

# THE SAFE SIDE

**SPECIAL EDITION**  
OF THE HALF YEAR FINANCIAL REPORT 2015

VIENNA INSURANCE GROUP

**67%**  
CEE share of the earnings before taxes

**Earnings before taxes at EUR 250.5 million**  
The historically low interest level, as expected, put a strain on the results.

**Combined Ratio 95.9%**  
Lowest value compared to the last five reference periods.

**EUR 4.9 billion in premiums**  
Stable development despite declines in single premiums in life insurance.

## We continue to grow

**Vienna Insurance Group expands in the Baltic region and continues its sustained course of success.**

The Baltic region is one of the fastest growing regions in the European Union. While economic growth almost came to a standstill in large parts of Europe in 2014, Lithuania recorded GDP growth of 2.9%, Latvia 2.4% and Estonia 2.1%. VIG already recognised the great potential of this region in 2008, when it successfully entered the Estonian market by acquiring the Group company now named Compensa Life.

“VIG has grown by an average of around 30% per year in the Baltic insurance market over the past five years. The further potential is enormous – over 6 million people live there, more than in Slovakia,” stated Franz Fuchs, member of the Managing Board of VIG. A comparison of annual per capita insurance expenditures confirms this potential. People spend EUR 200 for insurance in Lithuania, EUR 170 in Latvia and EUR 330 in Estonia. The average is EUR 2,800 for the EU-15, and EUR 2,000 for Austria.



**VIG in the Baltic region**

**The Baltic region.** In addition to Estonia, VIG also operates in Latvia and Lithuania.

### VIG strengthens market presence

In addition to Estonia, Group company Compensa Life also serves customers in Lithuania and Latvia. The Polish Group company Compensa Non-Life served the latter two countries in the non-life area in the past. After receiving a licence to establish a property and casualty insurance company in Lithuania, this business has now been

taken over by the local Compensa Non-Life company. VIG also strengthened its market presence in the Baltics by acquiring the property and casualty insurance company Baltikums and the life insurance distribution company Finsaltas. This creates ideal conditions for continued VIG growth in the Baltic region.

Source: In-house calculations based on data published by national authorities and the IMF

## CURRENT

### Half year financial report 2015

**Interim Balance Sheet.** All the figures, data and facts regarding the development in the first half year 2015 and regarding the capital market in the VIG half year financial report 2015.



### VIG ON THE EQUITY MARKET

DIVIDENDS INCREASED to

**EUR 1.40**  
per share.

### Rating confirmed

The ratings agency Standard & Poor's confirmed the "A+" rating with a stable outlook. **Page II**

### VIG share in the first half year 2015



### INTERVIEW

**Peter Hagen, CEO at VIG,** about the business development of the first half year 2015, successful acquisitions, and how VIG will secure and build upon their excellent market positions. **Page II**



**& SUPPLEMENT TO THE GROUP ANNUAL REPORT 2014**



### CORPORATE SOCIAL RESPONSIBILITY

**“Long-term thinking is in our DNA,”** Interview with CSR Officer Petra Ringler.

**Page III**

### KIDS CAMP

**Together.** The VIG Kids Camp took place again for the sixth time, for 500 kids from 22 countries from Central and Eastern Europe. **Page III**

### EMPLOYER OF CHOICE

**A glance behind the scenes.** VIG employees talk about their previous experiences, multi-faceted jobs and their different career paths. **Page IV**

**VIG**  
VIENNA INSURANCE GROUP

## SUCCESS AT THE HALF YEAR MARK

### VIG among Austria's top brands

VIG was once again among the top ten most valuable company brands in the current "Austrian Brand Value Study 2015" after achieving 9<sup>th</sup> place among the 180 companies analysed. This makes VIG the best insurance company in the ranking. The European Brand Institute used "sector, brand strength, trend development, brand potential and sales" as criteria for valuing the brands.

### Wiener Städtische receives Service Award 2015

Wiener Städtische received 1<sup>st</sup> place in the Austrian fund award. The award is given to investment companies and unit-linked life insurance providers that stand out for their service quality with financial advisors.

### ČPP dominates competition for "Insurance Company of the Year"

The three Czech Group companies received several awards at once in the prestigious survey by the Association of Insurance Brokers and by the Czech Association of Insurance Companies. ČPP was especially successful, winning awards in four out of five categories.

### Omniasig receives award for the "Best property and casualty insurance company"

For the third time in a row, the Romanian Group company Omnisig received the award for "Best property and casualty insurance company of the year". The award recognises the insurance company for outstanding sustainable performance in the property and casualty segment. The main criteria are service quality, financial stability and rapid response to market needs.

