 of the consolidated financial statements for 2015.

#### Fair value and book value of financial instruments

The table below shows the book values and fair values of financial instrument holdings:

Fair value and book value of financial instruments	30.6.2016				Fair value
	Book value	Level 1	Level 2	Level 3	
in EUR '000					
<b>FINANCIAL ASSETS</b>					
<b>Land and buildings*</b>	<b>1,906,825</b>	<b>0</b>	<b>60,455</b>	<b>2,824,790</b>	<b>2,885,245</b>
Self-used land and buildings	435,885	0	40,266	595,678	635,944
Investment properties	1,470,940	0	20,189	2,229,112	2,249,301
<b>Shares in at equity consolidated companies</b>	<b>322,201</b>				<b>322,201</b>
<b>Loans and receivables</b>	<b>1,440,136</b>	<b>0</b>	<b>1,562,480</b>	<b>20,831</b>	<b>1,583,311</b>
<b>Reclassified loans</b>	<b>358,097</b>	<b>262,875</b>	<b>161,329</b>	<b>0</b>	<b>424,204</b>
<b>Bonds classified as loans</b>	<b>1,075,236</b>	<b>209,566</b>	<b>1,043,149</b>	<b>18,248</b>	<b>1,270,963</b>
<b>Other securities</b>	<b>25,283,346</b>	<b>22,249,421</b>	<b>3,505,431</b>	<b>207,045</b>	<b>25,961,897</b>
Financial instruments held to maturity	2,270,367	2,255,149	500,185	5,621	2,760,955
Financial instruments reclassified as held to maturity	734,230	864,106	58,087	0	922,193
Financial investments available for sale	21,890,808	18,952,761	2,800,978	137,069	21,890,808
Held for trading	162,211	113,516	972	47,723	162,211
Financial instruments recognised at fair value through profit and loss	225,730	63,889	145,209	16,632	225,730
<b>Other investments</b>	<b>626,757</b>				<b>626,757</b>
<b>Investments for unit- and index-linked life insurance</b>	<b>8,191,469</b>	<b>8,191,469</b>	<b>0</b>	<b>0</b>	<b>8,191,469</b>
<b>FINANCIAL LIABILITIES</b>					
<b>Subordinated liabilities</b>	<b>1,270,927</b>	<b>0</b>	<b>1,284,944</b>	<b>20,721</b>	<b>1,305,665</b>
<b>Liabilities to financial institutions</b>	<b>241,209</b>	<b>0</b>	<b>100</b>	<b>241,108</b>	<b>241,208</b>
<b>Financing liabilities</b>	<b>50,317</b>	<b>180</b>	<b>347</b>	<b>49,791</b>	<b>50,318</b>
<b>Derivative financial instruments (included in other liabilities)</b>	<b>5,281</b>	<b>1,160</b>	<b>3,950</b>	<b>171</b>	<b>5,281</b>

\*The market values are derived from internal and external expert reports.



