TWO THOUCEEND AND FIFTEEN

with supplement
THE SAFE SIDE
2015

Group Annual Report 2015 Vienna Insurance Group

VISION + CEE

POTENTIAL

25 years ago, a journey began that was characterised by courage, vision, and an extraordinary pioneering spirit. In 1990, Vienna Insurance Group (VIG), in the form of the company then known as Wiener Städtische, took a conscious step in the direction of the growth region of Central and Eastern Europe (CEE).

The courage displayed at that early stage has truly paid off: Vienna Insurance Group developed from a **sucCEEssful** local insurer into a strong international group. A group that is now made up of around 50 companies and approx. 23,000 employees in 25 markets. Approximately half of the premiums and more than 50% of profit in financial year **two thouCEEnd and fifteen** was generated in Central and Eastern Europe. We are the main CEE insurer and the number 1 in our core markets.

In **two thouCEEnd and fifteen** we are also looking forward to the added value that the CEE region has to offer: namely, above-average economic growth, encouraging economic forecasts and an enormous need to catch up with regard to all insurance lines of business. VIG has put itself in an optimal position over the last 25 years to leverage this **potenCEEal**. The result is a portfolio of a wide range of markets, companies, products, distribution channels and services, and an associated wide **diverCEEfication**.

Vienna Insurance Group stands by its home market of Austria and the CEE region. This is where we have our roots and feel a connection with local people. We offer our customers, business partners, employees and shareholders stability, security and **profeCEEonalism** – and will continue to do so for the next 25 years!

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SUPPLEMENT TO THE GROUP ANNUAL REPORT 2015

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THE SAFE SIDE

Everything, it's safe to say, you should know about VIG!

HEADLINES

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With above-average growth and enormous market potential, the CEE region is an integral component in the Group's success. **Page 2**

"We have an appetite for more!"

The Managing Board of VIG in discussion about 2015, the proven strategic positioning, and why the Group is ready for Solvency II. **Page 4**

CONSOLIDATED FINANCIAL STATEMENTS

SERVICE INFORMATION

An online version of the Annual Report is available at www.vig.com/AR2015

The iPad IR app from VIG is available at www.vig.com/iPad

Please note: Our goal is to make the Annual Report as easy to read and as clear as possible. For this reason, formulations such as him/her, etc. have been avoided. Naturally, the text always refers to both men and women equally, without any discrimination.

A lot is going on in CEE
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VIG applies a conservative investment strategy.
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Internal and external responsibility
VIG supports its employees not only professionally but also contributes to their further personal development by means of social initiatives. Page 16

DEAR SHAREHOLDERS, LADIES AND GENTLEMEN!

At the beginning of the new year, I took over the very responsible task of managing the Vienna Insurance Group (VIG). The Group has been active in the insurance business for more than 190 years and its business focuses, first and foremost, on people. Twenty-five years ago, the Group began its unprecedented expansion into Central and Eastern Europe (CEE). A quarter of a century later, Vienna Insurance Group is t h e CEE insurer.

It is to be emphasised that we will continue to abide by the cornerstones of our proven strategy. We will be maintaining our multi-brand strategy in combination with local entrepreneurship and the business radius around Austria and Central and Eastern Europe. We will also be continuing with our conservative investment and reinsurance policy and diversifying broadly across distribution channels. However, we will now be focusing more on profitability and growth potential of individual markets and strengthening VIG's profile so that VIG will continue to live up to its position as the leading player in the industry.

> **"The Vienna Insurance Group has an appetite for more!"**

Our regional focus has also proven to be correct over the past financial year. Some of our CEE markets began showing positive signs of renewed economic growth. However, we are confronted with the continuing phase of low interest rates, which is increasingly challenging for the entire insurance industry. This primarily affects life insurance and, in particular, single premium businesses. For this reason, we are pursuing a very restrictive underwriting policy in this area, which has led to an intentional decrease in premiums in the life insurance segment during 2015. In the other lines of business, however, we achieved gains. Under the present conditions, we are able to report a very solid performance, with a total premium volume of EUR 9.0 billion.

The low interest rate environment is also largely responsible for the decline in our ordinary financial result. In addition, we performed an impairment of IT systems in the amount of EUR 195.0 million, which represents the result of an analysis of our systems and their future operational capability in view of the rapidly changing needs of our customers with regard to their insurance. The result for this year was, however, negatively affected by further extraordinary effects such as the impairment of goodwill and insurance portfolio, which ultimately resulted in a profit before taxes of EUR 172.1 million.

The 2015 financial year was also marked by regulatory-related expenses and preparations, especially for the European insurance supervisory system Solvency II, which came into force on 1 January 2016. VIG is the only Austrian insurance group which has regulatory approval for the use of a partial internal model for the calculation of its own funds. With a solvency ratio of around 200% at the level of the listed Group, VIG is among the leading internationally active insurance groups.

A look at 2016 shows that the on-going low level of interest rates continues to burden the financial result. It is therefore important to implement further measures to improve the underwriting result. Nevertheless, I am looking into the future with confidence. VIG aims to continue its successful progress and, in the coming months, we will examine the markets from the Baltic to the Black Sea for further growth potential. In the markets of Croatia, Serbia, Hungary, and Poland, we are aiming in the medium term to increase market share to at least 10% in each market. In the future, we will place a stronger focus on health insurance. In many of our markets, major changes are to be expected in public health care systems and their funding in favour of care models. But customer behaviour is also changing as a result of extremely rapid technological changes. That is why we are also focusing on coming up with creative technical solutions in the area of digitalisation.

On behalf of the entire Managing Board, I would like to thank you, our shareholders, customers, and business partners, for the faith you have shown in us. I would especially like to thank our employees who make VIG a very special company as a result of their commitment and motivation. One thing we all have in common is our appetite for more: we strive together to achieve the goals we have set and strengthen our position as the leading insurance group in Austria and the CEE region.

Yours sincerely

Elisabeth Stadler
VIG General Manager

Highlights 2015

Group premiums EUR 9.0 billion
Solid premium growth despite cuts as a result of the persistently low interest rates and the resulting earnings-oriented underwriting policy. Adjusted for single premiums, the Group recorded a solid 2.2% increase in premiums. **Page 34**

Profit before taxes EUR 172.1 million
Results were affected by the continuing low level of interest rates, as well as other extraordinary effects, such as the impairment of IT systems, as well as impairments on goodwill and insurance portfolios. **Page 35**

97.3% net combined ratio
Solid underwriting result has led to a combined ratio significantly below the 100% mark in 2015. **Page 37**

A+ with a stable outlook
from Standard & Poor's as clear proof of the excellent capitalisation of the Group.

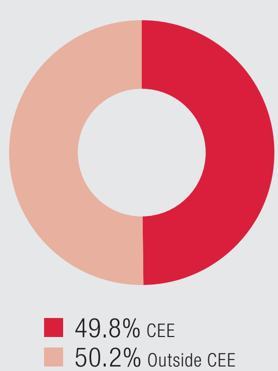
Planned dividend per share of EUR 0.60
will be proposed to the general meeting on 13 May 2016, meaning that VIG is adhering to its long-term dividend policy of paying out at least 30% of net earnings.

Solvency II – partial internal model approved
VIG is the only Austrian insurance company, for which a "partial internal model" has been approved by the Financial Market Authority for calculating capital under Solvency II. **Page 17**

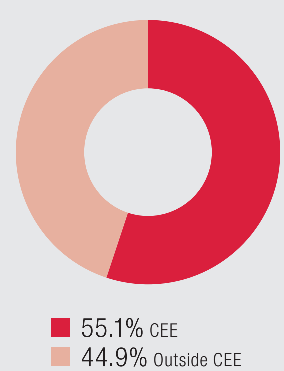
Expansion in the Baltic
VIG increased its activities in the Baltic insurance market in 2015, continuing its successful expansion in the CEE region. **Page 15**

New Managing Board team
Effective as of 1 January 2016, Elisabeth Stadler became Chairwoman and Judit Havasi and Roland Gröll were appointed as Board members. **Page 19**

CEE SHARE OF PREMIUM VOLUME



CEE SHARE OF PROFIT BEFORE TAXES



Key figures …

		2013	2014	2015
Income statement				
Premiums written	EUR millions	**9,218.57**	**9,145.73**	**9,019.76**
Property and casualty insurance	EUR millions	4,618.38	4,560.39	4,599.04
Life insurance	EUR millions	4,202.37	4,199.04	4,022.75
Health insurance	EUR millions	397.82	386.30	397.97
Premiums written	EUR millions	**9,218.57**	**9,145.73**	**9,019.76**
Austria	EUR millions	4,073.88	4,076.99	4,055.53
Czech Republic	EUR millions	1,762.08	1,683.41	1,554.82
Slovakia	EUR millions	744.67	726.99	716.49
Poland	EUR millions	1,142.30	1,034.05	838.86
Romania	EUR millions	361.80	339.67	428.63
Remaining Markets	EUR millions	1,061.64	1,155.64	1,294.18
Central Functions	EUR millions	1,303.85	1,289.84	1,248.91
Consolidation	EUR millions	-1,231.64	-1,160.86	-1,117.67
Result from investments	EUR millions	**1,226.85**	**1,116.86**	**1,074.90**
Profit before taxes	EUR millions	**355.15**	**518.37**	**172.10**
Property and casualty insurance	EUR millions	53.58	309.64	-41.31
Life insurance	EUR millions	266.00	161.57	162.92
Health insurance	EUR millions	35.57	47.16	50.48
Profit before taxes	EUR millions	**355.15**	**518.37**	**172.10**
Austria	EUR millions	235.09	169.73	212.97
Czech Republic	EUR millions	197.82	177.87	162.99
Slovakia	EUR millions	55.26	59.46	51.87
Poland	EUR millions	50.22	55.16	43.40
Romania	EUR millions	-98.70	6.08	5.65
Remaining Markets	EUR millions	49.00	51.66	42.79
Central Functions	EUR millions	-133.31	-2.24	-347.24
Consolidation	EUR millions	-0.23	0.67	-0.32
Profit for the period after taxes and non-controlling interests	EUR millions	**234.33**	**366.80**	**98.22**
Balance sheet				
Investments*	EUR millions	**35,800.89**	**38,101.72**	**38,853.36**
Shareholders' equity	EUR millions	**4,966.55**	**5,283.43**	**5,057.80**
Underwriting provisions	EUR millions	**32,469.83**	**35,282.37**	**35,921.73**
Total assets	EUR millions	**41,938.62**	**44,425.09**	**45,147.98**
Share				
Number of shares	Units	**128,000,000**	**128,000,000**	**128,000,000**
Market capitalisation	EUR millions	**4,636.80**	**4,746.24**	**3,237.12**
Average number of shares traded per day	Units	**~ 64,000**	**~ 65,000**	**~ 147,000**
Year-end price	EUR	**36,225**	**37,080**	**25,290**
High	EUR	**42,810**	**40,070**	**42,620**
Low	EUR	**34,260**	**33,800**	**24,910**
Share performance for the year (excluding dividends)	%	**-10.28**	**2.36**	**-31.80**
Dividend per share	EUR	**1.30**	**1.40**	**0.60****
Dividend yield	%	**3.59**	**3.78**	**2.37**
Earnings per share	EUR	**1.57**	**2.75**	**0.66**
Price-earnings ratio as of 31 December		**23.08**	**13.48**	**38.32**
Number of employees (average for the year)		**23,362**	**23,360**	**22,995**
thereof Austria		5,235	5,202	5,133
thereof outside Austria		17,584	17,725	17,425
thereof Central Functions		543	433	437

* Incl. unit-linked and index-linked life insurance investments and excl. cash and cash equivalents ** Planned dividend; rounding differences may occur when rounded amounts or percentages are added

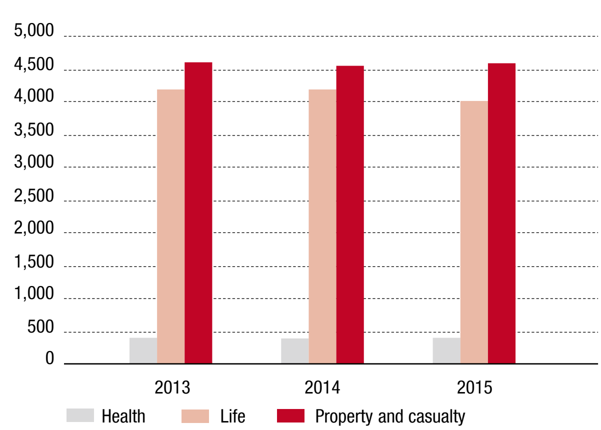
… at a glance

VIG BY REGION

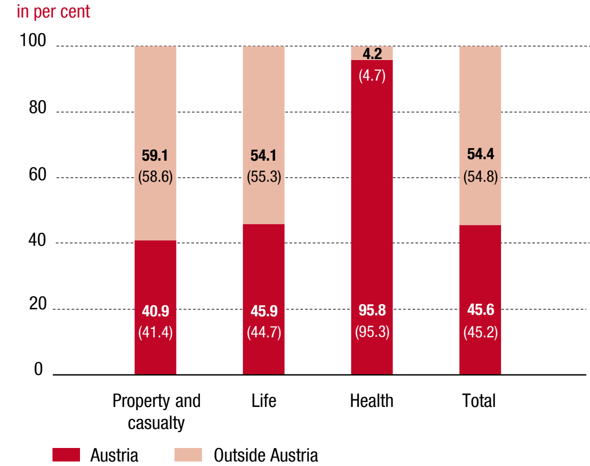
Country	Premium volume total	Premium volume life	Premium volume property and casualty and health	Employees
	(EUR '000)	(EUR '000)	(EUR '000)	
Austria	**4,055,532**	**1,843,910**	**2,211,622**	**5,133**
Czech Republic	**1,554,823**	**716,673**	**838,150**	**4,758**
Slovakia	**716,495**	**379,541**	**336,954**	**1,580**
Poland	**838,864**	**364,370**	**474,494**	**1,723**
Romania	**428,635**	**82,199**	**346,436**	**2,106**
Remaining Markets	**1,294,177**	**626,954**	**667,223**	**7,258**
Albania	37,183	–	37,183	411
Baltic States	59,305	59,305	–	372
Bosnia-Herzegovina	12,454	1,186	11,267	264
Bulgaria	131,046	34,066	96,980	799
Germany	175,586	74,964	100,621	113
Georgia	39,369	–	39,369	603
Croatia	90,773	57,399	33,374	715
Liechtenstein	234,452	234,452	–	10
Macedonia	24,124	–	24,124	354
Moldova	7,687	–	7,687	427
Serbia	81,776	31,675	50,101	1,060
Turkey	142,970	–	142,970	234
Ukraine	53,190	3,053	50,137	1,432
Hungary	204,262	130,854	73,408	464

The Montenegro and Belarus markets were not included in the Vienna Insurance Group consolidated financial statements in 2015. There are also branch offices in Italy and Slovenia.

PREMIUM DEVELOPMENT BY LINES OF BUSINESS



PERCENTAGE OF PREMIUMS BY LINES OF BUSINESS AND REGION 2015 (VALUES FOR 2014 IN PARENTHESES)



Vienna Insurance Group company profile

We have operated in Central and Eastern Europe for more than 25 years and are one of the leading publicly traded insurance groups in the region. We generated more than EUR 9.0 billion in premiums in 2015, making us once again number 1 in our core markets. With close to 23,000 employees and approximately 50 Group companies in a total of 25 countries, we offer an extensive customer-oriented portfolio of products and services across all lines of business (property and casualty, life and health insurance).

Expansion into Central and Eastern Europe

VIG's roots in Austria go back to 1824. Since that time, the Company has developed from a locally based insurance company to a leading international insurance group. Wiener Städtische made the decision to expand internationally. In 1990, it became one of the first Western European insurance companies to recognise the growth potential of Central and Eastern Europe and took a chance on entering the market in former Czechoslovakia. The past 25 years saw a series of further expansions, including Hungary (1996), Poland (1998), Croatia (1999) and Romania (2001). After entering the market in Moldova in 2014, VIG now operates in a total of 25 countries.

The leading insurance specialist in the CEE region.

Number 1 in its core markets

VIG's core markets are Austria, Czech Republic, Slovakia, Poland, Romania, Bulgaria, Croatia, Serbia, Hungary and Ukraine. A market share of more than 18% definitely makes VIG the number 1 insurer in this group of countries.

The strategic decision taken in 1990 to expand into Central and Eastern Europe (CEE) is proving to be very successful. In 2015, around half of VIG's total premium volume of EUR 9.0 billion was generated in the CEE markets. VIG is convinced that the economic growth of the region will continue and the demand for insurance there will continue to rise. The CEE region's importance as a growth market for VIG is also shown by the decision to locate the registered office of its reinsurance company VIG Re (formed in 2008) in Czech Republic.

Customer proximity is VIG's trump card in 25 markets

VIG's success is primarily based on local entrepreneurship and customer proximity. This is reflected in the regional ties, multi-brand strategy and wide variety of distribution channels used. The Group made a conscious decision to rely on regionally established brands united under the Vienna Insurance Group umbrella. VIG's success as a corporate group is also due to the individual strengths of these brands and the local expertise of around 50 Group companies.

Its core business is the key to VIG's success

VIG's activities are clearly focused on its core business, the insurance business. It pursues a progressive and highly risk-conscious insurance strategy. Reliability, trustworthiness and solidity are qualities that benefit the Group not only in its relationships with customers, but also with business partners, employees and shareholders. Credibility and integrity, entrepreneurship, customer satisfaction and quality of service, and appreciation and respect are the values on which VIG's corporate decisions are based.

The effects of this fundamental approach are shown in its strategy of continuous sustainable growth, as well as its excellent creditworthiness. VIG's development is confirmed by the international rating agency Standard & Poor's, which has for some years awarded the Group a rating of A+ with a stable outlook. As a result, VIG has the best rating of all companies in the ATX, the leading index of the Vienna Stock Exchange.

Erste Group and VIG: a strong team

Erste Group has strong ties to Austria and is one of the leading banking groups in Central and Eastern Europe. VIG and Erste Group have been strategic partners since 2008. Both have benefited equally from the partnership in the region. While VIG insurance products are distributed via Erste Group branches, VIG Group companies offer banking products from Erste Group in return.

Stable dividend policy of the Group
VIG has been listed since October 1994. VIG is one of the top companies in the "Prime Market" segment of the Vienna Stock Exchange. The Company has an attractive dividend policy that offers shareholders a dividend of at least 30% of the Group profit (after minority interests).

Its listing on the Prague Stock Exchange in February 2008 also emphasises the great importance of the Central and Eastern European economic area for VIG. Just like in Vienna, VIG is also one of the top stocks on the Prague stock market.

70% of VIG's shares are held by its principal shareholder, Wiener Städtische Versicherungsverein. The remaining 30% of the shares are in free float.

An attractive employer in Central and Eastern Europe
VIG aims to be number 1 not only in insurance products, but also as an employer. Its goal is to attract the best talent and brightest minds. Identifying and developing individual employee skills is a central priority in the Company's modern human resources management. Diversity is seen as an opportunity and is part of day-to-day life at VIG. The Group also places great importance on creating an environment that promotes development of its employees. Vienna Insurance Group is aware that its success is based on the commitment of its almost 23,000 employees.

OUR VALUES – roots that bind

- **Credibility and integrity**
- **Entrepreneurship**
- **Customer satisfaction and quality of service**
- **Appreciation and respect**

Austria and Central and Eastern Europe – this is our home

With around 50 companies in 25 countries in Austria and CEE, we serve a region of 180 million potential customers. Vienna Insurance Group has operated in the CEE region for 25 years. We have become an established institution in the region and, as a market leader, we feel at home there.

VIG's overall market share of 18% makes it **No. 1 in its core markets**

AUSTRIA
Market share: 23.7%
Premium volume: EUR 4,055.5 million
Employees: 5,133

BULGARIA
Market share: 14.2%
Premium volume: EUR 131.0 million
Employees: 799

CZECH REPUBLIC
Market share: 32.7%
Premium volume: EUR 1,554.8 million
Employees: 4,758

CROATIA
Market share: 8.2%
Premium volume: EUR 90.8 million
Employees: 715

SLOVAKIA
Market share: 33.7%
Premium volume: EUR 716.5 million
Employees: 1,580

SERBIA
Market share: 9.3%
Premium volume: EUR 81.8 million
Employees: 1,060

POLAND
Market share: 6.5%
Premium volume: EUR 838.9 million
Employees: 1,723

UKRAINE
Market share: 4.3%
Premium volume: EUR 53.2 million
Employees: 1,432

ROMANIA
Market share: 22.6%
Premium volume: EUR 428.6 million
Employees: 2,106

HUNGARY
Market share: 7.4%
Premium volume: EUR 204.3 million
Employees: 464

Market share

1st–4th quarters 2014: Slovakia
1st–3rd quarters 2015: Bulgaria, Poland, Serbia, Ukraine and total core markets
1st–4th quarters 2015: Austria, Croatia, Czech Republic, Romania, Hungary

VIG VIENNA INSURANCE GROUP

AUSTRIA
- Wiener Städtische
- Donau
- S-Versicherung

ITALY BRANCH
- Wiener Städtische
- Donau

SLOVENIA BRANCH
- Wiener Städtische

CZECH REPUBLIC
- Kooperativa
- ČPP
- Pojišťovna České spořitelny
- VIG Re

SLOVAKIA
- Kooperativa
- Komunálna poisťovňa
- Poisťovňa Slovenskej sporiteľne

POLAND
- Compensa
- InterRisk
- Polisa-Życie
- Skandia

ROMANIA
- Omniasig
- Asirom
- BCR Asigurari de Viata

BULGARIA
- Bulstrad
- Bulstrad Life

CROATIA
- Wiener Osiguranje
- Erste Osiguranje

HUNGARY
- Union Biztosító
- Erste Biztosító
- Vienna Life Biztosító

SERBIA
- Wiener Städtische

UKRAINE
- Княжа
- Глобус
- Юпітер
- Українська страхова група

ESTONIA
- Compensa

LATVIA
- Compensa
- Baltikums Apdrošināšana

LITHUANIA
- Compensa

MOLDOVA
- Donaris

BELARUS
- Купала

GEORGIA
- GPI
- IRAO

TURKEY
- Ray Sigorta

ALBANIA
- Sigma Interalbanian
- Intersig

MACEDONIA
- Осигурување Македонија
- Winner
- Winner Life

MONTENEGRO
- Wiener Städtische Život

BOSNIA HERZEGOVINA
- Wiener Osiguranje

GERMANY
- InterRisk

LIECHTENSTEIN
- Vienna-Life

As of March 2016
www.vig.com

Strategy

Since our early expansion into Central and Eastern Europe (CEE), we have set a course towards sustainable growth. Using an incisive corporate strategy, a clear vision, and the highest possible level of customer focus, we aim to tap into the growth potential both in Austria and the CEE region as far as possible.