## RATING CONFIRMED

How solidly the Vienna Insurance Group is positioned is evidenced by the confirmation of the "A+" rating with stable outlook by the internationally recognised rating agency Standard & Poor's (S&P). With its excellent capitalization, the Group even exceeds S&P's benchmark AAA. Due to its market leadership in Austria and in Central and Eastern Europe, the competitive standing of VIG was also rated as "outstanding". With that, VIG continues to have the best credit worthiness of all ATX companies.

**A+** with a stable outlook

# VIG's CEO talks about the first half year 2015 VIG's story of growth is consistent and still going strong.

### Did VIG's success story begin to stall in light of the decline of premiums in the first half year 2015?

**Hagen:** No, I definitely would not put it this way. The root of the decline of the premiums written by 1.5% to EUR 4,908.0 million is mostly based on the fact that, for profitability reasons, we are rather conservative when it comes to single premiums for life insurance in this low-interest environment. Regular premiums in life insurance however rose by 6.3%. On top of that we had tremendous success in most of our 25 markets. Take Romania, for instance, where the ongoing optimisation measures start bearing fruit and have led to an increase of premiums by 17.6%, when compared to the previous period. And also in the countries of the Remaining Markets, such as the Baltic States, in Bulgaria, Hungary or Serbia, two-digit growth rates in the premiums written could be achieved. **The equity market does not seem to appreciate VIG's commitment in Eastern Europe at present.**

**Hagen:** That actually seems to be true at the moment. Eastern Europe with its tremendous economic growth potential is currently not quite as much in the focus of the equity market players, as I would wish. Instead, macro-economic and politico-economic topics are dominating. But I do not want to sugar-coat anything. As CEO, I cannot be satisfied with a decline in the prices of the VIG shares by 17.0% down to EUR 30.775 in the first half of 2015. Although, to a large degree, this can be also attributed to technical factors and cannot be fundamentally comprehended.

**In fact, you cannot actually influence the price of the VIG share.**

**Hagen:** No, just indirectly - through a transparent communication policy and through solid results, in line with the market's expectations. But a positive impact may also come from the recently confirmed "A+" rating with stable outlook from the rating agency Standard & Poor's, which

gives us the best credit rating among all of the ATX companies.

**How satisfied are you with the course of business of the first half of 2015?**

**Hagen:** When you are satisfied with business results, you run the risk of staying too long in a comfort zone. Instead, here at VIG, we strive to constantly improve, but of course we have no control over external effects. In the first half of 2015, the Group's earnings before taxes were at EUR 250.5 million, and therefore within the expected range. The main factor for the decrease by 16.8% can be found in an expectedly lower financial result due to the currently low interest rates, which also made a precaution of personnel provisions in Austria necessary. But I also have some good news: we were able to lower the combined ratio to 95.9% - the lowest level in the last five comparison periods. That means that, in terms of actuarial cover, we are certainly on the right path.

**How does VIG intend to secure its excellent market position in the future?**

**Hagen:** We remain unchanged committed to our home market Austria and to the region of Central and Eastern Europe and we are in any aspect convinced of their growth potential. That is why we are constantly investigating possibilities for acquisitions - like recently in the Baltic States. And our Bulgarian VIG Group company Bulstrad also increased its distribution activities by acquiring the bank insurance company UBB-AIG. If we continue to exploit potential successfully like this in the future, I am confident that we will strengthen and build upon our top position as number 1 in the core markets.

### Tip

For detailed statements about the business development and the performance of the share during the first half of 2015, please refer to the half year financial report 2015.

"We remain unchanged committed to our markets in Central and Eastern Europe."

Peter Hagen



CHRIS SINGER

## THE NUMBER 1 IS A SURE BET

Vienna Insurance Group has **128 million shares in circulation**. The 24<sup>th</sup> Annual General Meeting on 29 May 2015 resolved to pay a **dividend of EUR 1.40 per share**. That means that all shareholders will enjoy a dividend increase of 10 cents. With that, the Vienna Insurance Group consequently continues its longstanding policy of a dividend pay-out ratio of at least 30% of the Group's profits after taxes and non-controlling interest. This is how not only large numbers, but also small ones, make VIG, the **number 1** in its core markets of Austria and Central and Eastern Europe, attractive. Further information about the Annual General Meeting and the video of the presentation of CEO Peter Hagen, is available on the Internet at [www.vig.com/en/annual-general-meeting](http://www.vig.com/en/annual-general-meeting).

128<sub>mn</sub>  
+ 1.40  
= 1



Petra Ringler, CSR Officer at VIG in an interview about her new responsibilities.