## Fair value and book value of financial instruments

	Book value restated	31.12.2015			Fair value restated
		Level 1	Level 2	Level 3	
in EUR *000					
<b>FINANCIAL ASSETS</b>					
<b>Land and buildings*</b>	<b>1,907,737</b>	<b>0</b>	<b>61,302</b>	<b>2,793,870</b>	<b>2,855,172</b>
Self-used land and buildings	434,306	0	40,847	579,177	620,024
Investment properties	1,473,431	0	20,455	2,214,693	2,235,148
<b>Shares in at equity consolidated companies</b>	<b>319,636</b>				<b>319,636</b>
<b>Loans and receivables</b>	<b>1,335,993</b>	<b>0</b>	<b>1,420,411</b>	<b>22,156</b>	<b>1,442,567</b>
<b>Reclassified loans</b>	<b>439,980</b>	<b>297,560</b>	<b>193,395</b>	<b>0</b>	<b>490,955</b>
<b>Bonds classified as loans</b>	<b>1,104,361</b>	<b>202,652</b>	<b>1,055,281</b>	<b>19,125</b>	<b>1,277,058</b>
<b>Other securities</b>	<b>24,116,380</b>	<b>21,092,333</b>	<b>3,468,166</b>	<b>209,851</b>	<b>24,770,350</b>
Financial instruments held to maturity	2,256,682	2,237,015	477,297	7,421	2,721,733
Financial instruments reclassified as held to maturity	809,433	933,132	65,220	0	998,352
Financial investments available for sale	20,649,481	17,750,295	2,763,552	135,634	20,649,481
Held for trading	171,410	117,560	1,955	51,895	171,410
Financial instruments recognised at fair value through profit and loss	229,374	54,331	160,142	14,901	229,374
<b>Other investments</b>	<b>917,882</b>				<b>917,882</b>
<b>Investments for unit- and index-linked life insurance</b>	<b>8,144,135</b>	<b>8,144,135</b>	<b>0</b>	<b>0</b>	<b>8,144,135</b>
<b>FINANCIAL LIABILITIES</b>					
<b>Subordinated liabilities</b>	<b>1,280,308</b>	<b>0</b>	<b>1,293,721</b>	<b>20,761</b>	<b>1,314,482</b>
<b>Liabilities to financial institutions</b>	<b>283,774</b>	<b>0</b>	<b>100</b>	<b>283,674</b>	<b>283,774</b>
<b>Financing liabilities</b>	<b>44,809</b>	<b>209</b>	<b>348</b>	<b>44,252</b>	<b>44,809</b>
<b>Derivative financial instruments (included in other liabilities)</b>	<b>14,399</b>	<b>1,767</b>	<b>12,591</b>	<b>41</b>	<b>14,399</b>

\* The market values are derived from internal and external expert reports.

Due to reasons of materiality, book value was used as the fair value of all liabilities other than derivative liabilities.

### Measurement process:

Note 36 "Financial instruments and fair value measurement hierarchy" in the 2015 Group Annual Report as of 31 December 2015 provides information on the measurement process.

### OTHER DISCLOSURES ABOUT THE MEASUREMENT PROCESS:

The fair value of shares and other participations with a book value of EUR 157,570,000 (31 December 2015: EUR 140,096,000) could not be reliably estimated as of 30 June 2016. The shares are mainly invested in companies that are not listed on any stock exchange.

### Reclassification of financial instruments

Reclassifications were performed based on the criteria and time points indicated in Note 36 "Financial instruments and fair value measurement hierarchy" in the Group Annual Report as of 31 December 2015.

Twenty-two reclassifications between level 1 and level 2 were performed during the reporting period in the financial instruments available for sale category and three in the financial instruments recognised at fair value through profit and loss category. These were primarily due to changes in liquidity, trading frequency and trading activities, but also resulted from a harmonisation of measurement hierarchies due to the introduction of Solvency II, and consolidation effects between the measurement hierarchies.

One reclassification from level 3 to level 2 was also performed in the financial instruments available for sale category resulting from the harmonisation of measurement hierarchies due to the introduction of Solvency II, and one reclassification from level 3 to level 1 in the financial instruments available for sale category due to consolidation effects between the measurement hierarchies.

### Hierarchy for financial instruments measured at fair value

The tables below show the hierarchy for financial instruments measured at fair value as of 30 June 2016 and 31 December 2015:

Hierarchy for financial instruments measured at fair value	Level 1		Level 2		Level 3	
	30.6.2016	31.12.2015	30.6.2016	31.12.2015	30.6.2016	31.12.2015
in EUR '000						
<b>FINANCIAL ASSETS</b>						
<b>Financial investments available for sale</b>	<b>18,952,761</b>	<b>17,750,295</b>	<b>2,800,978</b>	<b>2,763,552</b>	<b>137,069</b>	<b>135,634</b>
Bonds	16,758,947	15,597,056	2,553,761	2,503,150	84,195	79,710
Shares and other participations	414,650	428,385	177,989	184,174	52,874	50,947
Investment funds	1,779,164	1,724,854	69,228	76,228	0	4,977
<b>Held for trading</b>	<b>113,516</b>	<b>117,560</b>	<b>972</b>	<b>1,955</b>	<b>47,723</b>	<b>51,895</b>
Bonds	40,484	46,304	406	0	3,841	4,013
Shares and other non-fixed-interest securities	21,403	23,291	52	52	0	0
Investment funds	48,892	45,822	183	186	0	0
Derivatives	2,737	2,143	331	1,717	43,882	47,882
<b>Financial instruments recognised at fair value through profit and loss</b>	<b>63,889</b>	<b>54,331</b>	<b>145,209</b>	<b>160,142</b>	<b>16,632</b>	<b>14,901</b>
Bonds	51,409	41,515	130,224	146,781	15,490	13,791
Shares and other non-fixed-interest securities	94	94	14,985	13,361	0	0
Investment funds	12,386	12,722	0	0	1,142	1,110
<b>Investments for unit- and index-linked life insurance</b>	<b>8,191,469</b>	<b>8,144,135</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Total financial assets</b>	<b>27,321,635</b>	<b>26,066,321</b>	<b>2,947,159</b>	<b>2,925,649</b>	<b>201,424</b>	<b>202,430</b>
<b>FINANCIAL LIABILITIES</b>						
<b>Derivative financial instruments (included in other liabilities)</b>	<b>1,160</b>	<b>1,767</b>	<b>3,950</b>	<b>12,591</b>	<b>171</b>	<b>41</b>