OBJECTIVES

Thanks to its expansion into the CEE region, which began in 1990, Vienna Insurance Group is now market leader in both Austria and Central and Eastern Europe. In order to continue on this successful path, the Group follows a strategy focusing on the particular characteristics of the individual markets. In addition, however, VIG also makes a great effort to achieve the higher-level Group targets. Its business strategy gives top priority to

- consolidating its market leadership in Austria
- taking advantage of the growth potential in the CEE region.

The decisions that must be taken to implement these objectives are aimed at achieving continuous improvements in profitability.

VIG focuses on its core business of insurance, with a clear regional focus on Austria and Central and Eastern Europe. These two core strategic elements are accompanied by management principles that have proven themselves in the past and will continue to form a foundation for all of Vienna Insurance Group's important business decisions in the future.

KEY STRATEGIC ELEMENTS

Concentrating on the core business

VIG and its around 50 Group companies are familiar in every respect with the wide variety of different needs that people in the individual CEE countries have in terms of security and future provisions. The Group takes care of country-specific needs with the help of tailored insurance solutions and consulting services. This has always been the core business of VIG, which can look back on more than 190 years of experience in the insurance industry. Professional customer service, a comprehensive range of products and excellent service will continue to form the pillars of success of VIG.

Focus on Austria and the CEE region

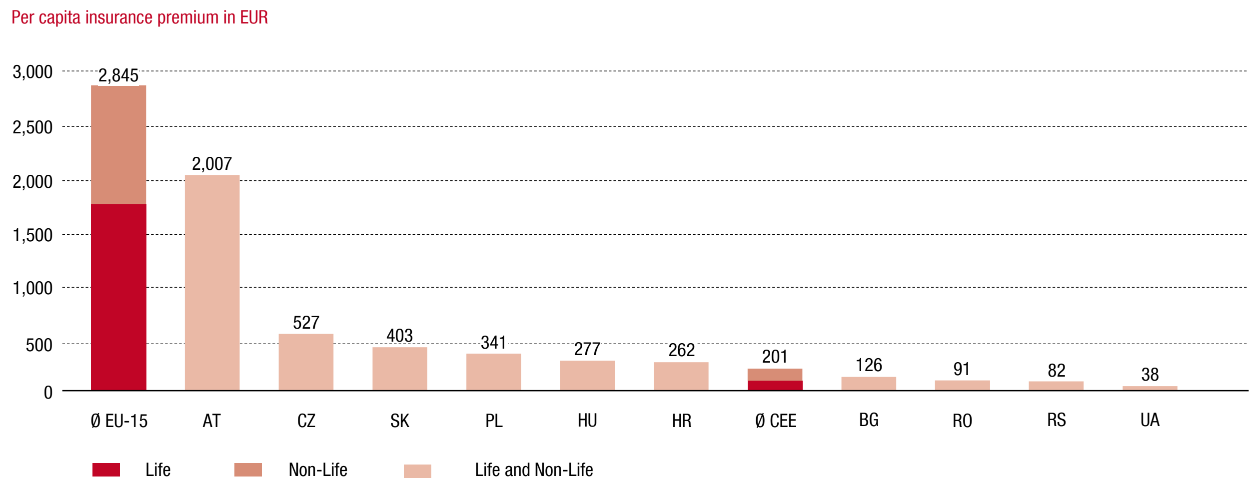
Vienna Insurance Group is an insurance company with an international focus. Around 54% of all Group premiums written in financial year 2015 were generated in markets outside of Austria. The level of economic and insurance-specific maturity of these markets varies greatly, ensuring a wide diversification.

VIG's top priority in Austria is to consolidate its leading market position. In addition to loyalty of existing customers, VIG's main aim is also to exploit growth opportunities in Austria. For example, Austria has a lower life insurance density than many other Western European countries. Austrian VIG Group companies have repeatedly demonstrated in the past that they possess the expertise and experience needed to identify market developments at an early stage and to address them with innovative insurance solutions. They must continue to further exploit these opportunities in the future to ensure that Austria remains a stable foundation for the Group.

The early expansion of Vienna Insurance Group into Central and Eastern Europe, beginning in the former Czechoslovakia in 1990, has given the Company a few crucial advantages. In particular, it was possible to gain valuable expertise relating to the special features of the markets and regional requirements. Although the beginning of the global economic and financial crisis in 2008 meant that the economic recovery process lost its momentum in the CEE markets, VIG remains convinced of the potential of the Central and Eastern European region.

This conviction is underpinned in particular by the levels of insurance in the individual CEE countries. While the CEE core markets of VIG had average insurance levels of EUR 201 in 2014, the comparable figure in the EU-15

INSURANCE DENSITY 2014



CEE: weighted average of Bulgaria (BG), Croatia (HR), Czech Republic (CZ), Hungary (HU), Poland (PL), Romania (RO), Serbia (RS), Slovakia (SK), Ukraine (UA)
Source: in-house calculations based on publications by national insurance supervisory authorities and associations, the IMF and Swiss Re (Sigma)

countries was EUR 2,845. In the area of non-life insurance, the figures are EUR 111 versus EUR 1,108. In the life insurance segment, the difference is even more distinct. In the CEE markets, the relevant value is EUR 90 and EUR 1,737 in the EU-15 countries.

VIG Group companies in some countries also provided impressive proof in financial year 2015 that they can take advantage of this potential. For example, the VIG Group companies in Romania reported a significant increase in premiums for 2015 of around 26%. In addition, the Baltic States and Bulgaria reported growth of around 15%, while Serbia saw growth of 14% and Hungary over 13%. The aim is to continue on this successful path in the coming years.

MANAGEMENT PRINCIPLES

Successful multi-brand strategy

VIG's multi-brand strategy is a valuable factor in setting it apart from its competitors. As part of its expansion strategy, the Group decided to retain well-established brands that already enjoyed good customer recognition. VIG therefore operates with multiple companies and brands in most of its markets. Thanks to different companies with different product portfolios, VIG succeeds in addressing various target groups. The Group companies use their local brand names as their first names, which strengthens their regional identity and creates a connection between local employees and the company. The "Vienna Insurance Group" addition is used as a last name, demonstrating international stature and many years of experience. This makes the customers feel more secure.

Use of this multi-brand strategy does not mean, however, that potential synergies are not exploited. Not only the use of resources is monitored regularly, but also the efficiency of the structures. In many countries, employees are already working successfully in cross-company back offices in order to perform administrative tasks more efficiently. Group companies may, however, be merged when the advantages of a diversified market presence are clearly outweighed by significant potential synergies. An example of this occurred in Poland in 2015.

Multi-channel distribution

In order to make the best possible use of its opportunities, VIG relies on a diversified distribution strategy in its markets. The objective is to win new customers through a wide range of channels. In addition to the Group's own field sales staff, this is done through independent brokers and agents, multi-level marketing, direct sales, banks and digital media. The combination of the various distribution channels depends on the local market conditions. The aim is to meet the specific needs of people in the individual countries in the best possible way.

The relevance of a distribution channel for a specific market depends firstly on the legal framework, and secondly on the state of economic development of the insurance business. Distribution through banks has become more important in many markets in recent years. VIG recognised this trend early on and now benefits from a partnership with Erste Group, a leading banking group in Austria and the CEE region. VIG acquired all of Erste Group's insurance activities in 2008 and entered into a long-term cooperation agreement with it. Under this agreement, Erste Group companies distribute VIG insurance products. In return, VIG companies offer their customers selected Erste Group banking products.

Conservative investment

The investment of customer funds entrusted to VIG in the form of premium payments is one of the key responsibilities of the Group. This task is associated with a particularly high level of responsibility. VIG therefore follows an investment strategy that is considered conservative. The content of this strategy is regulated by binding guidelines on investment for each VIG Group company. It is monitored on an ongoing basis firstly by Group Asset Management and secondly by the Internal Audit department. In addition to securing the necessary liquidity to guarantee insurance claims, particular emphasis is placed on diversification of the investment portfolio and achievable yields – taking into account the overall risk position.

At the end of 2015, Vienna Insurance Group was managing investments (including liquid funds) of EUR 31,812.46 million. Around 79.4% of these were fixed-interest securities and loans, 6.3% was allocated to real estate. Only 4.4% of total capital was invested in shares (including shares in the funds). (Details on the structure of investments can be found on page 36.) Thanks to this risk-conscious investment strategy, the investment structure has remained stable throughout the turbulence caused by the financial and economic crisis. It is nevertheless important to continuously examine and optimise the structure of the investment portfolio. In 2015, VIG retained its risk-conscious investment strategy and hardly made any changes. Therefore, investments in cash and fixed-term deposits, participations and corporate bonds increased slightly.

The conservative investment strategy plays a significant role, particularly taking into account the continuing low interest rates and ongoing obligations in the life insurance segment. These obligations will continue to be given the highest priority in the future with regard to investment. The life insurance companies in the Group are required to use appropriate control measures to ensure that this is the case. Internal analyses of maturity matching are performed regularly in the Group using current market parameters (yield curve).

Local entrepreneurship: "Think globally – act locally"

In addition to its multi-brand strategy and the benefits of using a variety of different distribution channels, VIG's decentralised structure and rapid decision-making channels represent another special feature of the Company. The Company intentionally relies on the expertise of its local management and employees, who know the needs of the local population the best.

Instead of viewing the CEE region as homogeneous, VIG takes into account the structural differences and stages of development of the different insurance markets. This means that business models are not transferred from one country to another in an identical way. Products and distribution must instead be appropriate for the situation in each individual market. At the same time, the higher-level values and principles defined at the Group level need to be considered. Group-wide guidelines must in particular be observed in areas such as risk management, actuarial department, reinsurance and investment. In this process, the central holding company's departments provide support to the VIG Group companies. In addition, they also ensure the continual further development and passing on of the higher-level Group guidelines. The exchange of best-practice solutions is made possible by means of regular cross-border meetings between management and employees. These meetings also promote a shared corporate culture.

MAIN PRINCIPLES FOR ACHIEVING VIG'S GOALS

Focus on Austria and CEE

Broad risk diversification across countries; multiple growth opportunities

Local entrepreneurship

- Decentralised structures and rapid decision-making
- Exchange of best practices/networking within the Group

CORE BUSINESS INSURANCE

VIG VIENNA INSURANCE GROUP

Multi-brand strategy

- Retention of established local brands
- Allows different target groups to be addressed
- A tool to maintain customer and employee loyalty

Conservative investment policy

- Emphasis on quality and sustainability
- Broad risk spreading through diversification of the investment portfolio

Multi-channel distribution

- Combination of multiple channels of distribution
- Strongly customer-oriented distribution
- Long-term cooperation with Erste Group

STRATEGIC MILESTONES AND MEASURES 2015

In addition to the above principles determining the strategic course taken by the Group, the strategy of Vienna Insurance Group is given concrete form and implemented by means of a large number of projects and measures. A list of some of the projects and decisions that had a major effect in financial year 2015 is provided below:

Multi-brand strategy – continuation of expansion

VIG is consistently pursuing expansion in Central and Eastern Europe. In 2015, the Group's activities focused on the Baltic States. In addition, the Group expanded its involvment in Bulgaria.

Formation of Compensa Non-Life in Lithuania

At the end of July 2015, VIG received a licence from the local authorities for the formation of Compensa Non-Life in Lithuania. VIG has been successfully distributing products in the non-life insurance through the Polish Group company Compensa Non-Life since 2010. The newly formed company will now take over the business of the Polish Compensa Non-Life company, thereby significantly strengthening Vienna Insurance Group activities in the Baltic insurance market.

Acquisition of the Latvian non-life insurer Baltikums

Vienna Insurance Group signed an agreement in July 2015 for the purchase of 100% of the shares of the company Baltikums AAS, Riga. In addition to its headquarters in Riga, Baltikums also operates through its branch in Lithuania. Receipt of official approval in October 2015 means that the transaction has now been concluded.

Acquisition of BTA Baltic in Latvia

At the end of 2015, VIG was able to reach an agreement on the acquisition of a majority share in BTA Baltic Insurance Company AAS (BTA Baltic), which, in addition to its headquarters in Latvia, also has branches in Lithuania and Estonia. The acquisition is subject to official approval. The conclusion of the transaction will mean that Vienna Insurance Group becomes a major player in the Baltic region in both life and non-life insurance.

Expansion in Bulgaria
The VIG Group company Bulstrad entered into an agreement for the acquisition of 100% of the shares in the company UBB-AIG. After receiving official approval in January 2016, the name of the company was changed to Insurance company Nova Ins EAD (Nova). With this move, the Company diversified its portfolio in Bulgaria and took advantage of the opportunity to tap into new customer segments. UBB-AIG was formed in 2006 as a bank-assurance company for United Bulgarian Bank (UBB). At the same time as the acquisition, a cooperation agreement was signed with UBB.

Multi-channel distribution – strengthening of the distribution network

Vienna Insurance Group relies on a diversified distribution strategy. In 2015, the Group strengthened its sales potential by expanding its distribution network in the Baltic States and Bulgaria, in order to ensure optimal access to customers.

Acquisition of a Lithuanian life insurance contribution company
VIG Group company Compensa Life has strengthened one of its key distribution channels in Lithuania with the acquisition of Finsaltas, a company that specialises in the distribution of life insurance. During the takeover, the distribution company's name was changed to Compensa Life Distribution. With around 300 insurance brokers, Compensa Life Distribution is Lithuania's largest life insurance distribution company.

VIG increases distribution opportunities in Bulgaria
At the same time as acquiring the Bulgarian insurer Nova, previously known as UBB AIG, the VIG Group company Bulstrad entered into a cooperation agreement with United Bulgarian Bank (UBB). This enabled the Group to strengthen its sales potential by means of its multichannel distribution strategy. UBB is the third largest retail bank in Bulgaria. Its network includes more than 200 branches and sales outlets. Through cooperation initiatives, VIG has ensured access to around one million customers of UBB.

Optimisation measures and initiatives

With regard to local entrepreneurship, each Group company is responsible independently for implementation of its strategy and profitability. In addition, Group-wide measures and initiatives exist.

Merger of the Polish property and casualty insurance companies Compensa and Benefia
Successful completion of the merger of the two property and casualty insurance companies Compensa and Benefia at the end of October 2015 strengthened VIG's market presence in Poland. The merged company operates under the name Compensa TU SA Vienna Insurance Group.

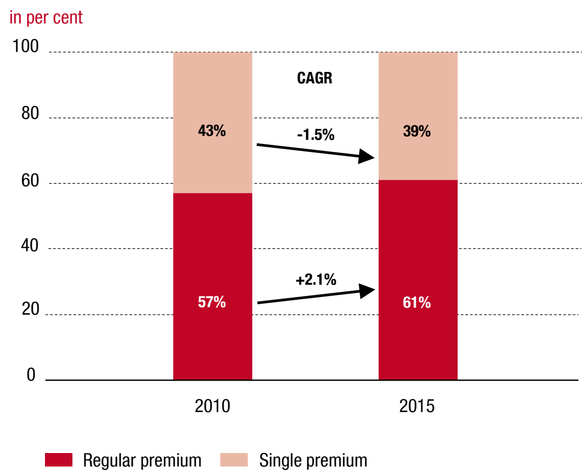
Optimisation of the capital structure
Bond issue and redemption
On 2 March 2015, the Company issued a subordinated bond with a total nominal value of EUR 400.0 million and a term of 31 years. The Company can call the bond in full for the first time on 2 March 2026 and on each following coupon date. The subordinated bond bears interest at a fixed rate of 3.75% p.a. during the first eleven years of its term and variable interest after that. The subordinate bond satisfies the Tier 2 requirements of Solvency II. The bond is listed on the Luxembourg Stock Exchange. In March 2015, EUR 51,983,000 of the nominal value of tranche 1 of the EUR 500 million in hybrid bond issued in 2008 was repurchased by the Company, as well as EUR 35,822,500 of the nominal value of the supplementary capital bond 2005–2022 issued in January 2005.

Strategic forward-looking SME initiative
As part of the growth strategy in the small and medium enterprises (SME) segment, it was also possible to implement the planned product and sales optimisation in a sustainable manner in 2015. The main focus here was on sales development, as well as the use of cross-selling potential for existing customers via a wide range of distribution channels. In addition, SME products were developed and modified, and the exchange of best practice activities within the Group was driven forward. This enabled the SME business to increase written premiums by around 6%, thereby achieving a total premium volume of approximately EUR 300 million within VIG during 2015.

Life Insurance – reduction in single premiums
The strategic decline in traditional single premium business in the area of life insurance progressed consistently in financial year 2015. It was possible to reduce the share of life insurance written premiums accounted for by single premiums by around 39% in 2015. The reason for the deliberate reduction is firstly the continuing low interest rate level, and secondly income issues mainly in the core mar-

kets of Poland and Slovakia. The reduction is taking place in these two countries primarily in the short-term single premium sector.

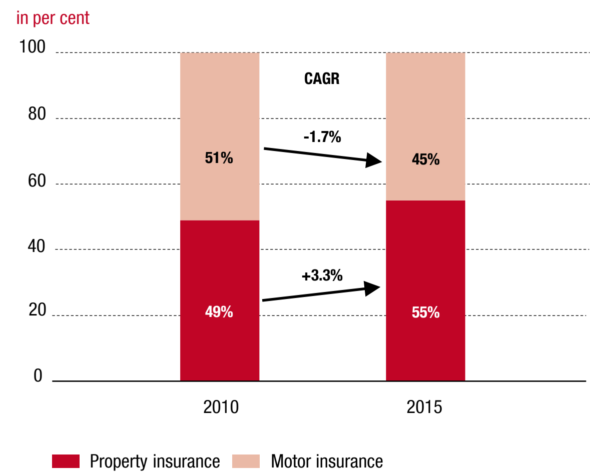
COMPOSITION OF LIFE INSURANCE IN FIVE YEAR COMPARISON



Property and casualty insurance – acceleration of property insurance

Motor insurance is characterised by strong competition and decreasing average premiums in many Central and Eastern European countries. VIG is pursuing healthy, high-income growth. The aim is therefore to reduce premium volume in the area of motor insurance in countries that are dominated by strong price competition. Instead, advantage is being taken of the potential in the area of property insurance. Customers are being made aware of these insurance products by means of targeted sales campaigns. During 2015, an increase of 0.8% was achieved in the area of property and casualty insurance. As a result the share of motor insurance fell to around 45%.

COMPOSITION OF PROPERTY AND CASUALTY INSURANCE IN FIVE YEAR COMPARISON



Solvency II – approval of the partial internal model

As of 1 January 2016, the new insurance supervision system, Solvency II, came into force at the European level. The requirements for capital resources, risk management, and the associated reporting obligations were increased. The calculation of the equity requirement in accordance with Solvency II can be performed in compliance with a standard model prescribed by supervisory law or based on an individually developed internal model. In order to model the Company's own risk profile in a manner that most closely reflects the actual state of affairs, VIG developed a partial internal capital model. The financial markets supervisory authority approved it in December 2015. This made VIG the only Austrian insurance group which will have supervisory authority approval for use of a model right from the start. In accordance with this internal model, the solvability (equity ratio) at the level of the listed Group is in the order of around 200%.

Corporate governance report

Transparency and stakeholder trust are important to us. Observance of and compliance with the provisions of the Austrian Code of Corporate Governance therefore play an important role in Vienna Insurance Group.

The Austrian Code of Corporate Governance (ÖCGK) was introduced in 2002 and is amended periodically to account for changes in the law and current trends. It is the standard for proper corporate governance and control in Austria. Provisions of the Code contribute to strengthening of trust in the Austrian capital market, and the report that companies are required to publish on compliance with these provisions requires a high level of transparency.