## “Long-term thinking is in our DNA.”

**A few months ago, you were made the CSR Officer for VIG. What are your responsibilities?**

**Ringler:** There are already diverse activities in the area of Corporate Social Responsibility in all of the 25 markets, in which VIG is active. One of my main tasks at present consists of coordinating this wide topic. This includes the setting in motion and promotion of a constructive exchange of experiences across borders and the establishment of a common basic understanding of CSR. We also ultimately want to ensure that we as a Group will be fully able to comply with the legal requirements in regard to sustainability reporting, which will go into effect in 2017. Be-

yond that, it is important to me to set new impulses and strategic goals and to define the activities necessary to accomplish this.

**Sounds exciting!**

**Ringler:** Yes, it really is. I am very happy that this position was created and of course I am particularly glad that I was entrusted with this responsibility. I believe that it is a great privilege to confront topics that are near and dear to my heart, even beyond the professional context.

**What is the importance of CSR for an insurance company?**

**Ringler:** As an insurance company, we promise our customers to deliver a clearly defined service in the future. Take life insurance or health insur-

ance, for example, and you are talking about a time frame of 30 or even 60 years. Long-term thinking is in our DNA, so to speak, as part of our core business. The fact that VIG has this kind of vision is proof of our company's 190-year old history.

**Which CSR topics are of particular importance to VIG?**

**Ringler:** On the one hand, there is the topic of conserving resources, HR issues, but also the support of social and cultural institutions. On the other hand I believe that we must integrate CSR much more into our core business. How can we sustainably support our customers with their safety and financial security needs? How do we as an insurance group handle the demographic changes or natural disasters, which occur more and more frequently? These are central issues and questions, which strongly influence the product design of our Group companies and also our company's strategy.

**Where else do you see the need for action over the coming years?**

**Ringler:** As I mentioned, many of the topics we have been dealing with intensively for quite a while. Now it is time to build a solid roof for all those diverse measures and to communicate our plans to the outside world even more. In doing so, one of our foremost interests in the design of our CSR agendas is to structurally involve our customers, employees and business partners and to proactively ask them, which topics are important to them. What good are our best ambitions and intentions, if they fail to address the real target, namely long-term satisfied customers, employees and shareholders?

### About

In the spring of 2015, 30-year-old **Petra Ringler** took over the Group-wide CSR agendas of VIG. Ringler graduated with a degree in economics with focus on the insurance industry. She joined the company in 2008.



### THE JOYS OF SUMMER

#### The Ringturm in its new (summer) dress

For its 60<sup>th</sup> anniversary, the Ringturm – the Group's headquarters and the first office tower in Vienna – turned once again into an art tower. With the artwork “Sommerfreuden” (Joys of Summer) by the Croatian artist Tanja Deman, VIG's principal shareholder, the Wiener Städtische Versicherungsverein, continues the traditional wrap of the Ringturm for the eighth time. VIG has been successfully active in Croatia since 1999 and considers the country one of their core markets.

Participating in the opening event were, aside from the artist herself and many art-loving guests, Austria's Federal President Heinz Fischer and Kolinda Grabar-Kitarović, President of the Republic of Croatia.



**High-Level Visitors.** VIG-Chairman of the Supervisory Board, Günther Geyer, welcomes many guests of honour.

## Learning for Life

**Even the little ones are following the big ones' footsteps: fun beyond borders and discovering new things.**

**Diversity enriches and generates friendships.**

About 500 children from 22 nations, from Bulgaria to Ukraine and Slovakia and all the way to Poland, just to name a few, were able to experience that for themselves, as they recently spent two weeks of their vacation at the VIG Kids Camp. This has already been the sixth time that the principal shareholder of the Vienna Insurance Group, the Wiener Städtische Versicherungsverein, invited children of employees of all Group companies to Austria. There were three camps to choose from: The “City Camp” on the outskirts of Vienna, which attracts through its large leisure time and sports facilities. Children, who decided

to go to the “Country Camp”, experienced Wagrain in Salzburg from its most beautiful side. Providing lasting experiences, the third Camp near Mariazell is an ideal starting point for day trips to the Erzberg Mountain or to the Bürgeralpe.

**The children have lots of fun.**

For many of them the visit to the Kids Camp is their first trip abroad. This way they get introduced to the international environment of their parents in a playful way. At the same time, the VIG Kids Camp promotes intercultural experiences and diversity through a vast number of new impressions and provides invaluable experiences for young people.