The level 3 financial instruments still in the portfolio had an effect on the result (net profit or loss) of EUR -1,289,000 (EUR 1,684,000) as of 30 June 2016.

### Unobservable input factors

asset class	Measurement methods	Unobservable input factors	Range
Real estates	Market value	Capitalisation rate	1.5% – 7.5%
		rental income	3,000 EUR – 5,220,000 EUR
		Land prices	0 – 5,000 EUR
	Discounted Cash Flow	Capitalisation rate	4.25% – 8.25%
		rental income	500,000 EUR – 3,800,000 EUR

### Sensitivities

Sensitivities - real estate	Market value
in million EUR	
Fair value as of 30.6.2016	2,885.25
rental income - 5%	2,779.46
rental income +5%	2,991.21
Capitalisation rate - 50bp	3,033.01
Capitalisation rate +50bp	2,758.62
Land prices - 5%	2,853.95
Land prices +5%	2,916.24

A present value method is used to determine the fair value of certain corporate bonds that are generally measured at fair value. The primary input for this method is an issuer-specific risk premium, which may not be observable on the market. Depending on time to maturity, a significant increase in this spread, which might be derived from a sector or rating category, would have a major negative effect on the fair value determined in this way. Conversely, a significant decrease in this spread would increase the fair value of these financial investments.

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

The following sensitivities were calculated for a derivative with the most material fair value: a 100 basis point increase in the discount rate leads to a 46% increase in option value; a 100 basis point decrease leads to a 67% drop in option 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.

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

Development of financial instruments by level	Financial investments available for sale					
	30.6.2016			31.12.2015		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
in EUR '000						
<b>Book value as of 31.12. of the previous year</b>	<b>17,750,295</b>	<b>2,763,552</b>	<b>135,634</b>	<b>16,765,424</b>	<b>3,224,929</b>	<b>144,148</b>
Exchange rate changes	-22,847	-270	-410	27,190	907	-1,245
<b>Book value as of 1.1.</b>	<b>17,727,448</b>	<b>2,763,282</b>	<b>135,224</b>	<b>16,792,614</b>	<b>3,225,836</b>	<b>142,903</b>
Reclassification between securities categories	-348	4,479	0	-2,738	-2,391	-182
Reclassification to level	174,609	134,488	0	235,239	72,054	750
Reclassification from level	-129,726	-171,662	-7,709	-72,054	-226,577	-9,412
Additions	2,264,737	122,980	7,155	4,831,191	157,684	13,337
Disposals	-1,693,276	-119,184	-895	-3,704,598	-400,772	-5,160
Change in scope of consolidation	1,269	0	0	0	-12,420	0
Changes in value recognised in profit and loss	0	0	0	0	2,240	0
Changes recognised directly in equity	609,164	75,153	3,470	-325,497	-38,204	-5,917
Impairments	-1,116	-8,558	-176	-3,862	-13,898	-685
<b>Book value as of 30.6.</b>	<b>18,952,761</b>	<b>2,800,978</b>	<b>137,069</b>	<b>17,750,295</b>	<b>2,763,552</b>	<b>135,634</b>