Vienna Insurance Group views corporate governance as a continuous process that changes in response to new conditions and current trends and must be continuously improved for the benefit of the Group and all its stakeholders. The goal of all corporate governance measures is to ensure responsible corporate management aimed at long-term growth while simultaneously maintaining effective corporate control.

Vienna Insurance Group Managing Board, Supervisory Board and employees consider observance of and compliance with the rules of the Austrian Code of Corporate Governance to be highly important for the practical implementation of corporate governance. Vienna Insurance Group's declaration of adherence to the Code, discussions regarding the areas of deviation, and detailed information on the composition of, procedures followed by, and the compensation of the Managing Board and Supervisory Board are clearly organised and presented below.

Vienna Insurance Group is committed to application of and compliance with the January 2015 version of the Austrian Code of Corporate Governance. The rules are divided into the following three categories:

- Rules based on mandatory legal requirements ("Legal Requirement")
- Rules based on standard international requirements. Non-compliance with these rules must be declared and explained in order to comply with the Code ("Comply or Explain")
- Non-compliance with rules of purely recommending nature do not need to be disclosed or explained ("Recommendation")

The Austrian Code of Corporate Governance is available to the public both on the Vienna Insurance Group website at www.vig.com/ir and on the website of the Austrian Working Group for Corporate Governance.

VIG complies with all of the "Legal Requirements" of the Austrian Code of Corporate Governance as set forth by law. Vienna Insurance Group deviates from one "Comply or Explain" rule, as explained below:

Rule 41:
The Supervisory Board shall set up a nomination committee. In cases of Supervisory Boards with no more than six members (including employee representatives), this function may be exercised by all members jointly. The nomination committee submits proposals to the Supervisory Board for filling positions that become available on the Managing Board and handles issues of successor planning.

Explanation: Because of its special importance, the entire issue of successor planning is handled by the Supervisory Board. The Vienna Insurance Group Supervisory Board has therefore not established a nomination committee.

Members of the Managing Board and areas of responsibility as of 1 January 2016

Vienna Insurance Group Managing Board is made up of six people:

Elisabeth Stadler
General Manager
Year of birth: 1961
Date first appointed: 01.01.2016
End of current term of office:
30 June 2018

Elisabeth Stadler studied actuarial theory at the Vienna Technical University and began her career in Austrian insurance industry as a Board member and chairwoman. In May 2014, she was awarded the professional title of professor by Federal Minister Gabriele Heinisch-Hosek for her services in the insurance industry. Since September 2014, (until 31.03.2016) she has served as General Manager of Donau Versicherung and has been in charge of VIG since 2016.

Areas of responsibility: Management of the VIG Group, strategic issues, European issues, corporate communications and marketing, sponsorship, human resources management, business development

Country responsibilities: Austria, Czech Republic

Positions held on the Supervisory Boards of other Austrian and foreign companies outside of the Group: Österreichische Post AG, Bank Austria Real Invest Immobilien Kapitalanlage GmbH, Die Österreichische Hagelversicherung, Casinos Austria AG

Franz Fuchs
Year of birth: 1953
Date first appointed: 01.10.2009
End of current term of office:
30 June 2018

Franz Fuchs began his career in the insurance industry as an actuary. He held leading management positions in other international companies as a specialist in the life insurance area and pension funds before joining Vienna Insurance Group. Franz Fuchs was Chairman of the Managing Board of Compensa Non-life and Compensa Life from 2003 to the beginning of 2014. He has been Chairman of the Managing Board of VIG Polska since 2003. He was first appointed to the Vienna Insurance Group Managing Board on 1 October 2009.

Areas of responsibility: Performance management personal and motor insurance, asset risk management

Country responsibilities: Baltic States, Moldova, Poland, Ukraine

Positions held on the Supervisory Boards of other Austrian and foreign companies outside of the Group: C-QUADRAT Investment AG

Roland Gröll
Year of birth 1965
Date first appointed: 01.01.2016
End of the current term of office:
30 June 2018

Roland Gröll studied at the Vienna University of Economics and Business and joined Wiener Städtische in 1994 in the Finance and Accounting department. He became Deputy Head of the Finance and Accounting department in 2003, and was head of this department from 2008 until the end of 2015. Roland Gröll was also a member of the Managing Board of Donau Versicherung for two years. He has been a member of the Vienna Insurance Group Managing Board since January 2016.

Areas of responsibility: Group IT/SAP, international processes and methods

Country responsibilities: Bosnia and Herzegovina, Croatia, Macedonia, Romania

Judit Havasi
Year of birth: 1975
Date first appointed: 01.01.2016
End of the current term of office:
30 June 2018

Judit Havasi has worked for the Group since 2000. She began as an internal audit employee in UNION Biztosító, and became the head of this company in 2003. Judit Havasi was a member of the Wiener Städtische Austria Committee of the Vienna Insurance Group Managing Board and a member of the Managing Board of UNION Biztosító in Hungary before her appointment to the Managing Board of Wiener Städtische in 2009. From July 2013 to the end of 2015, Judit Havasi was Deputy Chair of Wiener Städtische Versicherung. In addition, from 2011 she was also deputy for the Managing Board of Vienna Insurance Group. She has been a member of the Vienna Insurance Group Managing Board since January 2016.

Areas of responsibility: Solvency II, planning and controlling, law

Country responsibilities: Slovakia

Positions held on the Supervisory Boards of other Austrian and foreign companies outside of the Group: Erste & Steiermärkische Bank d.d., Die Zweite Wiener Vereins-Sparkasse

Peter Höfinger
Year of birth: 1971
Date first appointed: 01.01.2009
End of current term of office:
30 June 2018

Peter Höfinger has been a member of the Managing Board of Vienna Insurance Group since 1 January 2009. Prior to that, he was director of the Managing Board of Donau Versicherung. He joined this company in 2003. Previously, he held management positions outside the Group in Hungary, the Czech Republic and Poland.

Areas of responsibility: International corporate and large customer business, Vienna International Underwriters (VIU), reinsurance, business development

Country responsibilities: Albania (incl. Kosovo), Bulgaria, Montenegro, Serbia, Hungary, Belarus

Martin Simhandl, CFO
Year of birth: 1961
Date first appointed: 01.11.2004
End of current term of office:
30 June 2018

Martin Simhandl began his career with the Group in 1985 in the legal department of Wiener Städtische. In 1995, he became head of the affiliated companies department, and in 2003, he took over coordination of the Group's investment activities. In 2002 and 2003, Martin Simhandl was also a member of the Managing Boards of InterRisk Non-life and InterRisk Life in Germany, with responsibility for the areas of property insurance, reinsurance and planning/controlling. On 1 November 2004, Martin Simhandl was appointed to the Managing Board of the Company.

Areas of responsibility: Asset management, affiliated companies department, finance and accounting, treasury/capital markets

Country responsibilities: Germany, Georgia, Liechtenstein, Turkey

Positions held on the Supervisory Boards of other Austrian and foreign companies outside of the Group: CEESEG Aktiengesellschaft, Ringturm Kapitalanlagen GmbH, Wiener Hafen Management GmbH, Wiener Börse AG

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

The following two substitute members were also appointed to the Managing Board, and will become members of the Managing Board if a member of the Managing Board becomes permanently incapable of performing his or her duties:
Martin Diviš (year of birth: 1973)
Gábor Lehel (year of birth: 1977)

Members of the Supervisory Board as of 31 December 2015:

Günter Geyer
Chairman
Year of birth: 1943
Date first appointed: 2014
End of current term of office: 2019

Karl Skyba
Deputy Chairman
Year of birth: 1939
Date first appointed: 1992
End of current term of office: 2019

Bernhard Backovsky
Year of birth: 1943
Date first appointed: 2002
End of current term of office: 2019

Martina Dobringer
Year of birth: 1947
Date first appointed: 2011
End of current term of office: 2019

Rudolf Ertl
Year of birth: 1946
Date first appointed: 2014
End of current term of office: 2019

Maria Kubitschek
Year of birth: 1962
Date first appointed: 2014
End of current term of office: 2019

Heinz Öhler
Year of birth: 1945
Date first appointed: 2002
End of current term of office: 2019

Reinhard Ortner
Year of birth: 1949
Date first appointed: 2007
End of current term of office: 2019

Georg Riedl
Year of birth: 1959
Date first appointed: 2014
End of current term of office: 2019

Gertrude Tumpel-Gugerell
Year of birth: 1952
Date first appointed: 2012
End of current term of office: 2019

Supervisory Board independence

In accordance with Rule 53 of the Austrian Code of Corporate Governance, the Supervisory Board of VIG has established the following criteria for independence:

- The Supervisory Board member has not been a member of the Managing Board or a senior manager of the Company or subsidiary of the Company in the last five years.
- The Supervisory Board member does not have a business relationship with the Company or a subsidiary of the Company that is of such significant scope for the Supervisory Board member that it affects his or her activities on the Supervisory Board to the detriment of the Company. This also applies to business relationships with companies, in which the Supervisory Board member has a significant economic interest. The approval of individual transactions by the Supervisory Board in accordance with § 95(5)(12) of the Austrian Stock Corporation Act (AktG) or § 15(2)(l) of the Articles of Association does not automatically lead to a classification of non-independence. For the purpose of clarification, it is expressly noted that the purchase or existence of insurance policies with the Company has no adverse effect on independence.
- The Supervisory Board member has not been an auditor of the Company's financial statements, or held an ownership interest in or been an employee of the auditing company executing such auditing in the last three years.
- The Supervisory Board member is not a member of the Managing Board of another company that has a member of the Company's Managing Board on its Supervisory Board.
- The Supervisory Board member is not a close family member (direct descendant, spouse, partner, parent, uncle, aunt, brother, sister, niece, nephew) of a member of the Managing Board or individuals holding one of the positions described above.
- The Supervisory Board as a whole is to be considered independent if at least 50% of the members elected by the general meeting satisfy the criteria above for independence of a Supervisory Board member.

All members of the Supervisory Board have declared whether they can be considered independent based on the criteria specified by the Supervisory Board. The following members are independent in terms of the points mentioned above: Karl Skyba, Bernhard Backovsky, Martina Dobringer, Maria Kubitschek, Heinz Öhler, Reinhard Ortner, Georg Riedl, Gertrude Tumpel-Gugerell.

No member of the Supervisory Board is a shareholder with more than 10% of the shares of the Company.

The following members of the Supervisory Board held Supervisory Board positions or comparable positions in Austrian or foreign companies as of 31 December 2015:

Martina Dobringer
Praktiker AG

Georg Riedl
AT&S Austria Technologie und Systemtechnik AG
Bwin.Party Digital Entertainment Plc (until 31 January 2016)

Gertrude Tumpel-Gugerell
Commerzbank AG
OMV AG

Supervisory Board Committees

The following qualified Supervisory Board committees were established to increase the efficiency of the Supervisory Board and address complex issues:

COMMITTEE FOR URGENT MATTERS (WORKING COMMITTEE)

The Committee for Urgent Matters (Working Committee) decides on matters that require an approval of the Supervisory Board, but cannot be deferred to the next ordinary Supervisory Board meeting because of particular urgency.

Günter Geyer (Chairman)
1st Substitute member: Gertrude Tumpel-Gugerell
2nd Substitute member: Reinhard Ortner

Karl Skyba (Deputy Chairman)
1st Substitute member: Georg Riedl
2nd Substitute member: Reinhard Ortner

Rudolf Ertl
1st Substitute member: Martina Dobringer
2nd Substitute member: Reinhard Ortner

AUDIT COMMITTEE (ACCOUNTS COMMITTEE)

The Audit Committee (Accounts Committee) is responsible for the obligations assigned by § 92(4a) of the Austrian Stock Corporation Act, namely:

1. Monitoring the accounting process;

2. Monitoring effectiveness of the Company's internal control system, internal auditing system, and risk management system;

3. Monitoring audits of financial statements and consolidated financial statements;

4. Examination and monitoring of independence of the financial statements auditor (consolidated financial statements auditor), in particular with respect to additional services provided for the audited company;

5. Auditing of the annual financial statements and preparations for their approval, examination of the proposal for appropriation of profits, management report and corporate governance report, and presentation of a report on the audit findings to the Supervisory Board;

6. Auditing of the consolidated financial statements and Group management report, and presentation of a report on the audit findings to the Supervisory Board of the parent company;

7. Preparation of the Supervisory Board proposal for choosing the financial statements auditor (consolidated financial statements auditor).

Furthermore, in a meeting (another meeting, in addition to the meeting required by law), the Audit Committee (Accounts Committee) specifies how the two-way communication between the (Group) financial statements auditor and the Audit Committee has to take place, while making provision for exchanges to take place between the Audit Committee (Accounts Committee) and the (Group) financial statements auditor in the absence of the Managing Board.

All of the members of the Audit Committee are experienced financial experts with knowledge and practical experience in finance, accounting and reporting that satisfy the requirements of the Company.

Gertrude Tumpel-Gugerell (Chairwoman)
1st Substitute member: Georg Riedl
2nd Substitute member: Heinz Öhler

Reinhard Ortner
1st Substitute member: Martina Dobringer
2nd Substitute member: Heinz Öhler

Günter Geyer
1st Substitute member: Maria Kubitschek
2nd Substitute member: Heinz Öhler

Rudolf Ertl
1st Substitute member: Karl Skyba
2nd Substitute member: Heinz Öhler

COMMITTEE FOR MANAGING BOARD MATTERS (COMPENSATION COMMITTEE)

The Committee for Managing Board Matters (Compensation Committee) deals with personnel matters of the Managing Board. The Committee for Managing Board Matters therefore decides on terms of employment contracts with members of the Managing Board and their compensation, and examines remuneration policies at regular intervals.

Günter Geyer (Chairman)
Karl Skyba (Deputy Chairman)
Substitute member: Rudolf Ertl

STRATEGY COMMITTEE

The Strategy Committee cooperates with the Managing Board and, when appropriate, with experts that it consults, to prepare fundamental decisions that must then be decided on by the Supervisory Board as a whole.

Günter Geyer (Chairman)
1st Substitute member: Gertrude Tumpel-Gugerell
2nd Substitute member: Reinhard Ortner

Karl Skyba (Deputy Chairman)
1st Substitute member: Georg Riedl
2nd Substitute member: Reinhard Ortner

Rudolf Ertl
1st Substitute member: Martina Dobringer
2nd Substitute member: Reinhard Ortner

In 2014, the Supervisory Board gave its consent to VIG Holding and other companies in the VIG Group that allowed them to use legal services of Georg Riedl, Member of the Supervisory Board, and engage him or his law firm to act as a representative and provide advisory services on a project-related basis on normal market terms. Georg Riedl is an attorney who has performed consultancy services for the VIG Group, for which he received fees (net) totalling EUR 40,425.00 plus cash expenses and 20% value added tax (of which EUR 7,845.82 plus cash expenses and 20% VAT were for VIG Holding) in financial year 2015. The Company did not enter into any other contracts with members of the Supervisory Board in 2015 that would have required an approval of the Supervisory Board.

Procedures followed by the Managing Board and Supervisory Board

Managing Board

The Managing Board manages the business of the Company under the leadership of its Chairperson and within the constraints of the law, articles of association, rules of procedure for the Managing Board and rules of procedure for the Supervisory Board.

The Managing Board usually meets (if necessary) once a week to discuss current business developments, and makes necessary decisions and resolutions during the course of these meetings. The members of the Managing Board continuously exchange information with each other and the heads of various departments.

Supervisory Board

The Supervisory Board performs all activities defined under the law, articles of association and rules of procedure of the Supervisory Board. In order to ensure effectiveness and efficiency of its activities and procedures, the Supervisory Board examines its procedures regularly in the form of a self-evaluation at least once a year. The results of the 2015 self-evaluation once again demonstrate that the practices used to meet the requirements of the Austrian Stock Corporation Act and the Austrian Code of Corporate Governance and that the organisation and procedures of the Supervisory Board are appropriate and satisfactorily efficient for the business activities and business volume of the Company and Group as a whole. Requests and comments made by members of the Supervisory Board during this self-evaluation are taken into account.

The Supervisory Board and its committees, Chairman and Deputy Chairman continuously monitor and periodically examine management activities of the Company. Detailed presentations and discussions during Supervisory Board and Supervisory Board Committee meetings serve this purpose, as do recurring discussions between the executive committee of the Supervisory Board and members of the Managing Board, who provide comprehensive explanations and supporting documentation relating to the management and financial position of the Company and the Group. The Company's strategy, business development, risk management, internal control system, activities of the internal audit department, preparations for Solvency II, Managing Board issues, and IT strategy are also discussed at Supervisory Board meetings and at meetings with the Managing Board. The Supervisory Board holds closed Supervisory Board meetings with the Managing Board to discuss policy issues and determine the long-term growth strategy.

Supervisory Board and Audit Committee also hold direct discussions with the financial statements auditor and the consolidated financial statements auditor in order to familiarise themselves with the accounting process and audit progress, and to inquire whether the audit has produced any important findings. Provision was made for exchanges between the members of the Audit Committee and the (Group) financial statements auditor in such meetings without the presence of the Managing Board, but no member of the Audit Committee took advantage of this opportunity during the financial year. Audit reports are discussed and debated in detail with audit managers during Audit Committee and Supervisory Board meetings regarding the annual financial statements and consolidated financial statements.

The Supervisory Board also receives quarterly reports from the internal audit department and asks the head of internal audit to provide detailed explanations of individual issues and audit focal points if necessary. The annual audit plan is submitted to the Supervisory Board. The Managing Board explains the organisation and operation of the risk management system and internal control system to the Supervisory Board at least once per year, and provides the Supervisory Board with a written report on this subject so that it can confirm the efficiency of the systems. The Audit Committee also examines the report and assessment of the functioning of the risk management system prepared by the (consolidated) financial statements auditor and reports its findings to the Supervisory Board.

At least once per year, the Managing Board presents to the Supervisory Board the precautions taken in the Group to prevent corruption, and the Supervisory Board discusses these measures.

When preparing general meeting proposals concerning the election of new Supervisory Board members, the Supervisory Board takes into account the requirements of the law and the Austrian Code of Corporate Governance that members of the Supervisory Board must satisfy and observe. Particular attention is paid to ensuring appropriate diversity in the sex, age and international distribution of the members.

The Audit Committee and Supervisory Board also strictly ensure that all of the requirements and conditions provided for under the law and Austrian Code of Corporate Governance are fully satisfied when preparing the general meeting proposal on selection of the (consolidated) financial statements auditor. In addition, after the audit of the consolidated financial statements has been completed, the Supervisory Board is provided with a list showing the total audit expenses for all Group companies. This list provides a separate breakdown according to expenses for the consolidated financial statements auditor, the members of the network, to which the consolidated financial statements auditor belongs, and other financial statement auditors working for the Group.

The Supervisory Board has formed four committees from its members, a Committee for Urgent Matters (Working Committee), an Audit Committee (Accounts Committee), a Committee for Managing Board Matters (Compensation Committee) and a Strategy Committee. Detailed information on these is provided in the "Supervisory Board Committees" section.

Number of meetings of the Supervisory Board and its committees in financial year 2015

One ordinary general meeting and four Supervisory Board meetings distributed across the financial year were held in 2015. Four meetings of the Audit Committee were also held. The financial statement and consolidated financial statement auditor, KPMG Austria GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft (KPMG), attended all Audit Committee meetings and the Supervisory Board meeting in 2015, including the meeting that focused on the auditing of the annual financial statements of 2014 and consolidated financial statements of 2014, as well as a formal approval of the annual financial statements of 2014, and also attended the general meeting. The Committee for Urgent Matters was contacted in writing on two occasions. Six meetings of the Committee for Managing Board Matters were held in 2015. The Strategy Committee did not hold any meetings in 2015; strategic matters were handled by the entire Supervisory Board.

No member of the Supervisory Board attended fewer than half of the Supervisory Board meetings.

Disclosure of information on Managing Board and Supervisory Board compensation

Compensation plan for members of the Managing Board

Managing Board compensation takes into account the importance of the Group and the responsibility that goes with it, the economic situation of the Company, and the market environment.

The variable portion of the compensation emphasises the need for sustainability in a number of ways. Its achievement depends to a large extent on satisfying the performance criteria that extend beyond a single financial year.

The performance-related compensation is limited. The maximum performance-related compensation that the Managing Board can receive by overachieving the traditional targets in financial year 2015 is approximately 86% of its fixed salary. The awarding of such compensation requires that consideration be given to the sustainable development of the Company and the Group; non-financial factors, in particular those resulting from the Company's commitment to social responsibility, are also taken into account when target achievement is assessed. These bonuses can be earned when the corresponding objectives are achieved. Overall, this means that variable remuneration components are possible up to a level of approximately 125% of the fixed remuneration. The Managing Board is not entitled to the performance-related component of compensation if performance fails to meet certain thresholds. Even if the performance target is met in a financial year, because of the focus on sustainability, the full variable compensation is only awarded if satisfactory performance is also reported in the following year.

In 2015, the key performance criteria for variable compensation are the combined ratio, premium development, profit before taxes for the years 2015 and 2016, and for the special payments for country-specific goals on the one hand, and IT-related goals on the other hand – in each case relating to the 2015–2016 period.

Managing Board compensation does not include stock options or similar instruments.

When setting the gross compensation for the Managing Board members, a certain amount of attention was also paid to equalising net effects, so that if compensation was paid for operational positions in affiliated companies outside of Austria, where the tax regime was more favourable than that in Austria, a lower gross compensation was set to take this fact into account. This and the different responsibilities of the members of the Managing Board explain the differences in their gross compensation.