**And again this year, many happy faces from all nations.**

# We love what we do

**Why working at VIG is more exciting than many would believe: three VIG employees talk about their work and what motivates them.**

Insurance companies are boring and conservative. That is true – when dealing with the entrusted premiums, VIG surely will not risk anything. This is the boring side, which is absolutely necessary, in order to weather even the toughest times successfully. But there are many exciting facets to the insurance business, not least due to the international diversity of VIG.

**Insurance companies are exciting and diverse**

This other side is shown by VIG employee postings on the Careers platform [www.whatchado.com](http://www.whatchado.com). One of these is by the mother of two, Réka Hassa, who was born in Hungary and came to Austria for love: “You have to enjoy that what you spend much of your time and energy for. My work with VIG in Vienna as a corporate business trainer is fun and very compatible with my family life. The coolest thing about my job is therefore its flexibility. This is important to me personally, as I have to coordinate a number of roles.”

Ekaterina Buchova, on the other hand, is fascinated by an entirely different facet: “The opportunities at VIG to gather international experience through training and exchange programmes make my job particularly exciting. I got out of my comfort zone and moved to a new city. Life is

an adventure and I want to be part of it.” The native Bulgarian gained professional experience at the Bulgarian VIG Group company Bulstrad after her Bachelor’s degree and afterwards moved to Vienna to participate in an international VIG training programme. In 2014, she became an expert for management processes. “It is a great pleasure to work with a team like ours. We are having fun and we are working with many people from a variety of nations. It is exactly this diversity in the office that helps us to exchange ideas and expertise.”

Beyond exchange programmes, cross-border cooperation and events also help to overcome any potential cultural barriers. Dutch native Lodi van Elswijk had lived in Denmark for five years, before moving to Austria two years ago. As an IT architect, he frequently travels on business to the VIG countries: “When dealing with cross-border IT projects, it is really important to me to be

aware of the cultural particularities of my colleagues and to act respectfully. I try to be curious and open in the process, because the world is not just black or white. When someone says or does something that I do not completely agree with I try to understand and respect the background. It is exactly those experiences that will stay with you for life.”

**Cross-border exchange is important to us**



Ekaterina Buchova

**The coolest thing about your job is...?**  
*To be creative while also being able to apply oneself.*



Lodi van Elswijk

**What would be your recommendation to your 14-year-old self?**  
*Don't make rash decisions, but take advantage of your opportunities.*



Réka Hassa

**Your advice?**  
*Mistakes and failure are important. Just don't make the same mistake over and over.*



If we were able to awaken your curiosity, you can watch more videos on [www.whatchado.com/en/vig](http://www.whatchado.com/en/vig). And even Peter Hagen, VIG's CEO, could not resist answering the 7 whatchado questions.

**Success is not an overnight thing**

VIG is conscious about how important it is for their employees to have a diversified job and about the importance of competencies and the high commitment of their entire team for the company's success. And the VIG team is colourful, speaks many languages and is highly motivated.

What other measures VIG takes beyond that, in order to be Employer of Choice, you can find out inside the newspaper, starting on page 16.

**VIG GOES YOUTUBE – SUBSCRIBE NOW**

**Experience VIG in words and pictures:** On VIG's YouTube channel, you can go behind the scenes. Learn more about the Group, the everyday workday of its employees and which events VIG participated in.

**Have a look and learn more:** [www.vig.com/youtube](http://www.vig.com/youtube)



**AWARDS: THIS IS HOW WORK CAN BE FUN**

**Silver Award for VIG from Best Recruiters**

After receiving the bronze label the year before, VIG Holding was awarded the silver label by Career's Best Recruiters for the first time. Within this survey, each year about 500 Austrian companies are evaluated: How do the companies present themselves, how do they get in touch with interested candidates and how do they treat them? Birgit Moosmann, Head of VIG's People Management, is happy about the success: “To be valued

as an attractive employer is very important for us in order to make interesting candidates aware of VIG. Recruiting is often the first contact with the company and ideally, it is the beginning of a long-term partnership.”



**Insurance Innovation Award 2015 for the s Versicherung**

Kicked off by the Insurance Factory and the media partner “Die Presse”, awards for innovation for Austrian insurance companies were given out for the first time in Austrian history. With their new personnel concept “one-stop-shop for talent”, the Austrian Group company s Versicherung made second place. Constructive feedback and the establishment of a new leadership culture are important building blocks of this HR strategy. Through ongoing exchange

between employees and their managers, development potentials can be recognised and promoted. Flexible working hours or the creation of a family-friendly work environment also contribute to enhanced employee satisfaction and motivation.



**Heinz Schuster (3<sup>rd</sup> from left), Chairman of the Board of s Versicherung, at the festive handing over of the award.**