Development of financial instruments by level	Financial instruments recognised at fair value through profit and loss					
	30.6.2016			31.12.2015		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
in EUR '000						
<b>Book value as of 31.12. of the previous year</b>	<b>54,331</b>	<b>160,142</b>	<b>14,901</b>	<b>56,063</b>	<b>190,553</b>	<b>24,671</b>
Exchange rate changes	-60	-279	-23	581	1,500	112
<b>Book value as of 1.1.</b>	<b>54,271</b>	<b>159,863</b>	<b>14,878</b>	<b>56,644</b>	<b>192,053</b>	<b>24,783</b>
Reclassification between securities categories	8,713	0	0	896	1	0
Reclassification to level	17,215	0	0	0	0	302
Reclassification from level	0	-17,215	0	-302	0	0
Additions	37,864	3,225	2,693	73,412	6,946	8,066
Disposals	-54,011	-2,122	-1,232	-91,430	-37,781	-18,583
Change in scope of consolidation	0	0	0	15,276	0	0
Changes in value recognised in profit and loss	-163	1,458	293	-165	-1,077	333
Changes recognised directly in equity	0	0	0	0	0	0
<b>Book value as of 30.6.</b>	<b>63,889</b>	<b>145,209</b>	<b>16,632</b>	<b>54,331</b>	<b>160,142</b>	<b>14,901</b>

**Development of financial instruments by level**

	30.6.2016			31.12.2015		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
in EUR '000						
<b>Book value as of 31.12. of the previous year</b>	<b>117,560</b>	<b>1,955</b>	<b>51,895</b>	<b>135,592</b>	<b>1,793</b>	<b>57,498</b>
Exchange rate changes	-2,757	-800	0	-235	-2,635	39
<b>Book value as of 1.1.</b>	<b>114,803</b>	<b>1,155</b>	<b>51,895</b>	<b>135,357</b>	<b>-842</b>	<b>57,537</b>
Reclassification between securities categories	4,927	0	0	2,912	0	0
Reclassification to level	0	3,787	0	7,610	0	1,899
Reclassification from level	-3,787	0	0	-1,899	0	-7,610
Additions	52,803	0	1,288	106,534	0	17,209
Disposals	-54,554	-3,973	-1,529	-129,660	1,857	-15,508
Changes in value recognised in profit and loss	-676	3	-3,931	-3,294	940	-1,632
Changes recognised directly in equity	0	0	0	0	0	0
<b>Book value as of 30.6.</b>	<b>113,516</b>	<b>972</b>	<b>47,723</b>	<b>117,560</b>	<b>1,955</b>	<b>51,895</b>

Please refer to Note 9 "Financial result" for information on the effects of changes in value recognised in profit and loss.

Development of financial instruments assigned to Level 3	Subordinated liabilities		Liabilities to financial institutions		Financing liabilities		Derivative financial instruments (included in Other liabilities)	
	30.6.2016	31.12.2015	30.6.2016	31.12.2015	30.6.2016	31.12.2015	30.6.2016	31.12.2015
in EUR '000								
<b>Book value as of 31.12. of the previous year</b>	<b>20,761</b>	<b>0</b>	<b>283,674</b>	<b>419,112</b>	<b>44,252</b>	<b>39,834</b>	<b>41</b>	<b>0</b>
Exchange rate changes	-83	0	0	0	0	0	-47	0
<b>Book value as of 1.1.</b>	<b>20,678</b>	<b>0</b>	<b>283,674</b>	<b>419,112</b>	<b>44,252</b>	<b>39,834</b>	<b>-6</b>	<b>0</b>
Reclassification to level 3	0	20,761	0	0	0	0	0	0
Additions	0	0	3,530	35,380	25,919	5,053	0	41
Disposals	0	0	-34,956	-170,818	-20,380	-635	0	0
Changes in value recognised in profit and loss	43	0	0	0	0	0	177	0
Changes recognised directly in equity	0	0	-11,140	0	0	0	0	0
<b>Book value as of 30.6.</b>	<b>20,721</b>	<b>20,761</b>	<b>241,108</b>	<b>283,674</b>	<b>49,791</b>	<b>44,252</b>	<b>171</b>	<b>41</b>