In 2015, more active members of the Managing Board received the following amounts from the Company for their services during the reporting period:

- Peter Hagen EUR 1,143,000 (EUR 884,000), including EUR 409,000 (EUR 89,000) variable,
- Franz Fuchs EUR 737,000 (EUR 431,000), including EUR 231,000 (EUR 11,000) variable,
- Martin Simhandl EUR 790,000 (EUR 559,000), including EUR 284,000 (EUR 62,000) variable,

- Peter Höfinger EUR 790,000 (EUR 559,000), including EUR 284,000 (EUR 62,000) variable.

The members of the Managing Board received the following compensation from affiliated companies for their services provided to the Company, or as a manager or an employee of an affiliated company:

- Franz Fuchs EUR 42,000 (EUR 75,000), including EUR 42,000 (EUR 11,000) variable,

The standard employment contract for a member of the Managing Board of the Company includes a pension equal to a maximum of 40% of the measurement basis if the member remains on the Managing Board until the age of 65 (the measurement basis is equal to the standard fixed salary).

A pension is normally received only if a Managing Board member's position is not extended and the member is not at fault for the lack of extension, or if the Managing Board member retires due to illness or age.

For cases when the provisions of the Austrian Employee and Self-Employment Provisions Act (Mitarbeiter- und Selbstständigen-Vorsorgegesetz) are not legally applicable, the Company's Managing Board contracts provide for a severance payment entitlement structured in accordance with the provisions of the Austrian Employee Act (Angestelltengesetz), as amended in 2003, in combination with applicable sector-specific provisions. This allows Managing Board members to receive a severance payment equal to two to twelve months' compensation, depending on the period of service, with a supplement of 50% if the member retires or leaves after a long-term illness. A Managing Board member who leaves of his or her own volition before retirement is possible, or leaves due to a fault of his or her own, is not entitled to a severance payment.

Members of the Managing Board are provided a company car for both business and personal use.

Compensation plan for the members of the Supervisory Board

In accordance with the resolutions adopted by the 21st regular general meeting on 4 May 2012, the members of the Supervisory Board elected by the general meeting are entitled to receive compensation in the form of a payment remitted monthly in advance. Members of the Supervisory Board who withdraw from their positions before the end of a month still receive full compensation for the month in question. In addition to this compensation, Supervisory Board members are entitled to receive an attendance allowance for participating in Supervisory Board meetings and Supervisory Board committee meetings (remitted after participation in the meeting). The total compensation paid to members of the Supervisory Board in 2015 amounted to EUR 414,350.

The members of the Supervisory Board received the following amounts:

- Günter Geyer EUR 76,610
- Karl Skyba EUR 49,580
- Bernhard Backovsky EUR 33,770
- Martina Dobringer EUR 33,770
- Rudolf Ertl EUR 39,770
- Maria Kubitschek EUR 33,770
- Heinz Öhler EUR 33,770
- Reinhard Ortner EUR 39,770
- Georg Riedl EUR 33,770
- Gertrude Tumpel-Gugerell EUR 39,770

Supervisory Board compensation does not include stock options or similar instruments.

Measures put in place to promote women to the Managing Board, Supervisory Board and management positions

Female Supervisory Board members

Women hold around 14% of the positions in Vienna Insurance Group Supervisory Boards across Europe, 19% in the Austrian insurance companies and 30% in VIG Holding (as of 31.12.2015).

Female Managing Board members

Women hold around 22% of the positions on the Managing Boards of Vienna Insurance Group companies and around 12% of the Managing Board chairs are women. Elisabeth Stadler has been the first female Chairwoman of an ATX company in Austria since January 2016.

For comparison, women held 9.1% of the Managing Board positions in the 59 largest German insurance companies in 2015, and 1.7% of the Managing Board chair positions in these companies.

Women in management positions
Including distribution, women hold around 40% of the management positions at the level directly below the Managing Board in VIG insurance companies across Europe (not including distribution: around 45%).

Removing barriers to women's careers is one of the key elements of the personnel strategy at Vienna Insurance Group. In addition to implementing this principle to, for example, the management development process, efforts are being made to give visibility to ambitious women at all levels, for example, by assigning more women to attend external conferences, platforms, etc. as representatives of the Company.

Vienna Insurance Group is specifically involved in events such as the "Business Riot" - the Festival for Women, Work & Entrepreneurship, in particular making contributions on the subject of "actively structuring female careers".

External evaluation
Vienna Insurance Group had a voluntary external evaluation performed in compliance with the Code for 2015 in accordance with the C-rule 62 ÖCGK. All evaluations came to the conclusion that VIG has complied with all the requirements of the Code. The summarised information on these evaluations is available on the website of Vienna Insurance Group.

Vienna, 23 March 2016

The Managing Board:

Elisabeth Stadler
General Manager,
Chairwoman 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 Höfinger
Member of the Managing Board

Martin Simhandl
CFO, Member of the Managing Board

Supervisory Board report

The Supervisory Board reports that it has taken the opportunity to comprehensively monitor the management activities of the Company, both acting as a whole and periodically by means of its committees, Chairman and Deputy Chairman. Detailed presentations and discussions during meetings of the Supervisory Board and its committees were used for this purpose, as were recurring meetings with the members of the Managing Board, who provided detailed explanations and supporting documentation relating to the management and financial position of the Company and the Group. The Company's strategy, business development, risk management, internal control system, activities of the internal audit department, the IT strategy of the Company, Managing Board issues, and preparations for Solvency II were also discussed in these meetings.

In accordance with the Solvency II rules, from 2016, non-financial aspects will be part of the performance expectations for variable remuneration of members of the Managing Board. Vienna Insurance Group is committed to social responsibility and importance of having employees drive forward performance, innovation and expertise, and in 2015, it began including non-financial criteria, as well as financial criteria, in the evaluation of the fulfilment of goals for Managing Board members.

The Supervisory Board has formed four committees from its members. Information on the responsibilities and composition of these committees is available on the Company's website and in the corporate governance report.

One regular general meeting and four Supervisory Board meetings distributed across the financial year were held in 2015. Four meetings of the Audit Committee were also held. The financial statement and consolidated financial statement auditor, KPMG Austria GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft (KPMG), attended all Audit Committee meetings and the Supervisory Board meeting in 2015, including the meeting that focused on the auditing of the annual financial statements of 2014 and consolidated financial statements of 2014 and formal approval of the annual financial statements of 2014, and also attended the general meeting. The Committee for Urgent Matters was contacted in writing on two occasions. Six meetings of the Committee for Managing Board Matters were held in 2015. The Strategy Committee did not hold any meetings in 2015; strategic matters were handled by the entire Supervisory Board.

All members of the Supervisory Board were present at all Supervisor Board meetings. In order to ensure effectiveness and efficiency of its activities and procedures, the Supervisory Board performed a self-evaluation of its procedures. The Supervisory Board's evaluation of its activities found that the practices followed satisfied the requirements of the Austrian Stock Corporation Act and the Code of Corporate Governance, and that its organisational structure and procedures were satisfactory in terms of efficiency. During the meeting of the Audit Committee, the members of the committee consulted with the (consolidated) financial statements auditor concerning the specification of two-way communications.

Acting upon the proposal and motion of the Supervisory Board, the general meeting selected KPMG to be the financial statements auditor and consolidated financial statements auditor for financial year 2015, and KPMG consequently performed these duties in financial year 2015. KPMG was also commissioned to perform the voluntary external evaluation of the corporate governance report of 2015. The rules 77-83 were examined by Wolf Theiss Rechtsanwälte GmbH & Co KG. The evaluations all came to the conclusion that VIG has complied with all the requirements of the Code.

By inspecting relevant documents, meeting with the Managing Board and holding discussions with the (consolidated) financial statements auditor, the Supervisory Board Audit Committee was able to form a satisfactory view of the accounting process and the procedure used for auditing the financial statements and consolidated financial statements, and found no reasons for objection. The Supervisory Board Audit Committee also monitored independence of the auditor of the financial statements and consolidated financial statements, and after reviewing suitable documents and supporting records submitted to the Committee, particularly with respect to additional services provided to the Company and the Group, was satisfied of the auditor's independence status.

The Audit Committee also reviewed effectiveness of the internal control system, the internal auditing system and the risk management system by obtaining verbal and written descriptions of the processes and organisation of these systems from the Managing Board, the (consolidated) financial statements auditor and the individuals directly responsible for these areas. The Audit Committee reported on these monitoring activities to the Supervisory Board and stated that no deficiencies had been identified. The Supervisory Board was also given the opportunity during Supervisory Board meetings to verify the functional adequacy of the existing control and auditing systems. In addition, the audit plan and the quarterly reports prepared by the internal audit department were debated by the Audit Committee and Supervisory Board and discussed with the head of the internal audit department and the Group audit department. The Supervisory Board found no reasons for objection.

In order to prepare the Supervisory Board proposal for selection of the financial statements and consolidated financial statements auditor, the Audit Committee obtained a list from KPMG of the fees received by the Company broken down by service category, and documents concerning its licence to audit a stock corporation. It was determined that there were no grounds for exclusion or circumstances that could give rise to concerns about impartiality, and that sufficient protective measures had been taken to ensure an independent and impartial audit. It was also ensured that KPMG was included in a statutory quality assurance system. The Audit Committee reported to the Supervisory Board on the findings of these investigations and proposed to the Supervisory Board and subsequently to the general meeting that KPMG be selected as auditor of the financial statements and consolidated financial statements.

In addition, the Supervisory Board Audit Committee received the 2015 annual financial statements, management report and corporate governance report from the Managing Board, and reviewed and carefully examined them. The Supervisory Board Audit Committee also carefully examined the 2015 consolidated financial statements and Group management report, as well as the solvability and financial position report. The Managing Board's proposal for appropriation of profits was also debated and discussed during the course of this examination. As a result of this examination and discussion, a unanimous resolution was adopted to recommend to the Supervisory Board that they be accepted without qualification.

The committee chairperson informed the Supervisory Board of the resolutions adopted by the committee. The 2015 annual financial statements together with the management report and corporate governance report, the 2015 consolidated financial statements together with the Group management report, and the Managing Board's proposal for appropriation of profits were subsequently taken up, thoroughly discussed, and examined by the entire Supervisory Board.

In addition, the auditor's reports prepared by the (consolidated) financial statements auditor KPMG for the 2015 annual financial statements and management report and the 2015 consolidated financial statements and Group management report were reviewed by the Audit Committee and by the entire Supervisory Board, and debated and discussed with KPMG. KPMG's audit of the 2015 annual financial statements and management report and the 2015 consolidated financial statements and Group management report did not lead to any reservations. KPMG determined that the annual financial statements comply with statutory requirements and give a true and fair view of the net assets and financial position of the Company as of 31 December 2015, and of the results of operations of the Company for financial year 2015 in accordance with Austrian generally accepted accounting principles. The management report is consistent with the annual financial statements. The disclosures pursuant to § 243a UGB are appropriate. KPMG further determined that the consolidated financial statements also comply with statutory requirements and give a true and fair view of the net assets and financial position of the Group as of 31 December 2015, and of the results of operations and cash flows of the Group for financial year 2015 in accordance with the IFRSs as adopted by the EU and the provisions applying to the 2015 financial year of § 80b of the Austrian Insurance Supervision Act (VAG) in combination with § 245a of the Austrian Commercial Code (UGB). The Group management report is consistent with the consolidated financial statements.

The final results of the review by the Audit Committee and the Supervisory Board also provided no basis for reservations. The Supervisory Board stated that it had nothing to add to the auditor's reports for the financial statements and consolidated financial statements.

After a thorough examination, the Supervisory Board therefore adopted a unanimous resolution to approve the annual financial statements prepared by the Managing Board, to raise no objections to the management report, consolidated financial statements and Group management report, and to declare its agreement with the Managing Board proposal for appropriation of profits.

The 2015 annual financial statements have therefore been approved in accordance with § 96(4) of the Austrian Stock Corporation Act (AktG).

The Supervisory Board proposes to the general meeting that it approves the Managing Board's proposal for appropriation of profits and formally approves the actions of the Managing Board and Supervisory Board.

Vienna, April 2016

The Supervisory Board:

Günter Geyer (Chairman)

Group management report 2015

ECONOMIC ENVIRONMENT

Global economic performance remained significantly below the expectations of most experts at the beginning of the year, however, during the year, some aspects of the economy stabilised. According to information from the International Monetary Fund (IMF) the level of global economic growth was almost 3.1% in October 2015, which was still 0.7 percentage points below the forecasts of October 2014. US growth was comparatively strong, at 2.6%, while the euro zone was considerably below average at 1.5%.

The largest emerging markets also developed weaker than forecasted. This is true in particular for China, Russia, South Africa and Brazil. India, on the other hand, was still able to increase its GDP in 2015 by over 7%. The past year was a difficult one for the Austrian economy, with a growth of 0.8%. The insurance industry was able to achieve an above average sector result, of 1.8%, but was not able to meet the expectations of the original forecasts as a result of the generally weak economic conditions.

Central and Eastern Europe (CEE) recorded an average growth adjusted for purchasing power of 2.9% (-0.7 percentage points in comparison with 2014). In particular, the markets of Czech Republic, Poland, Slovakia, Slovenia and Hungary were able to further secure their positions as growth markets with average GDP growth of 3.5%. In addition, the Baltic region's economy performed better than the EU average in 2015.

In 2015, Ukraine reached the low point in its crisis, with a 9% decline. Bulgaria, on the other hand recorded stable development of 1.7%, Croatia and Serbia were able to record growth again for the first time, with 0.8% and 0.5%, respectively. In Romania, the economy grew at a rate of 3.4%, a 0.6 percentage point improvement to the previous year. In retrospect, both the crisis in Ukraine and the sanctions against Russia had a less negative effect on the other CEE countries than had been feared.

The weak global growth is connected to the policies of the central banks in the USA and the EU. While the Fed was not willing to raise interest rates as early as expected, despite good economic data, the ECB stuck to a comprehensive bond purchasing programme. In the insurance industry, the low interest rate environment represented a particular challenge for life insurance companies.

On the positive side, the low oil price provided the economy with significant support during the past year, particularly as it had the effect of a tax reduction.

LEGAL ENVIRONMENT

Solvency II

The changes to the European insurance supervisory system, referred to as Solvency II, that are to be implemented by all member states of the EU present great challenges for insurance companies. Temporary uncertainty about the final details of Solvency II made it important for companies to provide a high deal of flexibility in their implementation plans.

After years of preparation, Solvency II came into force fully at the beginning of 2016. At the same time, the new Austrian Insurance Monitoring Act (VAG Versicherungsaufsichtsgesetz) also came into effect.

The interim measures published by the European Insurance and Occupational Pensions Authority (EIOPA) became binding in 2014 for the staged introduction of the insurance companies to Solvency II and were extensively applied by all national supervisory authorities in the EU in 2015.

Preparatory modifications were made to the previous VAG on 1 July 2014, making extensive reference to EIOPA's interim measures, specifying the requirements of Solvency II on the core areas and concerning the following points:

- The system of governance
- Reporting to national supervisory authorities
- Forward-looking assessment of own risks (FLAOR) in preparation for the Own Risk and Solvency Assessment (ORSA) demanded under Solvency II
- The approval of (partial) internal models under Solvency II

VIG is well prepared to fulfil the extensive requirements placed on the Company by Solvency II starting in 2016 and the VAG amendment since the middle of 2014. The Group-wide project "Solvency II" was successfully completed after nearly seven years. In the course of this project, which was managed centrally from Austria, legal developments were followed closely and the necessary measures taken promptly so that all of the individual companies and the Group were adequately prepared for the introduction of Solvency II.

Standardised guidelines, calculation and reporting solutions, and advanced risk management processes were developed and implemented with the assistance of experts from the Group companies.

The intensive work on the development and implementation of a partial internal model continued at both the Group and individual company levels as part of the Solvency II project. The calculation procedures have been established in the individual companies and the required expertise is available there to allow consistent management parameters to be determined both at the Group and individual-company levels. The parameters calculated by the model are used in corporate management.

At the end of 2015, the supervisory authority responsible for the Group, the Austrian Financial Markets Supervisory Authority (Finanzmarktaufsicht – FMA) approved the partial internal model for use both at Group level and at individual company level in the most important core markets.

With respect to qualitative risk management requirements, Vienna Insurance Group has established a uniform governance system appropriate for Solvency II that includes all necessary key functions and clearly defines responsibilities and processes. Uniform Group-wide standards and methods for risk inventories and ORSA (for 2014 and FLAOR for 2015) were also developed and successfully implemented at the local and Group levels, thereby ensuring timely FLAOR reporting to the supervisory authority at the end of 2015. A Group-wide unified internal control system helps to ensure compliance with the guidelines and requirements resulting from the risk management system.

In 2015, in addition to the final preparations for the approval procedure and the application for the partial internal model of Vienna Insurance Group, the focus was mainly on fulfilling the quantitative and qualitative reporting obligations under the EIOPA interim measures. This includes the first legally prescribed calculation of Group solvency under Solvency II as of 31 December 2014 and compliance with quantitative and qualitative regulatory reporting requirements as of the dates 31 December 2014 and 30 September 2015. VIG was able to send the needed reports completely and on time, both for the Group and for the relevant individual companies.

BUSINESS DEVELOPMENT IN THE GROUP IN 2015

General information

Vienna Insurance Group includes around 50 insurance companies in the property and casualty and life insurance business and, in some countries, in the health insurance business as well. These three insurance lines of business are discussed in the Group report, which is broken down by lines of business.

The Montenegro and Belarus markets were not included in the VIG consolidated financial statements in 2015 due to immateriality. More information on the scope of consolidation and consolidation methods is provided on page 75 of the notes to the consolidated financial statements. The notes to the consolidated financial statements provide detailed information on changes in the scope of consolidation starting on page 76.

VIG operates with more than one company and brand in most of its markets. The market presence of each company in a country is also aimed at different target groups, and their product portfolios differ accordingly. Use of this multi-brand strategy does not mean, however, that potential synergies are not exploited. Structural efficiency and the cost-effective use of resources are examined regularly. Back offices that perform administrative tasks for more than one company are already being used successfully in many countries. Specific country responsibilities also exist at the Managing Board level to ensure uniform management of each country. Mergers of Group companies are considered if the additional synergies that can be achieved outweigh the benefits of multiple market presences. This took place in Poland in 2015 with the merger of the two property and casualty insurance companies Compensa and Benefia to form Compensa.

To improve readability, company names have been shortened throughout the entire report. A list of full company names is provided on pages 199 and 200.

In order to avoid duplicate information, reference will be made below to appropriate information in the notes. Changes in significant balance sheet and income statement items are presented in both the segment reporting and the notes to the financial statements. Additional disclosures in the management report below are intended to explain these data in more detail.

Financial performance indicators

The key financial performance indicators that form the basis for assessing VIG's business development are presented below.

KEY FIGURES FROM THE CONSOLIDATED INCOME STATEMENT

in EUR million	2015	2014	Change in %
Premiums written – gross	**9,019.76**	**9,145.73**	**-1.4%**
Net earned premiums – retained	8,180.54	8,353.74	-2.1%
Expenses for claims and insurance benefits	-6,748.87	-6,919.93	-2.5%
Acquisition and administrative expenses	-1,847.57	-1,874.77	-1.5%
Financial result excl. at equity consolidated companies	999.99	1,052.30	-5.0%
Result from shares in at equity consolidated companies	74.91	64.56	16.0%
Other income and expenses	-486.89	-157.53	209.1%
Profit before taxes	**172.10**	**518.37**	**-66.8%**

Premium volume

A brief presentation of premium development is included under Note 28 "Net earned premiums" of the notes to the consolidated financial statements.

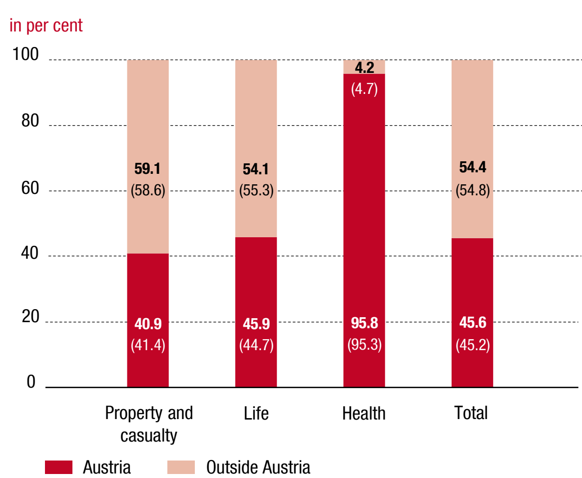
In 2015, Vienna Insurance Group generated stable premium volume of EUR 9,019.76 million despite the continuing low level of interest rate and its consistent earnings-oriented underwriting policy. In comparison with the previous year, this corresponds to a decrease of 1.4%. Adjusted for single premium products, the Group recorded a solid 2.2% increase in premiums. Vienna Insurance Group retained EUR 8,219.94 million of the gross premiums written. EUR 799.82 million was ceded to reinsurance companies (2014: EUR 808.55 million).

Total premium growth was particularly strong in the Remaining Markets, such as the CEE countries of the Baltic States (+15.0%), Bulgaria (+14.6%), Serbia (+14.1%), Turkey (+12.3%) and Hungary (+13.5%), which recorded double-digit growth rates.

Overall, the Group generated 54.4% of its premiums outside Austria in 2015. For property and casualty insurance, the share contributed by companies outside Austria was 59.1%. In the area of life insurance 54.1% of premiums were generated outside of Austria, and 4.2% of health insurance premiums were generated outside of Austria by the Georgian companies.

Net earned premiums fell by 2.1% from EUR 8,353.74 million in 2014 to EUR 8,180.54 million in 2015. Net reinsurance cessions were EUR 801.00 million (2014: EUR 804.63 million).

PREMIUM PERCENTAGE BY LINES OF BUSINESS AND REGION (FIGURES FOR 2014 IN PARENTHESES)



Expenses for claims and insurance benefits

A brief presentation of expenses for claims and insurance benefits is included under Note 32 “Expenses for claims and insurance benefits” of the notes to the consolidated financial statements.

Expenses for claims and insurance benefits less reinsurances’ share of EUR 358.70 million (2014: EUR 448.12 million) were reduced in 2015 by 2.5% to EUR 6,748.87 million. The decline can mainly be attributed to lower allocations to the actuarial reserve due to the decline in single premium business in the Czech Republic as a result of the low level of interest rate, as well as the targeted reduction in single premium products in life insurance in Poland.

Acquisition and administrative expenses

A brief presentation of acquisition and administrative expenses is included under Note 33 “Acquisition and administrative expenses” of the notes to the consolidated financial statements.

Acquisition and administrative expenses for all consolidated companies in the VIG Group were reduced in 2015 to EUR 1,847.57 million. This corresponds to a drop of 1.5% in comparison with the previous year.

Financial result

A brief presentation of the financial result (excluding at equity consolidated companies) is included in Note 29 “Financial result” of the notes to the consolidated financial statements.

VIG earned a financial result (incl. the result from at equity consolidated companies) of EUR 1,074.90 million in 2015. This year-on-year decrease of 3.8% was primarily due to the lower ordinary financial result due to the current low interest rates.

Profit before taxes

The achieved profit before taxes generated in 2015 was primarily negatively affected by the impairment of IT systems of EUR 195.00 million (2014: EUR 50.00 million) and the impairment of goodwill in Romania in the amount of EUR 52.02 million. In addition, goodwill was reduced by EUR 14.20 million due to a change in segment reporting and insurance portfolios were reduced by EUR 18.74 million as a result of impairments mainly in Poland. The significantly lower financial result also affected the Group’s profits before taxes, which totalled EUR 172.10 million in 2015. This represents a decrease of 66.8% in comparison with 2014.

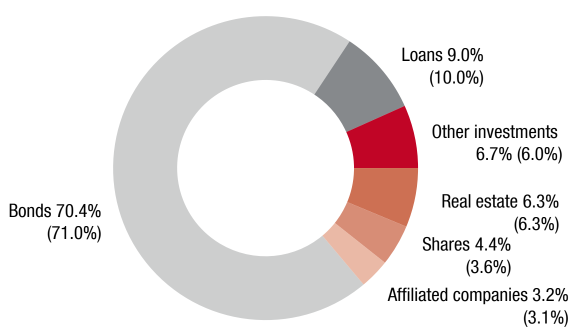
Many countries, however, achieved very large increases in profit development, such as Austria (+25.5%), Macedonia (+138.6%), Serbia (+24.4%), and Hungary (+18.0%).

Investments

A brief presentation of the investments is included on page 113 of the notes to the consolidated financial statements. Total Vienna Insurance Group investments (including cash and cash equivalents) were EUR 31,812.46 million as of 31 December 2015. Compared with the previous year, this represents an increase of EUR 670.93 million, or 2.2%. The main reasons for this rise were the increase in the investment volume from the inflow of liquidity resulting from the issuing of supplementary capital totalling EUR 400 million, as well as positive operating cash flow.

The investments include all Vienna Insurance Group land and buildings, all shares in at equity consolidated companies and all financial instruments, with fund overviews for consolidated institutional funds, as well as other fund investments allocated to the asset classes. Investments for unit-linked and index-linked life insurance are not included. These rose by 5.2% in 2015 from EUR 7,742.18 million to EUR 8,144.14 million due to a satisfying increase in unit-linked life insurance premiums.

BREAKDOWN OF INVESTMENTS 2015



2014 values in parentheses

Shareholders' equity

Vienna Insurance Group's capital base decline by 4.3% to EUR 5,057.80 million in 2015 (2014: EUR 5,283.43 million). This development is on the one hand a result of the decrease in the unrealised gains and losses of EUR 118.36 million, and secondly the redemption of hybrid capital. Furthermore, in 2015, a dividend of EUR 1.40 per share was paid out, which decreased the shareholders' equity by EUR 179.20 million.

Underwriting provisions

Underwriting provisions (excluding underwriting provisions for unit-linked and index-linked life insurance) were EUR 28,145.12 million as of 31 December 2015, representing an increase of 0.9% in comparison with the previous year (2014: EUR 27,889.95 million).

Cash flow

Cash flow from operating activities was EUR 1,118.61 million in 2015, compared with EUR 1,543.28 million in 2014. The decrease results primarily from the reduction of single premium products in Poland and the Czech Republic. The cash flow from investing activities improved to EUR -887.67 million (2014: EUR -1,145.79 million), but this is mainly due to much lower investment in bonds and land and buildings. Vienna Insurance Group's financing activities in 2015 generated a cash flow of EUR 91.73 million. (2014: EUR -318.73 million). The increase in comparison with 2014 results from the issuing of a subordinated bond of EUR 400 million. The Group had cash and cash equivalents of EUR 1,103.23 million at the end of 2015 (2014: EUR 781.99 million). Vienna Insurance Group received a total of EUR 950.65 million in interest and dividends in 2015 (2014: EUR 970.66 million).

KEY FIGURES FOR VIENNA INSURANCE GROUP

	2015	2014	2013
Earnings per share	EUR 0.66	EUR 2.75	EUR 1.57
Return on Equity	3.7%	11.0%	7.2%
Combined Ratio	97.3%	96.7%	100.6%
Loss ratio	66.7%	65.8%	69.4%
Cost ratio	30.6%	30.9%	31.2%

Earnings per share

Earnings per share is a key figure equal to annual profit for the Group (less non-controlling interests and interest on hybrid capital) divided by the average number of shares outstanding. In 2015 earnings per share fell to EUR 0.66, a decrease of 75.9% compared with the previous year (2014: EUR 2.75). The earnings per share were negatively affected by both the impairment on IT systems of EUR 195.00 million (2014: EUR 50.00 million) and also by the impairment in goodwill and insurance portfolios, as well as a significantly lower financial result.

RoE (Return on Equity)

RoE is the ratio of Group profit before taxes to total average shareholders' equity of Vienna Insurance Group. The formula for calculating return on equity has been changed since the 2015 half-year financial statements. The average overall capital in accordance with the new calculation will be adjusted to take into account the revaluation reserve. In order to make results more comparable, the previous years values have been adjusted to the current calculation method.

According to this, the Group achieved return on equity of 3.7% (2014: 11.0%).

Combined ratio significantly below 100%

The Group had a combined ratio (after reinsurance, not including investment income) of 97.3% in 2015. This is due to the fact that Vienna Insurance Group was able to continue to keep the combined ratio below the 100% mark as a result of its solid technical result.

The combined ratio is calculated as the sum of all underwriting expenses and income, and net payments for claims and insurance benefits, including the net change in underwriting provisions, divided by net earned premiums in the property and casualty segment.

DEVELOPMENT BY LINES OF BUSINESS

PREMIUMS WRITTEN BY LINES OF BUSINESS

	2015	2014	2013
in EUR million			
Property and casualty insurance	4,599.04	4,560.39	4,618.38
Life insurance	4,022.75	4,199.04	4,202.37
Health insurance	397.97	386.30	397.82
Total	**9,019.76**	**9,145.73**	**9,218.57**

PROFIT BEFORE TAXES BY LINES OF BUSINESS

	2015	2014	2013
in EUR million			
Property and casualty insurance	-41.31	309.64	53.58
Life insurance	162.92	161.57	266.00
Health insurance	50.48	47.16	35.57
Total	**172.10**	**518.37**	**355.15**

Premium volume

Property and casualty contributed 51.0% of total premium volume in 2015. Life insurance represented 44.6% of total premium volume and 4.4% of the premiums came from health insurance.

VIG companies generated EUR 4,599.04 million in Group premiums from property and casualty insurance in 2015 (2014: EUR 4,560.39 million). Premiums therefore increased by 0.8% in this line of business in spite of the continuing restrictive underwriting policy implemented in Italy and the earnings-oriented underwriting policy that was maintained in the motor business in Poland. The increases in Romania (+21.4%) and the Remaining Markets (+7.3%) are particularly noteworthy.

In life insurance, the VIG Group companies generated premium volume of EUR 4,022.75 million, 4.2% less than in the previous year. The decrease is solely due to restraint in single premium business. Adjusted for single premium products, premiums rose by 4.9%.

VIG wrote EUR 397.97 million in premiums in the health insurance segment, an increase of 3.0%. Only Austria and Georgia generate health insurance premiums that make a significant contribution to total premiums.

Expenses for claims and insurance benefits

Vienna Insurance Group recorded EUR 2,534.62 million in expenses for claims and insurance benefits in property and casualty insurance in 2015 (2014: EUR 2,495.27 million). In life insurance, EUR 3,887.59 million in expenses was incurred. The decrease of 5.1% is based on lower allocations to actuarial reserves as a result of the lower amount of single premium business in the Czech Republic, as well as the targeted reduction in single premium products in Poland. In the health insurance segment, expenses for claims and insurance benefits were EUR 326.66 million (2014: EUR 330.27 million).

Acquisition and administrative expenses

Vienna Insurance Group recorded acquisition and administrative expenses of EUR 1,115.84 million in the property and casualty business in 2015 (2014: EUR 1,120.46 million). In life insurance, it was possible to decrease acquisition and administrative expenses by 2.8% to EUR 683.23 million. In health insurance, these totalled EUR 48.50 million, 5.2% below the previous year's value of EUR 51.13 million.

Profit before taxes

Profit before taxes in property and casualty insurance was negatively affected by the impairment of IT systems, the impairments of goodwill, as well as by the significantly lower financial result. For these reasons, a loss of EUR 41.31 million was recorded in 2015 in this line of business. In life insurance, the Group generated profit before taxes of EUR 162.92 million, an increase of 0.8% in comparison with the previous year. At EUR 50.48 million, health insurance increased its contribution to the Group profits of VIG by 7.1%.

Investments

In the property and casualty business, investments (including cash and cash equivalents) were EUR 6,904.36 million (+4.1%) as of 31 December 2015. In life insurance, investments (excluding unit-linked and index-linked life insurance investments) totalled EUR 23,631.55 million (+1.7%). In the area of health insurance Vienna Insurance Group increased its investments by 1.2% to EUR 1,276.55 million.

Underwriting provisions

Underwriting provisions in the property and casualty area rose compared with 2014 by 1.6% to EUR 5,308.31 million. In life insurance, underwriting provisions were EUR 21,610.85 million (excluding underwriting provisions for unit-linked and index-linked life insurance) as of 31 December 2015, 0.5% above the figure for the previous year. In health insurance, underwriting provisions rose by 5.9%, to EUR 1,225.96 million.

Underwriting provisions for unit-linked and index-linked life insurance increased by 5.2% from EUR 7,392.42 million in 2014 to EUR 7,776.60 million in 2015.

The actuarial reserve and provision for outstanding claims are broken down by lines of business and maturities as follows:

COMPOSITION OF ACTUARIAL RESERVE

in EUR million	31.12.2015	31.12.2014
Property and casualty insurance	0.12	0.13
Life insurance	19,919.06	19,772.24
for guaranteed policy benefits	18,155.09	17,728.65
for allocated and committed profit shares	932.81	1,045.35
for deferred actuarial reserve	831.16	998.24
Health insurance	1,149.21	1,082.47
Total	**21,068.39**	**20,854.84**

MATURITY STRUCTURE OF ACTUARIAL RESERVE

in EUR million	31.12.2015	31.12.2014
up to one year	1,880.72	2,290.01
more than one year up to five years	5,628.95	5,581.75
more than five years up to ten years	4,427.30	4,353.77
more than ten years	9,131.42	8,629.31
Total	**21,068.39**	**20,854.84**

COMPOSITION OF PROVISION FOR OUTSTANDING CLAIMS

in EUR million	31.12.2015	31.12.2014
Property and casualty insurance	4,168.62	4,103.53
Life insurance	383.70	334.22
Health insurance	51.32	51.20
Total	**4,603.65**	**4,488.94**

MATURITY STRUCTURE OF PROVISION FOR OUTSTANDING CLAIMS

in EUR million	31.12.2015	31.12.2014
up to one year	2,093.22	1,766.76
more than one year up to five years	1,499.43	1,328.26
more than five years up to ten years	495.66	404.28
more than ten years	515.34	989.65
Total	**4,603.65**	**4,488.94**

DEVELOPMENT BY REGION

Developments in the regions of Austria, Czech Republic, Slovakia, Poland, Romania, the Remaining Markets and Central Functions are discussed below. The discussion focuses on a presentation of Vienna Insurance Group business development in the different regions and outlines areas of change in the various insurance markets.

PREMIUMS WRITTEN BY REGION

in EUR million	2015	2014	2013
Austria	4,055.53	4,076.99	4,073.88
Czech Republic	1,554.82	1,683.41	1,762.08
Slovakia	716.49	726.99	744.67
Poland	838.86	1,034.05	1,142.30
Romania	428.64	339.67	361.80
Remaining Markets*	1,294.18	1,155.64	1,061.64
Central Functions**	1,248.91	1,289.84	1,303.85
Consolidation	-1,117.67	-1,160.86	-1,231.64
Total	**9,019.76**	**9,145.73**	**9,218.57**

* Remaining Markets Albania, Bosnia-Herzegovina, Bulgaria, Croatia, Estonia, Georgia, Germany, Hungary, Latvia, Liechtenstein, Lithuania, Macedonia, Moldova, Serbia, Turkey, Ukraine

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

PROFIT BEFORE TAXES BY REGION

in EUR million	2015	2014	2013
Austria	212.97	169.73	235.09
Czech Republic	162.99	177.87	197.82
Slovakia	51.87	59.46	55.26
Poland	43.40	55.16	50.22
Romania	5.65	6.08	-98.70
Remaining Markets*	42.79	51.66	49.00
Central Functions**	-347.24	-2.24	-133.31
Consolidation	-0.32	0.67	-0.23
Total	**172.10**	**518.37**	**355.15**

* Remaining Markets Albania, Bosnia-Herzegovina, Bulgaria, Croatia, Estonia, Georgia, Germany, Hungary, Latvia, Liechtenstein, Lithuania, Macedonia, Moldova, Serbia, Turkey, Ukraine

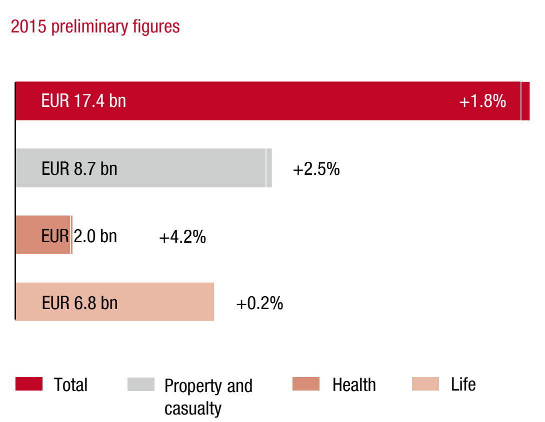
** Central Functions include VIG Fund, VIG Holding, VIG Re, the non-profit housing societies, corporate IT service providers and intermediate holding companies

AUSTRIA

Austrian insurance market

In comparison with other Western European insurance markets, the share of total premium volume accounted for by non-life insurance is relatively high, in Austria at just over 60%. There is therefore still significant potential for growth in life insurance.

MARKET GROWTH IN 2015 COMPARED TO THE PREVIOUS YEAR



Source: Austrian Insurance Association

In 2015, premium income of Austrian insurance companies increased by 1.8%. The highest level of growth was in health insurance, with a rise of 4.2%, followed by property and casualty insurance (+2.5%) and life insurance (+0.2%).

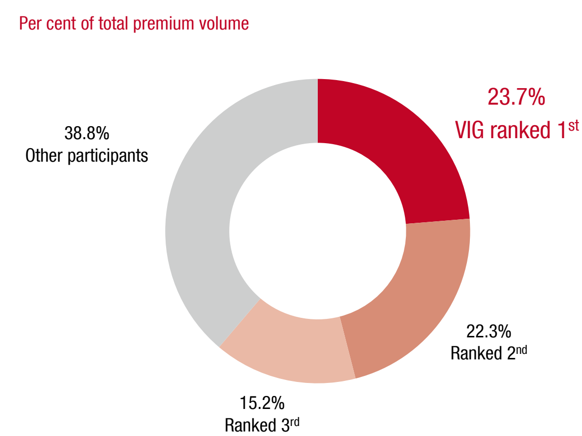
The premium growth in property and casualty insurance results primarily from the positive performance of casualty insurance, which recorded an increase of 3.9% in comparison with the previous year.

In the area of life insurance, provisions remain an important topic in Austria. In 2015, pension insurance increased by 7.7%. Nursing care insurance is increasing in importance each year and achieved significant growth of 24.6% in 2015.

The trend towards decreasing interest rate levels continued in 2016. The guaranteed interest rate (the maximum that may be guaranteed to policy holders) was therefore reduced from 1.5% to 1.0% for new life insurance policies at the beginning of 2016.

In Austria in 2014, the average premiums per capita totalled EUR 2,007. Of this, EUR 1,216 was accounted for non-life insurance and EUR 791 for life insurance.

MARKET SHARES OF THE MAJOR INSURANCE GROUPS



Source: Austrian Insurance Association; as of 2015

VIG companies in Austria

VIG is represented in the Austrian market by the three insurance companies, Wiener Städtische, Donau Versicherung and s Versicherung. VIG Holding operates out of Austria as an international reinsurer and an insurer in the cross-border corporate customer business, however, it is assigned to the Central Functions. Wiener Städtische also has branches in Italy and Slovenia. In addition, Donau Versicherung has a branch in Italy.

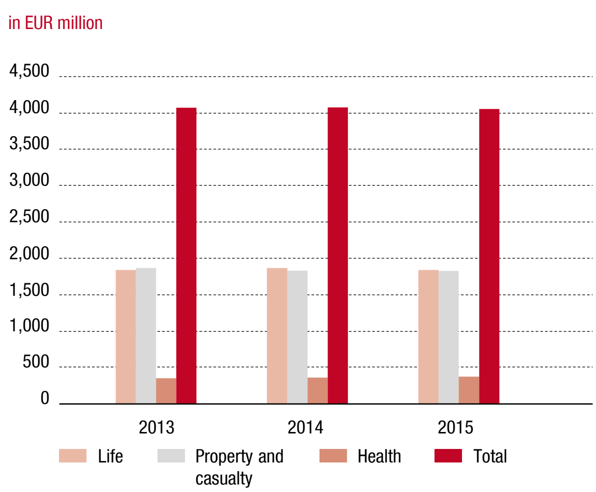
VIG's total market share of 23.7% in 2015 makes it the leading insurance group in Austria. VIG is also the market leader in property and casualty insurance with a market share of 21.8%, and in life insurance with 27.3%. VIG holds a second place in the area of health insurance.

Business development in Austria in 2015

Premium development

The Austrian Group companies generated gross written premiums totalling EUR 4,055.53 million. In comparison with the previous year, this represents a slight decrease of 0.5%. EUR 2,386.03 million of the premium volume was contributed by Wiener Städtische, EUR 811.71 million by Donau Versicherung and EUR 857.79 million by s Versicherung. Net earned premiums in 2015 were at the same level as the previous year, at EUR 3,370.00 million.

PREMIUMS WRITTEN IN AUSTRIA



EUR 1,830.43 million of the premiums written, or 45.1% were generated in property and casualty insurance. This was a decrease of 0.4% compared with 2014, due to further optimisation measures in the motor insurance business of the Donau branch in Italy.

Life insurance contributed EUR 1,843.91 million and a share of 45.5% in premium volume, although in Austria the Group generated 1.4% less than in the previous year as a result of the restraint in the single premium business.

Health insurance generated 9.4% of the premium volume, or EUR 381.19 million. This corresponds to an increase of 3.5% compared to the health insurance premium income of EUR 368.16 million in 2014.

Expenses for claims and insurance benefits

Expenses for claims and insurance benefits less reinsurance totalled EUR 3,361.95 million in 2015. This corresponds to an increase in expenses of 1.3%.

Acquisition and administrative expenses

The acquisition and administrative expenses for the Austrian VIG companies in 2015 were reduced by 4.5% to EUR 599.24 million.

Profit before taxes

Profit before taxes increased in 2015 in Austria by 25.5% to EUR 212.97 million (2014: EUR 169.73 million). A significant factor in this considerable increase was the sale of an indirect participation.