## 14. NUMBER OF EMPLOYEES

Employee statistics	30.6.2016	31.12.2015
<b>Austria</b>	<b>5,173</b>	<b>5,133</b>
Field staff	2,784	2,771
Office staff	2,389	2,362
<b>Czech Republic</b>	<b>4,762</b>	<b>4,758</b>
Field staff	2,951	2,953
Office staff	1,811	1,805
<b>Slovakia</b>	<b>1,653</b>	<b>1,580</b>
Field staff	812	790
Office staff	841	790
<b>Poland</b>	<b>1,592</b>	<b>1,723</b>
Field staff	791	838
Office staff	801	885
<b>Romania</b>	<b>2,006</b>	<b>2,106</b>
Field staff	1,196	1,236
Office staff	810	870
<b>The Baltic</b>	<b>411</b>	<b>372</b>
Field staff	158	150
Office staff	253	222
<b>Hungary</b>	<b>466</b>	<b>464</b>
Field staff	36	54
Office staff	430	410
<b>Bulgaria</b>	<b>820</b>	<b>799</b>
Field staff	283	286
Office staff	537	513
<b>Turkey/Georgia</b>	<b>851</b>	<b>837</b>
Field staff	440	421
Office staff	411	416
<b>Remaining CEE</b>	<b>4,713</b>	<b>4,663</b>
Field staff	3,321	3,285
Office staff	1,392	1,378
<b>Other Markets</b>	<b>126</b>	<b>123</b>
Field staff	7	7
Office staff	119	116
<b>Central Functions</b>	<b>432</b>	<b>437</b>
Office staff	432	437
<b>Total</b>	<b>23,005</b>	<b>22,995</b>

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

## 15. RELATED PARTY TRANSACTIONS

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

## 16. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

### Changes in the valuation method and consolidation approach for non-profit housing societies.

On 3 August 2016, the Supervisory Board approved the re-establishment of a controlling influence over the non-profit housing societies by VIG. The shares in the nine companies and Neue Heimat Holding are therefore fully consolidated in the 3<sup>rd</sup> quarter of 2016 and their material assets included in the consolidated balance sheet. These assets include property with a book value of around EUR 3.5 billion. Full consolidation increases the shareholders' equity from non-profit housing societies by around EUR 1 billion based on data for the 1<sup>st</sup> half of 2016. This increase will be recognised separately in full under "non-controlling interests" in the balance sheet in the future, as this shareholders' equity is attributable to the public sector. The contribution to earnings for the 1<sup>st</sup> half of 2016 would have been EUR 40.4 million if VIG had re-established control as of 1 January 2016. VIG expects a contribution to earnings before taxes of around EUR 30 million for 2016 after full consolidation.

The VIG balance sheet will show the following changes due to the change to full consolidation (based on data as of 30 June 2016):

ASSETS	30.6.2016	Effects of full consolidation of the non-profit companies	30.6.2016 as if
<b>in EUR '000</b>			
A. Intangible assets	2,051,877	1,264	2,053,141
B. Investments	31,012,598	3,395,282	34,407,880
C. Investments of unit- and index-linked life insurance	8,191,469	0	8,191,469
D. Reinsurers' share in underwriting provisions	1,148,328	0	1,148,328
E. Receivables	1,492,245	55,330	1,547,575
F. Tax receivables and advance payments out of income tax	208,686	229	208,915
H. Other assets	367,875	5,464	373,339
I. Cash and cash equivalents	1,238,764	156,422	1,395,186
<b>Subtotal</b>	<b>45,711,842</b>	<b>3,613,991</b>	<b>49,325,833</b>
Deferred tax assets	62,034	0	62,034
<b>Total ASSETS</b>	<b>45,773,876</b>	<b>3,613,991</b>	<b>49,387,867</b>

LIABILITIES AND SHAREHOLDERS' EQUITY	30.6.2016	Effects of full consolidation of the non-profit companies	30.6.2016 as if
<b>in EUR '000</b>			
B. Subordinated liabilities	1,270,927	-6,000	1,264,927
C. Underwriting provisions	29,274,511	0	29,274,511
D. Underwriting provisions for unit- and index-linked life insurance	7,826,482	0	7,826,482
E. Non-underwriting provisions	625,995	46,181	672,176
F. Liabilities	1,519,772	2,564,353	4,084,125
G. Tax liabilities out of income tax	156,897	0	156,897
I. Other liabilities	160,776	82	160,858
<b>Subtotal</b>	<b>40,835,360</b>	<b>2,604,616</b>	<b>43,439,976</b>
Deferred tax liabilities	273,264	0	273,264
Attributable to equity holders of the Company	4,555,224	0	4,555,224
Non-controlling interests	110,028	1,009,375	1,119,403
<b>Total shareholders' equity</b>	<b>4,665,252</b>	<b>1,009,375</b>	<b>5,674,627</b>
<b>Total LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>45,773,876</b>	<b>3,613,991</b>	<b>49,387,867</b>