Combined ratio

The combined ratio in Austria (after reinsurance, not including investment income) improved to 97.5% in 2015 (2014: 99.9%) despite higher levels of weather-related claims.

VIENNA INSURANCE GROUP IN AUSTRIA

in EUR million	2015	2014	2013
Premiums written	**4,055.53**	**4,076.99**	**4,073.88**
Life	1,843.91	1,870.74	1,844.52
Property and casualty	1,830.43	1,838.09	1,871.93
Health	381.19	368.16	357.43
Profit before taxes	**212.97**	**169.73**	**235.09**

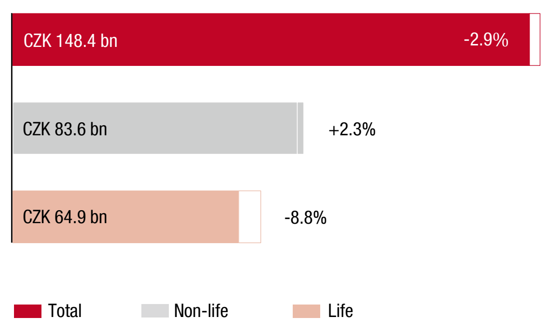
CZECH REPUBLIC

Czech insurance market

The Czech insurance market is dominated by two insurance groups, which together hold a share of over 60% of total premium volume.

MARKET GROWTH IN 2015 COMPARED TO THE PREVIOUS YEAR

2015 figures



Source: Czech Insurance Association

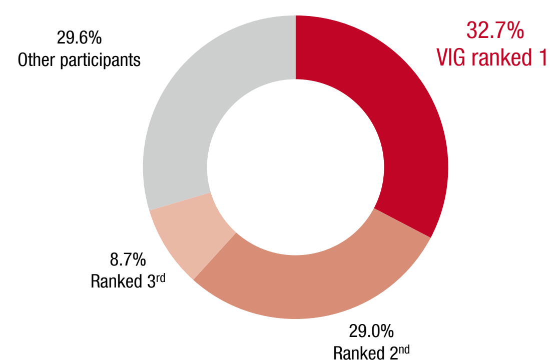
In local currency terms, the Czech insurance market recorded a decline in premiums written of 2.9% in comparison with the previous year. This development is primarily the result of a major decrease (-26.7%) in single premium life insurance business. Life insurance with regular premiums was also down by 2.1%. The decrease results, among other things, from legislative and tax changes that have been in force since the start of 2015 and have a negative effect on the volume of contributions made by employers.

On the other hand, non-life insurance premiums rose by 2.3% in local currency terms in 2015. Irrespective of the fact that there is still severe price competition in the area of motor insurance, it was possible to achieve an increase of 3.6% in this segment. Premium income from motor third party liability insurance increased by 1.9%, with average premiums falling, however, as a result of the disproportionate increase in contracts acquired. Motor own-damage insurance benefited from good economic development, rising by 6.1%.

Insurance density in the Czech Republic totalled EUR 527 in 2014. Of this, EUR 282 was accounted for non-life insurance and EUR 245 for life insurance.

MARKET SHARES OF THE MAJOR INSURANCE GROUPS

Per cent of total premium volume



Source: Czech Insurance Association; as of 2015

VIG companies in the Czech Republic

The Group is represented by three insurance companies in the Czech Republic. Next to Kooperativa and ČPP, the company PČS also belongs to the Vienna Insurance Group. In addition, since 2008, the Group's own reinsurance company VIG Re has been operating in Prague, however this is allocated to the Central Functions.

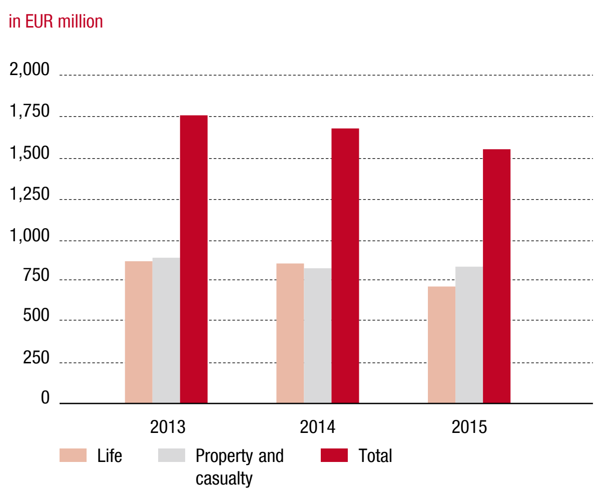
The market share of Vienna Insurance Group in the Czech Republic for 2015 was 32.7%. This makes VIG the leading insurance group in the Czech market. In the area of life insurance, VIG is the leader, with a market share of 30.1%. The Group is in second place in non-life.

Business development in the Czech Republic in 2015

Premium development

In 2015, the premium volume of the Czech insurance companies was EUR 1,554.82 million. (2014: EUR 1,683.41 million), a decrease of 7.6% on the previous year's level. Net earned premiums were EUR 1,204.78 million in 2015 (2014: EUR 1,366.04 million).

PREMIUMS WRITTEN IN THE CZECH REPUBLIC



In property and casualty insurance, an increase in premiums of 1.4% to EUR 838.15 million was recorded (2014: EUR 826.65 million).

As a result of the restrained in single premium business, the written premiums fell by 16.3% to EUR 716.67 million

Expenses for claims and insurance benefits

The Czech companies had expenses for claims and insurance benefits (less reinsurance) of EUR 817.14 million in 2015, or EUR 140.38 million less than in 2014. This corresponds to a reduction of 14.7% which is attributable to the lower allocations to the actuarial reserve as a result of the decline in single premium business in life insurance. In addition, in property and casualty insurance, it was possible to decrease the loss ratios in the area of motor third party liability insurance significantly.

Acquisition and administrative expenses

The acquisition and administrative expenses were reduced by the Czech companies in 2015 by 4.9% to EUR 316.28 million. In 2014, the acquisition and administrative expenses still totalled EUR 332.47 million. The main reason for the improvement is the lower loss ratio in the area of motor third party liability insurance mentioned above. Through that the Czech Group companies received significantly higher reinsurance commission.

Profit before taxes

In 2015, the Czech companies contributed EUR 162.99 million to the total profit (2014: EUR 177.87 million). A significant factor in this decline of 8.4% was the declining financial result.

Combined ratio

The combined ratio remained at an excellent level of 90.7% in 2015 (2014: 86.2%).

VIENNA INSURANCE GROUP IN THE CZECH REPUBLIC

	2015	2014	2013
in EUR million			
Premiums written	**1,554.82**	**1,683.41**	**1,762.08**
Life	716.67	856.75	870.13
Property and casualty	838.15	826.65	891.95
Profit before taxes	**162.99**	**177.87**	**197.82**

SLOVAKIA

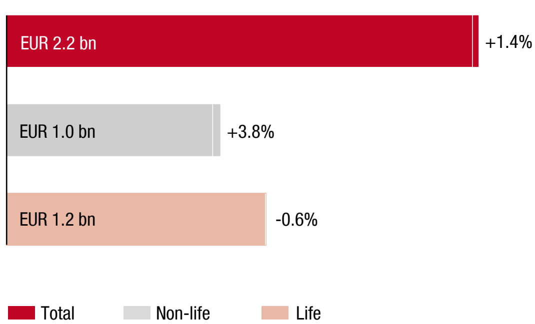
Slovakian insurance market

Due to the fact that Slovakia no longer publishes detailed market data, the market shares of the market participants relate to 2014. With regard to premium development, the values published for 2015 were used.

Around half of the Slovakian insurance market was covered by the two largest insurance companies in 2014. The top 5 insurance groups generated a total of around 80% of market premiums.

MARKET GROWTH IN 2015 COMPARED TO THE PREVIOUS YEAR

2015 figures



Source: Slovak Insurance Association

The Slovakian insurance market was able to achieve premium growth of 1.4% in 2015.

In 2015, in non-life insurance, premiums written increased by 3.8%. The increase is mainly a result of positive development in property and casualty insurance (+5.9%). The motor line of business was able to achieve a moderate growth of 2.1%. In the area of motor third party liability insurance, there is still a great deal of competition in the Slovakian insurance market.

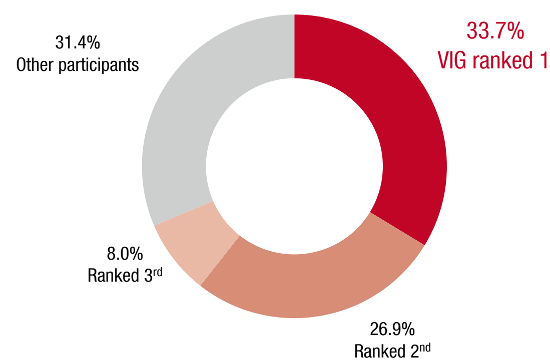
During 2015, as a result of the changes to the law on motor third partly liability insurance, a "bonus/malus" system was introduced and regulated. Previously, the insurance companies active on the market offered the system only on a voluntary basis.

The area of life insurance experienced a 0.6% decrease in 2015. Here the demand for investment and capital products shifted toward pure risk life insurance.

Average per capita expenditure for insurance in Slovakia was EUR 403 in 2014. Of this EUR 178 was spent on non-life insurance and EUR 224 on life insurance.

MARKET SHARES OF THE MAJOR INSURANCE GROUPS

Per cent of total premium volume



Source: Slovak Insurance Association; as of 2014

VIG companies in Slovakia

Vienna Insurance Group is represented in Slovakia by three insurance companies Kooperativa, Komunálna and PSLSP.

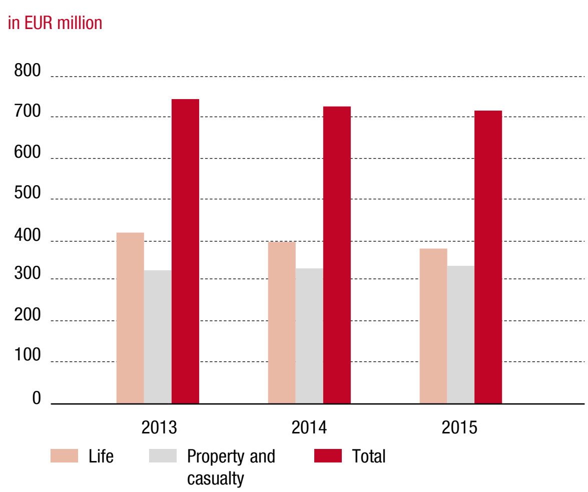
With a market share of 33.7% in 2014, Vienna Insurance Group is the largest insurance group in the country. The Group holds second place in Slovakia in the area of non-life insurance and first place in life insurance.

Business development in Slovakia in 2015

Premium development

Vienna Insurance Group recorded EUR 716.49 million in premiums written in Slovakia in 2015 (2014: EUR 726.99 million), a decrease of 1.4%. Net earned premiums were EUR 576.54 million, which represented a decrease of 3.4%.

PREMIUMS WRITTEN IN SLOVAKIA



In property and casualty insurance, the Slovakian VIG companies increased their premium income by 1.8% to EUR 336.95 million.

Although bank distribution through the local Erste Group subsidiary developed in a positive way with a growth of 7.7% in comparison with the previous year, the Slovakian Group companies overall recorded premiums written in the area of life insurance of EUR 379.54 million, 4.1% less than in the previous year (2014: EUR 395.89 million). This decline is the result of lower demand for single premium products from the Slovakian Group company Kooperativa as a result of the low interest rate level.

Expenses for claims and insurance benefits

Expenses for claims and insurance benefits (less reinsurance) were EUR 469.97 million in 2015. This was a decrease of 2.3% over the previous year.

Acquisition and administrative expenses

VIG recorded EUR 98.65 million in acquisition and administrative expenses in Slovakia in 2015 (2014: EUR 91.44 million). The increase of 7.9% is mainly the result of significantly higher commission rates because of the changes in the product portfolio in the area of life insurance, as well as increased brokerage distribution in the area of property and casualty insurance.

Profit before taxes

Profit before taxes in the Slovakian companies totalled EUR 51.87 million. The decline of 12.8% is mainly the result of increased motor claims because of poor weather conditions and several major claims.

Combined ratio

The combined ratio of Vienna Insurance Group in Slovakia was 96.2% (2014: 91.3%) because of the increased motor claims and major claims, mentioned above.

VIENNA INSURANCE GROUP IN SLOVAKIA

	2015	2014	2013
in EUR million			
Premiums written	**716.49**	**726.99**	**744.67**
Life	379.54	395.89	418.57
Property and casualty	336.95	331.10	326.10
Profit before taxes	**51.87**	**59.46**	**55.26**

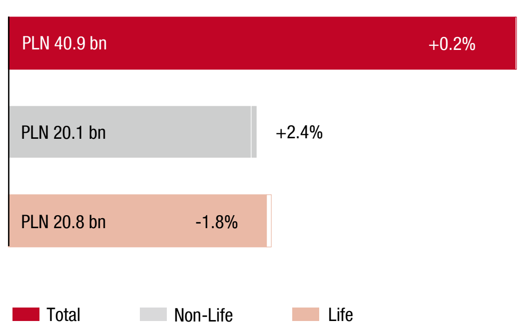
POLAND

Polish insurance market

The Polish insurance market is one of the largest in Central and Eastern Europe. The top 5 insurance groups generated a total of around 70% of the total premium volume.

MARKET GROWTH IN THE 1ST TO 3RD QUARTER OF 2015 COMPARED TO THE PREVIOUS YEAR

9M 2015 figures



Source: Financial Market Authority Poland

In the 1st–3rd quarter of 2015, the premiums written in the Polish insurance market increased based on local currency slightly by 0.2%.

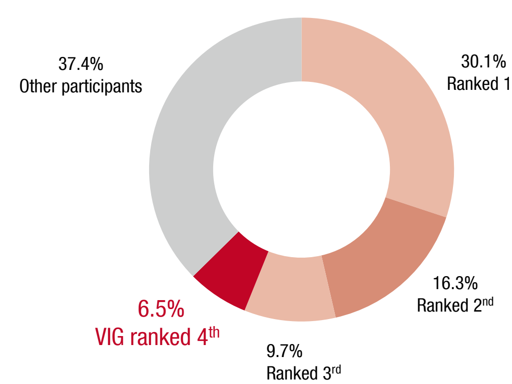
In the area of non-life insurance, in the 1st–3rd quarter of 2015, premium growth of 2.4% was recorded. This was mainly due to an increase in premiums in the non-motor lines of business of 4.2%. The motor lines of business were able to achieve a slight premium growth of 0.7% in the 1st–3rd quarter of 2015, however they were still affected by intense competition with regard to price. This price pressure affected the motor third party liability insurance and resulted in a decrease in premiums of 0.7%. The motor own-damage insurance, on the other hand, increased by 2.8% in comparison with the same period of the previous year.

In the area of life insurance, premiums written fell slightly in comparison with the previous year by 1.8%. The reason for this was the 5.0% decline in single premium products. Life insurance with regular premiums on the other hand developed in a stable manner, increasing by 0.6%.

Average per capita expenditure for insurance in Poland was EUR 341 in 2014. Of this, EUR 163 was accounted for non-life insurance and EUR 178 for life insurance.

MARKET SHARES OF THE MAJOR INSURANCE GROUPS

Per cent of total premium volume



Source: Financial Market Authority Poland; as of 9M 2015

VIG companies in Poland

Vienna Insurance Group is represented in the Polish market by five Group companies: Compensa Life and Non-Life, InterRisk, and the two life insurance companies Polisa and Skandia.

At the end of October 2015, the two property and casulty insurance companies Compensa and Benefia were merged. The merged company operates under the name Compensa Towarzystwo Ubezpieczeń SA Vienna Insurance Group.

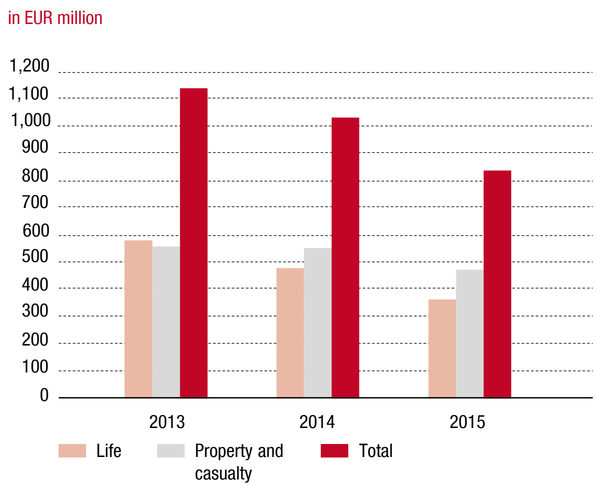
Vienna Insurance Group's market share was 6.5% for the 1st–3rd quarter of 2015. The Group holds fourth place in the Polish insurance market. In the non-life area, the Group is also in the top four. In life insurance, VIG is sixth in the market.

Business development in Poland in 2015

Premium development

Vienna Insurance Group generated total premiums written of EUR 838.86 million in Poland in 2015 (2014: EUR 1,034.05 million). This was a decrease of 18.9% compared with the previous year. Net earned premiums were EUR 716.26 million in 2015, 16.0% lower than in 2014.

PREMIUMS WRITTEN IN POLAND



The premiums written in property and casualty insurance decreased in comparison with the previous year by 14.3% and totalled EUR 474.49 million (2014: EUR 553.86 million). The reduction was due to intense price competition in the motor line of business.

In the area of life insurance as a result of the decrease in single premium products, a decrease in premiums written of 24.1% to EUR 364.37 million was recorded. Regular premiums in life insurance, on the other hand, achieved a significant increase of 33.8%, mainly resulting from the consolidation of Skandia Poland from the second half of 2014.

Expenses for claims and insurance benefits

Vienna Insurance Group had expenses for claims and insurance benefits (less reinsurance) of EUR 501.34 million in Poland in 2015 (2014: EUR 582.74 million). This was a decrease of EUR 81.40 million, or 14.0% in expenses for claims and insurance benefits (less reinsurance). This development was caused by the significantly lower single premium business in life insurance.

Acquisition and administrative expenses

In 2015, the Polish Group companies of Vienna Insurance Group were able to reduce acquisition and administrative expenses by 15.9% to EUR 218.95 million (2014: EUR 260.33 Million), which is due in part to lower commissions in the motor line of business, in which significantly lower premiums were achieved as a result of the intense price competition.

Profit before taxes

In 2015, the Polish companies recorded profit before taxes in the amount of EUR 43.40 million. The decrease of 21.3% can mainly be attributed to increased price competition in the motor insurance line of business in combination with the lower financial result due to the market conditions.

Combined ratio

In Poland, the combined ratio in 2015 was just below the 100% mark at 99.3% (2014: 96.3%) as a result of the increased price competition in the motor insurance line of business.

VIENNA INSURANCE GROUP IN POLAND

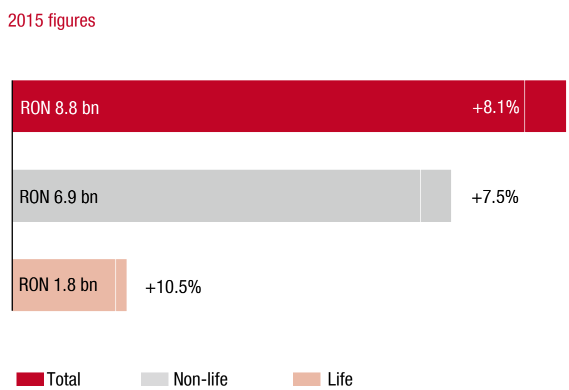
in EUR million	2015	2014	2013
Premiums written	**838.86**	**1,034.05**	**1,142.30**
Life	364.37	480.19	582.23
Property and casualty	474.49	553.86	560.07
Profit before taxes	**43.40**	**55.16**	**50.22**

ROMANIA

Romanian insurance market

Compared with other insurance markets, Romania has a lower market concentration. The top 5 insurance groups generated just below 60% of total premiums in 2015.

MARKET GROWTH IN 2015 COMPARED TO THE PREVIOUS YEAR



Source: Journal "Insurance Profile" and insurance supervisory authority CSA

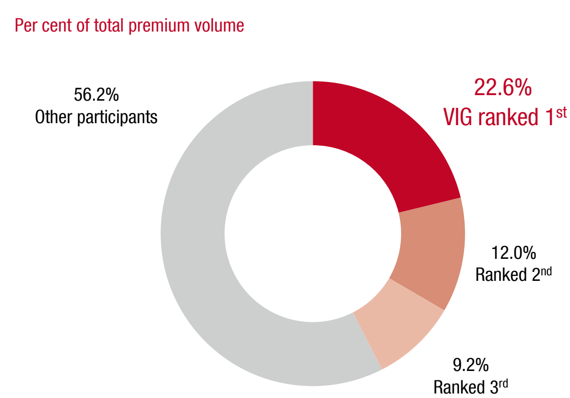
The premiums written in Romania increased by 8.1% in 2015 based on local currency in comparison with the same period of the previous year.

The area of non-life insurance saw a growth of 7.5% in comparison with the previous year. The growth is based mainly on an increase in motor third party liability insurance, which gained 17.6% as a result of rising average premiums. In addition, the premiums in property and casualty insurance rose slightly.

In 2015, the life insurance market grew by 10.5%. The significant increase in premiums results primarily from an increase in unit-linked and index-linked life insurance.

Insurance density in Romania in 2014 was just EUR 91. EUR 73 of this amount was for non-life insurance and EUR 19 for life insurance. A comparison with other countries in the CEE region, such as the Czech Republic, which had an insurance density of EUR 527 in 2014, shows the enormous potential of the Romanian insurance market.

MARKET SHARES OF THE MAJOR INSURANCE GROUPS



Source: Journal "Insurance Profile" and insurance supervisory authority CSA; as of 2015

VIG companies in Romania

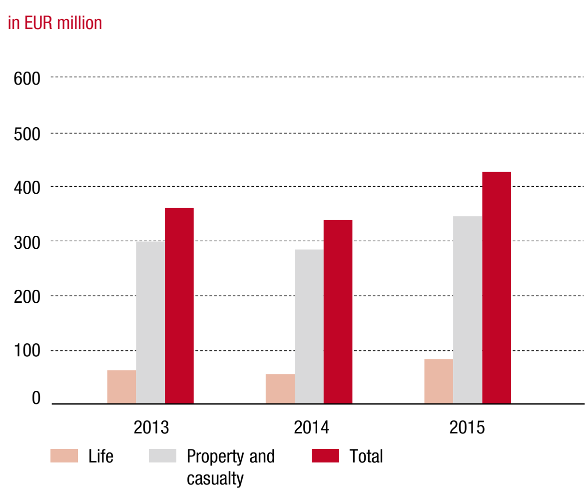
VIG is represented by three insurance companies in the Romanian market. In addition to Omniasig and Asirom, BČR Life is also part of Vienna Insurance Group. Vienna Insurance Group's market share of 22.6% in 2015 makes it the leading insurance group in Romania. In non-life insurance, too, VIG has taken the top spot in the market. In life insurance, the Group holds second place.

Business development in Romania in 2015

Premium development

Premiums written increased by 26.2% in Romania to EUR 428.63 million in 2015 (2014: EUR 339.67 million). In 2015, net earned premiums totalled EUR 265.02 million, 43.7% higher than the figure for the previous year.

PREMIUMS WRITTEN IN ROMANIA



As a result of increased new production, mainly due to increased average premiums in the motor lines of business, a significant rise was recorded in the area of property and casualty insurance from 21.4% of premiums written to EUR 346.44 million (2014: EUR 285.31 million).

In the area of life insurance, the premium income generated by the Romanian VIG companies increased to EUR 82.20 million. (2014: EUR 54.36 million). The significant growth of 51.2% came mainly from the positive performance of bank distribution of unit-linked and index-linked products via the local Erste Group subsidiary BČR.

Expenses for claims and insurance benefits

The Romanian companies had EUR 176.24 million in expenses for claims and insurance benefits (less reinsurance) in 2015 (2014: EUR 123.68 million). The increase of 42.5% in comparison with the previous year is due to the allocation of claims reserves in the motor business, and to allocations in the unit-linked and index-linked life insurance area due to the significantly increased business volume.

Acquisition and administrative expenses

The acquisition and administrative expenses of Vienna Insurance Group in Romania for 2015 totalled EUR 85.69 million (2014: EUR 74.29 million). This is 15.3% more than the previous year. This development results from higher commission expenses due to higher business volume in both the motor business and unit-liked and index-linked life insurance.

Profit before taxes

Profit before taxes fell during 2015 in comparison with the previous year by 7.1% to EUR 5.65 million. The drop results in particular from the decline in BČR Life's financial result.

Combined ratio

The combined ratio improved considerably compared with the previous year, although at a level of 102.4% it was still above the 100% mark (2014: 105.0%).

VIENNA INSURANCE GROUP IN ROMANIA

in EUR million	2015	2014	2013
Premiums written	**428.63**	**339.67**	**361.80**
Life	82.20	54.36	61.84
Property and casualty	346.44	285.31	299.95
Profit before taxes	**5.65**	**6.08**	**-98.70**

REMAINING MARKETS

The Remaining Markets include Albania, Bosnia-Herzegovina, Bulgaria, Croatia, Estonia, Georgia, Germany, Hungary, Latvia, Liechtenstein, Lithuania, Macedonia, Moldova, Serbia, Turkey and Ukraine. The Remaining Markets generated 14.3% of Group premiums in 2015.

The Group companies in the Montenegro and Belarus markets were not included in the VIG consolidated financial statements.

Albania
The Albanian insurance market grew in 2015 by 21.4% on a local-currency basis. The 23.4% increase in premiums in the area of non-life insurance in comparison with the previous year is above all a result of a major increases in premiums in the motor insurance. This increase results from the corrective measures taken by the Albanian supervisory authority (AFSA) aimed at liberalising the motor tariffs. Consequently, the premiums in motor third party liability insurance increased by 22.5%, while those for motor own-damage insurance increased by 20.6%. Double-digit growth rates were also recorded in casualty and health insurance. Life insurance in 2015 remained at the same level as the previous year.

VIG is active in the Albanian market through two non-life insurance companies: Sigma Interalbanian and Intersig. Sigma Interalbanian also has a branch in Kosovo. VIG holds second place in the Albanian market, with a market share of 26.3%.

Bosnia-Herzegovina
The insurance market in Bosnia-Herzegovina grew by 4.7% in local currency in 2015. Premiums increased in the area of non-life insurance by 3.9%. This was primarily a result of positive development in motor third party liability insurance. Life insurance also developed in a dynamic way, reporting growth of 7.9% in 2015.

VIG is represented by the Group company Wiener Osiguranje in Bosnia-Herzegovina. VIG's 5.4% share of total premium volume places it in 7th place in the market. In non-life insurance, it is in 4th place, and in 8th place for life insurance.

Bulgaria
The Bulgarian insurance market recorded premium growth in the 1st–3rd quarter of 2015 of 9.7% compared to the same period of the previous year on a local-currency basis. Premiums in non-life insurance rose by 6.9%. Overall, life insurance recorded an increase of 22.0%, with tax-privileged savings products, risk products, and unit-linked life insurance experiencing the most positive performance.

Vienna Insurance Group is represented by two Group companies in Bulgaria, Bulstrad Life and Bulstrad Non-Life. The Group occupies very safe 2nd place in the Bulgarian insurance market. In June 2015, Bulstrad Non-Life entered into an agreement to acquire a 100% stake in the company UBB-AIG and conclude a cooperation agreement with United Bulgarian Bank (UBB). After receiving regulatory approval in January 2016, the name of UBB-AIG was changed to Insurance Company Nova Ins EAD (Nova). In addition, Bulstrad Non-Life acquired the remaining shares of its subsidiary Bulstrad Life in December 2015, thereby gaining full control.

Germany
The premium volume in the German insurance market in 2015 remained at the same level as in 2014. Property and casualty insurance reported 2.7% higher premium income in 2015. Premiums specifically in life insurance were characterised by the effects of the continuing low interest rate environment on the single premium business. While regular premium products remained stable (+0.3%), single premium business declined by 8.8%. This resulted in an overall decline in the life insurance market by 2.6%.

VIG is represented by two Group companies in Germany, InterRisk Non-Life and InterRisk Life. Both companies operate purely as brokers insurers. InterRisk Non-Life specialises in casualty and liability insurance and selected property insurance products. InterRisk Life focuses on retirement provision and occupational disability solutions, as well as protection for surviving dependants. Both VIG companies are still successful in the German market as profitable niche providers.

Estonia, Latvia and Lithuania

The positive growth trend in the Baltic States continued in 2015. All three Baltic States displayed significant premium growth. Estonia reported an increase in 2015 of 9.7% compared with the same period last year. Growth in Latvia was similarly high in the 1st–3rd quarter of 2015, at 7.3% and in Lithuania at 6.9%. Life insurance reported particularly dynamic growth in all three markets.

In Estonia, the VIG is active via the Group company Compensa Life, which is also represented by branches in Latvia and Lithuania. In 2015, the non-life insurance company Compensa Vienna Insurance Group, UADB, known as Compensa Non-life, was also formed, which is headquartered in Lithuania and handles the business formerly controlled from Poland. It maintains branches in Latvia and Estonia. By purchasing the Latvian non-life insurer "Baltikums Vienna Insurance Group" AAS, abbreviated to "Baltikums", VIG has acquired a majority stake in another company in Latvia. Baltikums operates a branch in Lithuania, whereas in Estonia, insurance products are sold through brokers. A majority interest was also acquired in BTA Baltic in Latvia towards the end of the year. The acquisition took place subject to necessary official approvals. The acquisition of BTA Baltic Insurance Company AAS, known as BTA Baltic, makes VIG one of the top 3 insurers in the non-life insurance market in the Baltic States.

Georgia

The insurance market in Georgia in the 1st–3rd quarter of 2015 recorded a significant increase of 29.4% in premium volume. Despite the dissolution of the national health insurance programme and a resulting decline in this class of insurance, the share of health insurance in the total premium volume totals around 45%. All lines of business were able to record positive growth in local currency compared with the same period of last year. The non-life area increased by 27.9%, the life area increased by 59.2% and health insurance increased by 17.2%.

A total of 14 insurance companies operate in the Georgian market. VIG is represented by two companies, IRAO and GPIH, which together, occupy the second place in the market, with a total market share of 27.7%.

Croatia

In 2015, the Croatian insurance market grew by 1.9% in local currency. Life insurance recorded an overall increase of 11.2%. This positive development was above all a contribution of the unit-linked products, with an increase of 77.1% in comparison with the previous year. In the area of non-life insurance, negative development in motor third party liability insurance resulted in a decline of 2.2%. Motor own-damage insurance, on the other hand, increased by 10.7% in 2015.

Vienna Insurance Group is represented by two companies in Croatia. Wiener Osiguranje is active both in life and non-life insurance while Erste Osiguranje specialises in life insurance business in cooperation with Erste Group. The Group ranks fourth in the Croatian insurance market with the share of 8.2%. In life insurance, it has a market share of 14.9%, putting it in the third place. In the area of non-life insurance, it is in the sixth place, with 4.8%.

Liechtenstein

Liechtenstein benefits from a central location that gives it unique access to the European Economic Area and Swiss market. As a result, the insurance companies located there offer international insurance solutions. At the end of 2015, 21 life insurance, 17 property and casualty insurance and 3 reinsurance companies had registered offices in Liechtenstein. The provisional figures for the market as a whole lead to an expectation of a slight decline in the level of premium income in 2015.

Vienna Insurance Group is represented by Vienna-Life in Liechtenstein. Vienna-Life operates exclusively in life insurance and concentrates predominantly on unit-linked and index-linked life insurance.

Macedonia

In comparison with the previous year, the Macedonian insurance market grew on a local-currency basis by 7.8%. With an 89.0% share in total premium volume and a 6.3% increase in premiums in comparison with the previous year, non-life insurance remains the major growth driver in this market. The life insurance area in Macedonia remains very underdeveloped, but the largest growth rate was achieved here, with an increase of 21.7%.

VIG is represented by three Group companies in the Macedonian market: Winner Non-Life, Winner Life, and Makedonija Osiguruvanje. It is the market leader, with a share of 21.3%. VIG holds the first place for non-life insurance and the third place for life insurance.

Moldova
A total of 15 insurance companies are active in the Moldovan insurance market. In the 1st–3rd quarter of 2015, total premium increase of 1.0% in local currency in comparison with the previous year was reported. The market is dominated by the non-life business, which achieved premium increases of 0.6% in 2015, with a share of 93.6% of total premium volume. In life insurance, premiums grew in comparison with the previous year by 7.4%.

VIG is represented by the Group company Donaris in Moldova. Its acquisition last year enabled VIG to open up the last country in the CEE region and extend its presence to 25 countries. In Moldova VIG is third in the market with a share of 13.6%.

Serbia
In local currency, the premium volume reported growth of 18.0% in the 1st–3rd quarter 2015 in comparison with the same period of the previous year. The 17.1% increase in premiums in non-life insurance is mainly a result of positive performance in the area of motor third party liability insurance. The life insurance area in Serbia has only a low level of market penetration. Nevertheless, it was possible to increase premiums in the first three quarters of 2015 by 21.3%, with bank cooporations performing particularly well.

In Serbia, the Vienna Insurance Group is represented by Wiener Städtische Osiguranje in the field of life and non-life insurance. With market share of 9.3%, VIG is the fourth largest insurer. In life insurance, it is in the second place, and in non-life insurance, in the fifth place.

Turkey
The Turkish insurance market achieved a premium increase of 19.4% on a local-currency basis in the year 2015. With a share of 87.9% of total premium volume and a strong increase of 20.1% compared with the previous year, the non-life sector dominates the Turkish insurance market. The growth results both from the dynamic development of the property and casualty line of business (+17.6%) and from the sharp rise of 22.8% in motor insurance. Life insurance grew in 2015 by 14.7%.

VIG is represented by the non-life insurer Ray Sigorta in the Turkish insurance market. VIG's 1.4% share of total premium volume places it in 13th place on the market.

Ukraine
Premiums in the Ukrainian insurance market grew by 27.1% in local currency during the 1st–3rd quarter of 2015. This resulted primarily from a 29.7% increase in non-life insurance. The non-life insurance market is strongly characterised by price fights and commission dumping. The devaluation of the currency and rate increases in the area of the motor third party liability insurance resulted in an increase of 22.7% in motor insurance, although a decrease in the number of new policies was observed. Gross premiums in the area of life insurance in the first three quarters of 2015 remained at the same level as in the same period of the previous year.

Vienna Insurance Group is represented in Ukraine by four insurance companies, the three non-life insurance companies UIG, Kniazha and Globus and the life insurance company Jupiter. VIG has a market share of 4.3%, which puts it in the third place in the Ukrainian insurance market. In the area of non-life insurance, Vienna Insurance Group is in the second place, and in life insurance, it is in the ninth place.

Hungary
The total premiums in the Hungarian insurance market in 2015 in local currency displayed growth of 2.5% in comparison with the previous year. The 8.3% increase in premiums in non-life insurance mainly results from positive performance in motor insurance. With regard to life insurance, in contrast, a decrease of 2.6% was reported, which results mainly from a decrease in single premium business. On the other hand, positive trends can be seen in the area of pension insurance. The tax advantages are having an effect and led to an increase in premiums of 58.8% during 2015.

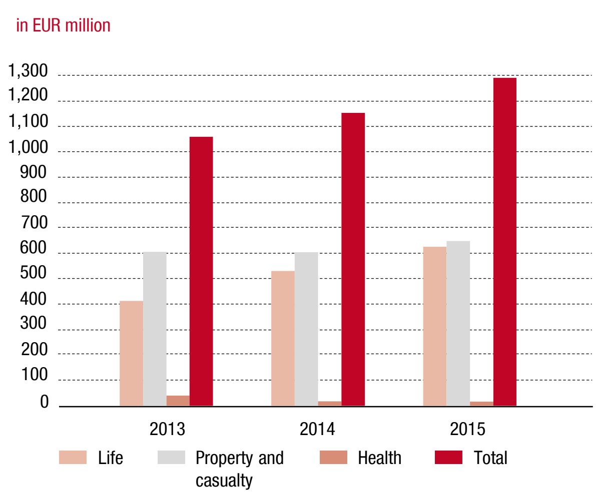
VIG's represented in Hungary by three companies: the life and non-Life insurance company Union Biztosító and the two life insurance companies Erste Biztosító and Vienna Life Biztosító. With a market share of 7.4%, VIG is in the sixth place in the Hungarian insurance market. In non-life insurance, VIG has a 5.9% market share and an 8.8% market share in life insurance, putting it in the 6th place for each.

Business development in the Remaining Markets in 2015

Premium development

In the Remaining Markets, Vienna Insurance Group generated total premiums written of EUR 1,294.18 million in 2015 (2014: EUR 1,155.64 million), representing a significant increase of 12.0% compared with the previous year. Net earned premiums were EUR 981.70 million in 2015 (2014: EUR 880.13 million), an increase of 11.5% compared with the previous year.

PREMIUMS WRITTEN IN THE REMAINING MARKETS



Property and casualty insurance in the Remaining Markets increased premium volumes by 7.3% to EUR 650.44 million (2014: EUR 606.08 million). The countries in which development was particularly noteworthy are Turkey and Bulgaria which reported particularly dynamic growth rates in motor third party liability, motor own-damage, and fire insurance.

Life insurance premium income from Vienna Insurance Group companies in the Remaining Markets rose by 18.0% to EUR 626.95 million in 2015 (2014: EUR 531.42 million). In the CEE countries, the strong growth rates in the Baltic States, Bulgaria, and Hungary for regular premiums are particularly noteworthy.

In the area of health insurance, premiums written by the Georgian Group companies decreased by 7.5% to EUR 16.78 million. The decline is almost exclusively the result of the devaluation of the Georgian Lari.

Expenses for claims and insurance benefits

Expenses for claims and insurance benefits less reinsurance were EUR 697.28 million in 2015 (2014: EUR 653.14 million). In a comparison with the previous year, this means an increase in expenses for claims and insurance benefits (less reinsurance) of 6.8%, which resulted from the first-time consolidation of Vienna Life in Hungary (as of 1 July 2014) and of Donaris in Moldova (as of 31 December 2014).

Acquisition and administrative expenses

In 2015, acquisition and administrative expenses in the Remaining Markets of EUR 209.29 million in 2014 increased to EUR 215.45 million. This corresponds to an increase of 2.9% in comparison with the previous year, which above all results from the first inclusion of Vienna Life in Hungary (as of 1 July 2014) and Donaris in Moldova (as of 31 December 2014), as already mentioned.

Profit before taxes

Above all as a result of impairments on receivables in the area of property and casualty insurance in Bulgaria, profit before taxes in Remaining Markets decreased by 17.2% to EUR 42.79 million.

Combined ratio

In 2015, the VIG combined ratio in the Remaining Markets was 99.8% (2014: 97.6%). This is a result of higher loss ratios in the motor lines of business in Turkey and Albania.

VIENNA INSURANCE GROUP IN THE REMAINING MARKETS

	2015	2014	2013
in EUR million			
Premiums written	**1,294.18**	**1,155.64**	**1,061.64**
Life	626.95	531.42	414.16
Property and casualty	650.44	606.08	607.09
Health	16.78	18.13	40.39
Profit before taxes	**42.79**	**51.66**	**49.00**

CENTRAL FUNCTIONS

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

VIG Holding primarily focuses on managerial tasks for the Group. It also operates as an international reinsurer and in the international corporate business.

The Group's own reinsurance company, VIG Re, was formed in Prague in 2008 and is a successful reinsurance provider for both Vienna Insurance Group companies and external partners. VIG has established itself as an important company in the CEE region and follows a conservative underwriting and investment strategy. Standard & Poor's confirmed VIG Re's A+ rating with a stable outlook in July 2015.

Business development in the Central Functions in 2015

The companies in the Central Functions recorded premiums written of EUR 1,248.91 million in 2015. This represented a decrease in premium volume of 3.2% in comparison with the previous year, which resulted from a lower volume of reinsurance within the Group. The loss of EUR 347.24 million reported in the Central Functions (2014: EUR -2.24 million) is mainly a result of the impairment of IT systems in the amount of EUR 195.00 million (2014: EUR 50.00 million) and also of impairments of goodwill and insurance portfolios.

NON-FINANCIAL PERFORMANCE INDICATORS

Since the Beginnings of the Group more than 190 years ago, the ethical values that form the basis of the corporate development are deeply embedded in the Group's understanding of itself. Credibility and integrity, as well as appreciation and respect, form part of these values and underpin the corporate responsibility that is put into practice.

The VIG uses many measures and projects to provide a valuable contribution in many areas of society. The following provides some examples that represent the Group's wide range of commitments.

Social involvement

Children and the promotion of their development is an area of particular importance in the social activities of VIG.

VIG Kids Camp
Around 500 children from 22 nations – from Bulgaria and Ukraine to Slovakia and Poland, to name a few – spent two weeks of their summer holidays in 2015 at VIG Kids Camp. For the sixth time, the main shareholder of Vienna Insurance Group, Wiener Städtische Versicherungsverein, invited children of employees of VIG Group companies to Austria. They had three camps to choose from: the "City Camp" on the outskirts of Vienna, the "Country Camp" in Wagrain in Salzburg, and the "Mountain Camp" in Mariazell in Styria. This is a fun way for children to get to know the international environment in which their parents work. At the same time, the VIG kids camp promotes inter-cultural relations and diversity by opening up countless new horizons.

Language learning app
In autumn 2015, a new free app enabled children to learn essential German vocabulary independently. Various exercises and repetitions help them master a basic vocabulary of around 1,000 words. The app for smart phones and tablets is also backed up by printed learning materials. This way, teachers can also aid students with the project. The VIG Group company Wiener Städtische is one of the partners of this Austrian education initiative, which mainly benefits migrants and supports them by helping them adapt to their new environment.

Cultural commitment

Gustav Mahler Youth Orchestra
As a place of learning for talented European orchestra musicians, Gustav Mahler Youth Orchestra, which is considered the best youth orchestra in the world, helps young Austrian musicians play music with their colleagues from all over Europe, traditionally including many participants from Central and Eastern Europe. More than 2,000 musicians apply each year, and after the rigorous selection process, the best are invited to join the orchestra. Vienna Insurance Group has supported Gustav Mahler Youth Orchestra for many years.