**Purchase of the AXA company in Romania**

At the beginning of August 2016, Vienna Insurance Group signed an agreement to acquire the Romanian life insurance company AXA Life Insurance S.A. (AXA Life), thereby confirming its leading position in the Romanian insurance market. The buyers are the two Romanian VIG Group companies BČR Life and Omniasig. The acquisition is subject to approval by the local authorities.

**Rating confirmed**

In mid-July 2016, the internationally recognised rating agency Standard & Poor's once again confirmed its A+ rating with a stable outlook for Vienna Insurance Group AG Wiener Versicherung Gruppe. This means that VIG continues to enjoy the best credit rating of all companies in the ATX Index.

**Purchase of the AXA company in Serbia**

At the beginning of July 2016, VIG signed an agreement to acquire the non-life insurance company AXA Nezivotno Osiguranje a.d.o. Beograd and the life insurance company AXA Zivotno Osiguranje a.d.o. Beograd (AXA Serbia). The acquisition is subject to approval by the local authorities. The acquisition increases VIG's market share in Serbia to around 11.5%.

**Resolution of the government bank resolution company HETA**

On 6 July 2016, the National Council approved an increase in the maximum liability of the Austrian federal government as a pre-condition for funding a compromise solution between the Austrian Ministry of Finance and HETA creditors. VIG is currently examining the steps to take next.



# 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 important events during the first six months of the financial year and their impact on the consolidated interim financial statements, of the principal risks and uncertainties for the remaining six 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, 16 August 2016

The Managing Board



**Elisabeth Stadler**  
General Manager,  
Chair of the Managing Board



**Franz Fuchs**  
Member of the Managing Board



**Roland Gröll**  
Member of the Managing Board



**Judit Havasi**  
Member of the Managing Board



**Peter Höfner**  
Member of the Managing Board



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

## Managing Board areas of responsibility:

**Elisabeth Stadler:** VIG Group management, strategic matters, European matters, Group communication & marketing, sponsoring, human resources, business development; country responsibilities: Austria, Czech Republic

**Franz Fuchs:** Performance management personal insurance, performance management motor vehicle insurance, asset risk management; country responsibilities: The Baltic, Moldova, Poland, Ukraine

**Roland Gröll:** Group IT/SAP, international processes and methods; country responsibilities: Bosnia-Herzegovina, Croatia, Macedonia, Romania

**Judit Havasi:** Solvency II, planning and controlling, legal; country responsibility: Slovakia

**Peter Höfner:** Corporate and large customer business, Vienna International Underwriters (VIU), reinsurance, business development; country responsibilities: Albania (incl. Kosovo), Belarus, Bulgaria, Hungary, Montenegro, Serbia

**Martin Simhandl:** Asset management, subsidiaries department, finance and accounting, treasury/capital market; country responsibilities: Georgia, Germany, Liechtenstein, Turkey

The **Managing Board as a whole** is responsible for enterprise risk management (Solvency II), general secretariat, the Group actuarial department, Group compliance, internal audit and investor relations.

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

## BUSINESS DEVELOPMENT BY BALANCE SHEET UNIT

	Property and Casualty		Life		Health		Total	
	1.1.-30.6.2016	1.1.-30.6.2015 restated	1.1.-30.6.2016	1.1.-30.6.2015	1.1.-30.6.2016	1.1.-30.6.2015	1.1.-30.6.2016	1.1.-30.6.2015 restated
in EUR '000								
<b>Overall result for direct business</b>								
Gross direct premiums written	2,662,653	2,495,000	1,977,444	2,127,279	206,854	199,947	4,846,951	4,822,226
Gross direct*	170,754	327,675	136,907	129,903	17,189	24,743	324,850	482,321
Underwriting result**	160,575	251,179						
Financial result**	10,179	76,496						
Direct reinsurance cessions	-83,850	-127,887	-6,986	-5,807	-47	35	-90,883	-133,659
<b>Subtotal</b>	<b>86,904</b>	<b>199,788</b>	<b>129,921</b>	<b>124,096</b>	<b>17,142</b>	<b>24,778</b>	<b>233,967</b>	<b>348,662</b>
<b>Overall result for indirect business</b>								
Gross indirect premiums written	73,195	78,656	7,912	7,090	50	78	81,157	85,824
Gross indirect	-17,093	26,298	577	1,375	41	67	-16,475	27,740
indirect reinsurance cessions	-16,248	-71,152	59	-251	0	0	-16,189	-71,403
<b>Subtotal</b>	<b>-33,341</b>	<b>-44,854</b>	<b>636</b>	<b>1,124</b>	<b>41</b>	<b>67</b>	<b>-32,664</b>	<b>-43,663</b>
<b>Overall result for direct and indirect retention</b>	<b>53,563</b>	<b>154,934</b>	<b>130,557</b>	<b>125,220</b>	<b>17,183</b>	<b>24,845</b>	<b>201,303</b>	<b>304,999</b>
Other non-underwriting income and expenses	18,617	-15,716	7,629	-11,434	1,628	-2,052	27,874	-29,202
Expenses for profit-related premium refunds	0	0	-27,887	-31,695	0	0	-27,887	-31,695
<b>Profit before taxes</b>	<b>72,180</b>	<b>139,218</b>	<b>110,299</b>	<b>82,091</b>	<b>18,811</b>	<b>22,793</b>	<b>201,290</b>	<b>244,102</b>
<b>Tax expenses</b>	<b>-22,606</b>	<b>-30,867</b>	<b>-20,730</b>	<b>-19,249</b>	<b>-2,971</b>	<b>-3,265</b>	<b>-46,307</b>	<b>-53,381</b>
<b>Profit for the period</b>	<b>49,574</b>	<b>108,351</b>	<b>89,569</b>	<b>62,842</b>	<b>15,840</b>	<b>19,528</b>	<b>154,983</b>	<b>190,721</b>

\* Includes commissions of EUR 579,096,000 (EUR 584,453,000) for direct insurance business.

\*\* A breakdown of the underwriting result was only performed for property and casualty insurance. Due to immateriality, investment results 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 insurance.

## PREMIUMS WRITTEN BY BALANCE SHEET UNIT

<b>Property and casualty insurance*</b>	<b>1.1.-30.6.2016</b>	<b>1.1.-30.6.2015</b>
in EUR '000		
<b>Direct Business</b>		
Casualty insurance	183,828	175,937
Health insurance	25,762	21,583
Land vehicle own-damage insurance	496,372	460,860
Rail vehicle own-damage	1,078	1,287
Aircraft own-damage insurance	3,769	3,515
Sea, lake and river shipping own-damage insurance	5,410	4,391
Transport insurance	28,883	26,920
Fire explosion and other natural risks	537,630	546,824
Other property	267,245	260,286
Liability insurance for land vehicles having their own drive train	696,891	600,968
Carrier insurance	8,178	7,051
Aircraft liability insurance	3,270	2,583
Sea, lake and river shipping liability insurance	1,243	1,512
General liability insurance	258,527	241,437
Credit insurance	3,509	9,590
Guarantee insurance	13,550	13,743
Insurance for miscellaneous financial losses	66,441	58,938
Legal expenses insurance	29,884	29,227
Assistance insurance, travel health insurance	31,183	28,348
<b>Gross direct premiums written</b>	<b>2,662,653</b>	<b>2,495,000</b>
<b>Indirect business</b>		
Marine, aviation and transport insurance	5,652	5,261
Other insurance	56,537	62,509
Health insurance	11,006	10,886
<b>Gross indirect premiums written</b>	<b>73,195</b>	<b>78,656</b>
<b>Total Written premiums – Gross in property and casualty</b>	<b>2,735,848</b>	<b>2,573,656</b>

\* Including consolidation effects

<b>Life insurance*</b>	<b>1.1.-30.6.2016</b>	<b>1.1.-30.6.2015</b>
in EUR '000		
Direct premiums from regular-premium products	1,266,869	1,253,541
Direct premiums from single-premium products	710,575	873,738
<b>Gross direct premiums written</b>	<b>1,977,444</b>	<b>2,127,279</b>
thereof:		
<i>Policies with profit participation</i>	<i>888,436</i>	<i>941,065</i>
<i>Policies without profit participation</i>	<i>244,877</i>	<i>241,146</i>
<i>Unit-linked life insurance policies</i>	<i>822,969</i>	<i>922,154</i>
<i>Index-linked life insurance policies</i>	<i>21,162</i>	<i>22,914</i>
<b>Gross indirect premiums written</b>	<b>7,912</b>	<b>7,090</b>
<b>Total Written premiums – Gross in Life</b>	<b>1,985,356</b>	<b>2,134,369</b>

\* Including consolidation effects

<b>Health insurance*</b>	<b>1.1.-30.6.2016</b>	<b>1.1.-30.6.2015</b>
in EUR '000		
Gross direct premiums written	206,854	199,947
Gross indirect premiums written	50	78
<b>Total Written premiums – Gross in Health</b>	<b>206,904</b>	<b>200,025</b>

\* Including consolidation effects

## GROSS PREMIUMS WRITTEN BY COUNTRY AND BALANCE SHEET UNIT

Premiums written – gross	1.1.-30.6.2016	1.1.-30.6.2015
in EUR '000		
<b>Property and casualty insurance</b>	<b>2,735,848</b>	<b>2,573,656</b>
Austria	1,111,958	1,108,169
Czech Republic	477,624	440,126
Slovakia	188,578	178,545
Poland	226,083	244,513
Romania	234,012	160,041
Turkey	89,635	74,767
Central Functions	86,606	96,399
Other States	321,352	271,096
<b>Life insurance</b>	<b>1,985,356</b>	<b>2,134,369</b>
Austria	938,913	973,528
Czech Republic	314,111	394,736
Slovakia	184,119	209,150
Poland	188,436	204,933
Hungary	66,097	53,959
Liechtenstein	108,860	124,148
Other States	184,820	173,915
<b>Health insurance</b>	<b>206,904</b>	<b>200,025</b>
Austria	196,926	190,158
Georgia	9,978	9,867
<b>Total</b>	<b>4,928,108</b>	<b>4,908,050</b>

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

	1.1.-30.6.2016	1.1.-30.6.2015 restated
in EUR '000		
<b>Property and casualty insurance</b>	<b>53,563</b>	<b>154,934</b>
Austria	40,372	70,263
Czech Republic	56,521	71,418
Slovakia	17,219	17,610
Poland	10,798	30,385
Romania	6,607	3,823
Turkey	1,917	1,797
Central Functions	-101,546	-76,304
Other States	21,675	35,942
<b>Life insurance</b>	<b>130,557</b>	<b>125,220</b>
Austria	48,305	54,487
Czech Republic	48,723	40,747
Slovakia	16,099	12,230
Poland	19	4,977
Hungary	2,760	2,457
Liechtenstein	167	123
Other States	14,484	10,199
<b>Health insurance</b>	<b>17,183</b>	<b>24,845</b>
Austria	17,695	26,206
Georgia	-512	-1,361
<b>Total</b>	<b>201,303</b>	<b>304,999</b>

## KEY FIGURES BY BALANCE SHEET UNIT

	Property and Casualty		Life		Health		Total	
	1.1.-30.6.2016	1.1.-30.6.2015	1.1.-30.6.2016	1.1.-30.6.2015	1.1.-30.6.2016	1.1.-30.6.2015	1.1.-30.6.2016	1.1.-30.6.2015
in %								
Cost ratio	31.4%	31.7%	17.0%	22.3%	14.5%	12.8%	23.9%	26.2%
Loss ratio	66.5%	64.2%						
<b>Combined Ratio</b>	<b>97.9%</b>	<b>95.9%</b>						

## DISCLOSURES IN ACCORDANCE WITH § 155(2) NO. 18 VAG

Since no significant run-off result exists for the reporting period or comparative period, the data indicated in § 155(2) no. 18 VAG is not being published.

# General information

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The interim report can be downloaded as a PDF file in German or English from our website at:  
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## 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.

In case of doubt, the German version is authoritative.

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