Environmental factors

Taking care of the environment is also one of the key components of corporate responsibility. VIG demonstrates it in various ways: starting with energy-efficient air conditioning in the form of a district cooling system and the use of video conference rooms for international meetings at company headquarters to using sustainable construction methods for new construction projects. Furthermore, in 2014, a new printer concept was introduced in the Austrian companies, which led to a substantial reduction in paper consumption. Embracing the digital age, the Czech company Kooperativa has created an option for digital signature with biometric features. This not only makes processing convenient for clients, but also saves paper. The Romanian VIG company Omniasig also began a campaign intended to draw attention to environmental issues, in particular, protection of the Danube Delta nature reserve.

Employees

The diversity of the different Vienna Insurance Group companies is also a reflection of the diversity of its employees. This diversity is part of day-to-day life within Vienna Insurance Group. Respect for different cultures and the cross-border sharing of experience and know-how have played an important role in the sustained success of the Group. As an employer, VIG's goal in this respect is to promote the professional and personal development of its employees and support them in demonstrating and further developing their abilities.

In 2015, Vienna Insurance Group employed 22,995 people. Of these, 12,791 worked in field sales and 10,204 worked in administration. Overall, the Company employs 365 fewer people in comparison with the previous year. This decrease is the result of the merger in Poland, as well as the optimisation programme in Romania. In 2015, the proportion of women across the Group was approximately 60%. Women hold around 22% of the positions on the Managing Boards of VIG insurance companies and around 12% of the Managing Board chairs are women. Elisabeth Stadler has been managing the Group since 1 January 2016. She is currently Austria's only female Managing Board chair of an ATX company. Including distribution, women hold around 40% of the management positions at the level directly below the Managing Board in Vienna Insurance Group insurance companies across Europe (not including distribution: around 45%).

EMPLOYEES BY REGION

	2015	2014	2013
Austria	5,133	5,202	5,235
Czech Republic	4,758	4,802	4,852
Slovakia	1,580	1,579	1,557
Poland	1,723	1,825	1,742
Romania	2,106	2,351	2,727
Remaining Markets*	7,258	7,168	6,706
Central Functions**	437	433	543
Total	**22,995**	**23,360**	**23,362**

* Remaining Markets Albania, Bosnia-Herzegovina, Bulgaria, Croatia, Estonia, Georgia, Germany, Hungary, Latvia, Liechtenstein, Lithuania, Macedonia, Moldova, Serbia, Turkey, Ukraine

** Central Functions include VIG Holding, VIG Re, VIG Fund, corporate IT service providers and intermediate holding companies

Removing barriers to women's careers is one of the key elements of the personnel strategy at Vienna Insurance Group. In addition to implementing this principle to, for example, the management development process, efforts are being made to give visibility to ambitious women at all levels, for example, by assigning more women to attend external conferences, platforms, etc. as representatives of the Company.

VIG is specifically involved in events such as the "Business Riot" - the Festival for Women, Work & Entrepreneurship, in particular making contributions on the subject of "actively structuring female careers".

Corporate governance

VIG is committed to the application of and compliance with the January 2015 version of the Austrian Code of Corporate Governance. This is available to the public both on the VIG website at www.vig.com/en/ir and on the website of the Austrian Working Group for Corporate Governance.

SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

Significant events in accordance with the balance sheet date are presented on page 193 in the notes to the financial statements.

RESEARCH AND DEVELOPMENT

Vienna Insurance Group is contributing its expertise to the development of insurance-specific software models.

RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

The VIG risk management system is firmly anchored in the management culture of the Company and is based on a clearly defined, conservative risk policy, extensive risk expertise, a highly developed set of risk management tools, and risk-based Managing Board decisions.

The detailed risk report for VIG is provided in the notes to the consolidated financial statements on page 100.

For information on the financial instruments used, please see the notes to the consolidated financial statements (Summary of significant accounting policies) and the risk report (starting on page 100).

Internal control and risk management system in the accounting process

Preparation of the consolidated financial statements includes all activities required for presentation and disclosure of the net assets, financial position and results of operations of the Group in accordance with the provisions of the law and the IFRS. The consolidated financial statements consist of the balance sheet, income statement, statement of comprehensive income, statement of changes in equity, consolidated statement of cash flows, segment reporting and all necessary disclosures in the notes. The financial statement process includes the aggregation of all data from accounting and upstream processes for the annual financial statements.

Risk management is implemented in the Vienna Insurance Group accounting process in accordance with the five elementary components of the COSO (Committee of Sponsoring Organisations of the Treadway Commission) framework model for internal risk management.

Control environment

The organisational structure consists of the local accounting departments of the individual Group companies and the Group accounting department at the Vienna Insurance Group headquarters in Vienna. The accounting departments of the Group companies prepare both local GAAP and IFRS financial statements and then send the IFRS figures to the Group accounting department in Vienna. The IFRS financial statements are prepared in accordance with uniform Group accounting policies.

The Group companies mostly send their data using the local SAP system in which the data are entered. Some international companies and all Austrian insurance companies upload their balance sheets and income statements. The Group accounting department consolidates the data and prepares the consolidated financial statements.

Risk assessment

In order to identify risks in the accounting process and eliminate them as far as possible, the annual financial statement process has been documented. The documentation covers the entire process all the way from data entry by the employees of Group companies and automatic and manual controls and analyses during the consolidation process, to publication of the final annual report.

Control measures

The IFRS financial statements are prepared in accordance with uniform Group accounting policies. The newest version of the IFRS manual and detailed information on Group-wide reporting requirements are sent to the responsible persons in the local accounting departments before each set of quarterly and annual financial statements are prepared in order to ensure uniform reporting across the Group. Both automatic (using SAP validations) and manual checks (performance analyses and plausibility checks by employees in the Group accounting department) are performed for the financial statement data that is received. Additional checks in the form of control calculations and reconciliation of, in particular, reinsurance and financing balances are performed to identify and eliminate potential errors.

In addition, an earnings reconciliation statement is prepared, the accuracy of individual parts of the consolidated financial statements is checked, and a plausibility check is performed for the consolidated financial statements as a whole to ensure that the presentation is complete and correct.

The accounting employees also work together closely with the Controlling department (e.g. variance analyses) when the financial statements are prepared. The data are also regularly submitted to the Managing Board for review and checking.

In order to ensure that the annual report is completed correctly and on time by the publication deadline, strict deadlines are set for the quarterly and annual financial statements and the Group companies are already informed of these deadlines at the beginning of the 4th quarter for the coming financial year.

The employees of the Group accounting department ensure in advance that the Group companies can send their data on time.

Information and communication

The intensive collaboration with other areas of the Company, in particular Controlling, generates a lively exchange of information and communications.

In addition to the annual report at the end of each financial year, interim reports are published each quarter in accordance with IAS 34 and statutory provisions.

The Investor Relations department is responsible for reporting to Vienna Insurance Group shareholders. This takes place both in personal meetings and via the Company website. This provides shareholders and other interested parties access to annual and quarterly reports, and to regularly updated information on key figures, share prices, the financial calendar, ad hoc news and other relevant topics.

Monitoring

The Group accounting department is managed by the Vienna Insurance Group Chief Financial Officer and is responsible for preparing the Group Annual Report. Quarterly reports are provided to the Managing Board and Supervisory Board to ensure regular monitoring of the internal control system. Risks are continuously monitored by internal cross-departmental Group controls (e.g. Group accounting department, Controlling).

Group-wide guidelines exist in order to standardise the handling of significant risks throughout the Group, and also provide a tool for risk monitoring. Local management is responsible for implementing these guidelines in the individual Group companies.

The auditor takes the internal control system into account during the financial statement audit to the extent that it is relevant to preparation of the consolidated financial statements.

The financial statement auditor also assesses the effectiveness of the risk management system in accordance with Rule 83 of the Austrian Corporate Governance Code.

Disclosures in accordance with § 267(3a) in combination with § 243a UGB

1. The share capital of the Company totals EUR 132,887,468.20. It is divided into 128,000,000 no-par value bearer shares with voting rights, each share representing an equal portion of share capital.

2. The Managing Board is not aware of any restrictions on voting rights or the transfer of shares.

3. Wiener Städtische Versicherungsverein holds (directly or indirectly) approximately 70% of the share capital.

4. No shares have special rights of control. See point 6 for information on the rights of the shareholder Wiener Städtische Versicherungsverein.

5. Employees who hold shares exercise their voting rights without a proxy during general meetings.

6. The Managing Board must have at least three and no more than seven members. The Supervisory Board has three to ten members (shareholder representatives). The shareholder Wiener Städtische Versicherungsverein has the right to appoint up to one third of the members of the Supervisory Board if, and so long as, it holds 50% or less of the Company's voting shares. General meeting resolutions are adopted by a simple majority, unless a different majority is required by law or the articles of association.

7. a) The Managing Board is authorised to increase the Company's share capital by a nominal amount of EUR 66,443,734.10 by issuing 64,000,000 no-par value bearer or registered shares in one or more tranches on or before 2 May 2018 against cash or in-kind contributions. The terms of the shares, the exclusion of shareholder pre-emption rights, and the other terms and conditions of the share issue are decided by the Managing Board, subject to Supervisory Board approval. Preferred shares without voting rights may also be issued, with rights equivalent to those of existing preferred shares. The issue prices of common and preferred shares may differ.

b) The general meeting of 3 May 2013 authorised the Managing Board to issue, subject to Supervisory Board approval, one or more tranches of bearer convertible bonds with a total nominal value of up to EUR 2,000,000,000.00 on or before 2 May 2018, with or without exclusion of shareholder pre-emptive rights, and to grant the holders of convertible bonds conversion rights for up to 30,000,000 no-par value bearer shares with voting rights in accordance with the convertible bond terms set by the Managing Board.

c) The share capital has consequently been increased in accordance with Section 159 (2) no. 1 of the Austrian Stock Corporation Act (AktG) on a contingent basis up to EUR 31,145,500.36, through the issue of up to 30,000,000 no-par value bearer shares with voting rights. The contingent capital increase will only be implemented to the extent that holders of convertible bonds issued on the basis of the general meeting resolution of 3 May 2013 exercise the subscription or exchange rights they were granted. The Managing Board has not adopted any resolutions to date concerning the issuance of convertible bonds based on the authorisation granted on 3 May 2013.

d) The general meeting of 3 May 2013 further authorised the Managing Board to issue, subject to Supervisory Board approval, one or more tranches of bearer income bonds with a total nominal value of up to EUR 2,000,000,000.00 on or before 2 May 2018, with or without exclusion of shareholder pre-emptive rights. The Managing Board has not adopted any resolutions to date regarding the issuance of income bonds based on this authorisation.

As of 31 December 2015, no authorisation of the Managing Board under § 65 of the AktG (acquisition of own shares) was in effect, and the Company held none of its own shares as of 31 December 2015.

8. As of 31 December 2015, the Company was not party to any material agreements that would come into effect, change or terminate if control of the Company were to change due to a takeover bid, in particular, no agreements that would affect participations held in insurance companies. Existing agreements that would come into effect if control of the Company were to change due to a takeover bid relate to participations held in other (non-insurance) companies.

9. No compensation agreements exist between the Company and its Managing Board members, Supervisory Board members or employees covering the case of a public takeover bid.

Outlook for 2016

AUSTRIA

The lack of economic dynamism in the Eurozone, the US and some major emerging markets has had a dampening effect on growth forecasts for the Austrian economy as a result of its traditionally strong foreign trade links. Notwithstanding the fact that the demand for exports and investment in equipment had an invigorating effect, private consumption decreased by the end of 2015. This is added to an increasingly tight job market with an unemployment rate of 9.1% in January 2016. The International Monetary Fund (IMF) sees no signs of a recovery and in its winter forecast maintains a growth rate of 1.7% for the Austrian gross domestic product for both 2016 and 2017.

The low oil price continued to provide relief to the budgets of companies and private households and helped to keep inflation low. However, no long-term fall in energy prices is expected. The positive trends expected in the first months of 2016 relate mainly to increased demand in purchasing and the intermediate input sections of the industry. The more positive expectations are not, however, expected to take immediate effect in the consumer goods industry.

As part of a slight recovery in the Austrian economy in the calendar year 2016 based on the manufacturing industry index, it is expected that it will be possible to achieve values again that correspond approximately to the average for the past few decades. At the beginning of the year, a tax reform came into force in Austria which it is hoped will somewhat reinvigorate private demand that has been moderate over the past few months.

The lasting low interest rates will continue to present a challenge for the life insurance business in both Austria and Europe, as well as in other parts of the world. The Austrian banking system is currently in a major restructuring phase. This involves firstly a reduction in the number of banks and branches, and secondly the further increasing of the capital base required by the international regulatory authorities.

The public budget deficit remained within the limits in 2015 at 2.0% of GDP. Despite the continuing high level of government debt of 86.7% and the doubts expressed by the EU commission as to whether the budget targets set can really be achieved, Austria still has an “AA+” rating on the international capital markets (Standard & Poor’s). During the dismantling of HETA last year, initial steps were put into place that were intended to have a positive effect on government debt in years to come. Nevertheless, overcoming the burden of debt will remain one of Austria’s main challenges, alongside unemployment and immigration issues.

The Austrian Insurance Association (VVO) expects premium volume to rise to EUR 17.5 billion in 2016, representing a year-on-year increase of 0.3%. While property and casualty insurance is expected to develop in a constant manner at 1.9%, life insurance business, which grew by only 0.2% in 2015, is expected to see a decline of 2.4% in the coming year. In health insurance in Austria, stable premium growth of 3.0% is expected for 2016.

CEE REGION

According to international forecasts, positive development is to be expected in Central and Eastern Europe this year. Almost all VIG markets can expect to see economic development at least remain stable or even grow. The forecasts for Romania are particularly positive for 2016 according to the Vienna Institute for International Economics (WIIW) which is anticipating GDP growth of 4.0%. Growth will remain solid in Poland also, at 3.4%. Particular growth is expected in the Baltic States. Economic growth in Estonia should rise by a percentage point to 2.2%. Both Latvia and Lithuania are expected to achieve a level of 3.0% in 2016, with Latvia increasing its growth by 0.3 percentage points in comparison with the previous year and Lithuania by 1.4 percentage points. The Czech Republic is expected to see growth of 2.4%, which is a very solid value for an economy that is already very well developed. Hungary expects economic growth in 2016 of 2.2%. A decline in GDP growth to 2.0% is forecasted in Slovenia for 2016.

The expiry of EU subsidy programmes from which Hungary in particular has been benefiting massively during the last phase will have the effect of slowing down growth. In the Czech Republic, the slow recovery in Germany and a restrictive fiscal policy will have a detrimental effect. In Slovenia the recovery is progressing slowly mainly because it is driven by private consumption. The trend remains positive, however. This applies to most countries in the West Balkan region also. In 2016, their overall growth remains at a moderate level but the development nevertheless tends towards solid growth.

It is difficult to estimate what the effect of the migration crisis on the CEE countries will be. The greater availability of additional workers is having a positive effect, as are the immediate expansive measures that governments are taking in response to the crisis. On the other hand, there will be medium to long-term negative effects of difficulties in integration into employment markets, as well as increased budget deficits.

Developments during 2015 made it possible to expect a certain amount of stabilisation in Greece in 2016. The unity of the European Union, however, is still repeatedly being questioned. It appears at the moment, however, that it will not be necessary for Greece to leave the EU and that there will be no dismantling of the Union. But this apparently stable state is not certain in the long-term.

It is expected that oil prices will continue to remain low, which will support global demand. One of the major challenges over the coming months and years will probably be a global switch to sustainable energies, as well as the cohesion or restructuring of the European Union. Both of these, however, also represent enormous economic and political potential.

In the insurance industry, the major challenges will remain the low interest rate environment and the severe price competition in particular in the area of motor insurance.

VIENNA INSURANCE GROUP – OUTLOOK

The new management team of VIG will continue to pursue the proven business strategy. In addition to the Group-wide management principles practised, the insurance business as the central core competence is as strongly anchored as is its regional focus. Vienna Insurance Group remains convinced of the great potential offered by the CEE region, and is firmly committed to Austria and Central and Eastern Europe as its home market.

VIG 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 a calculated push of property and casualty insurance and life insurance with regular premiums. In addition, Vienna Insurance Group will pay attention to potential for insurance in small and medium-size companies and place a strong focus on the area of health insurance. Furthermore, on the product and service side, there will be a new focus on digitalisation.

Based on the proven multi-brand strategy and the many well-established regional sales channels - including the successful cooperation with Erste Group - the Group aims to strengthen its market share both by means of organic growth and through further acquisitions aimed at improving its position in the markets and strategically supplementing the existing portfolio. Acquisitions will be made in areas that make sense economically for VIG in order to achieve the target market position more quickly. Countries where VIG holds top market share should be secured.

These include the Czech Republic and Slovakia, in each of which Vienna Insurance Group holds a market share of over 30%, and Austria, where it holds almost 24%. In Poland, Hungary, Croatia, and Serbia, Vienna Insurance Group wants to increase its market share to a minimum of 10% in the medium term. Despite this aim, there will still be a focus on cost-effectiveness. Investigations will be done to determine where consolidations or bundling of services and processes would make sense.

With regard to the development of results of VIG, it is anticipated that the current low interest rate environment will again lead to a decline in the ordinary financial result in 2016. Vienna Insurance Group will continue to rule out boosting investment income by taking greater investment risks. While maintaining its conservative investment policy, the Group aims to at least double its profit before taxes to earn up to EUR 400 million in 2016. In addition, VIG will pursue a medium-term improvement in the combined ratio approaching 95%.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

General disclosures

Notes to the consolidated balance sheet – assets

Notes to the consolidated balance sheet – liabilities and share holders' equity

Notes to the income statement

Additional disclosures

Consolidated financial statements in accordance with IFRS	31.12.2015
Reporting period	1.1.2015–31.12.2015
Balance sheet as of previous reporting date	31.12.2014
Income statement as of previous reporting period	1.1.2014–31.12.2014
Currency	EUR

CONSOLIDATED BALANCE SHEET AS OF 31 DECEMBER 2015

ASSETS	Notes	31.12.2015	31.12.2014
in EUR '000			
A. Intangible assets	**1**		
I. Goodwill	A	1,579,639	1,643,721
II. Purchased insurance portfolios	B	40,773	70,478
III. Other intangible assets	C	459,545	655,647
Total intangible assets		**2,079,957**	**2,369,846**
B. Investments			
I. Land and buildings	2, D	1,907,737	1,851,219
a) Self-used property		434,306	427,384
b) Investment property		1,473,431	1,423,835
II. Shares in at equity consolidated companies	3+4	886,892	806,641
III. Financial instruments	E	27,914,596	27,701,683
a) Loans and other investments	5	3,798,216	4,055,077
b) Other securities	6	24,116,380	23,646,606
Financial instruments held to maturity		3,066,115	3,045,935
Financial instruments available for sale		20,649,481	20,134,501
Financial instruments recognised at fair value through profit and loss*		400,784	466,170
Total investments		**30,709,225**	**30,359,543**
C. Investments for unit-linked and index-linked life insurance	**7, F**	**8,144,135**	**7,742,181**
D. Reinsurers' share in underwriting provisions	**8, G**	**1,030,740**	**1,105,743**
E. Receivables	**9, H**	**1,390,233**	**1,502,027**
F. Tax receivables and advance payments out of income tax	**10, I**	**216,846**	**119,209**
G. Deferred tax assets	**11, J**	**123,692**	**113,244**
H. Other assets	**12, K**	**349,919**	**331,307**
I. Cash and cash equivalents	**13**	**1,103,234**	**781,987**
Total ASSETS		**45,147,981**	**44,425,087**

* Including held for trading

The references (numbers and letters) shown for individual items in the consolidated balance sheet and consolidated income statement refer to detailed disclosures for those items in the notes to the consolidated financial statements. The numbers refer to the detailed disclosures in the "Notes to the consolidated balance sheet" section starting on page 125. The letters refer to the explanatory text in the "Summary of significant accounting policies" section starting on page 72.

CONSOLIDATED BALANCE SHEET AS OF 31 DECEMBER 2015

LIABILITIES AND SHAREHOLDERS' EQUITY	Notes	31.12.2015	31.12.2014
in EUR '000			
A. Shareholders' equity	**14**		
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	245,602
IV. Retained earnings		2,280,499	2,378,849
V. Other reserves		144,125	244,063
Subtotal		**4,860,133**	**5,110,404**
VI. Non-controlling interests		197,670	173,023
Total shareholders' equity		**5,057,803**	**5,283,427**
B. Subordinated liabilities	**15**	**1,280,308**	**919,678**
C. Underwriting provisions			
I. Provision for unearned premiums	16, L	1,181,269	1,143,490
II. Mathematical reserve	17, M	21,068,385	20,854,835
III. Provision for outstanding claims	18, N	4,603,648	4,488,944
IV. Provision for profit-unrelated premium refunds	19, O	56,060	52,360
V. Provision for profit-related premium refunds	19, P	1,182,632	1,277,796
VI. Other underwriting provisions	20, Q	53,129	72,527
Total underwriting provisions		**28,145,123**	**27,889,952**
D. Underwriting provisions for unit-linked and index-linked life insurance	**21, R**	**7,776,602**	**7,392,417**
E. Non-underwriting provisions			
I. Provisions for pensions and similar obligations	22, S	387,197	444,924
II. Other provisions	23, T	276,199	263,897
Total non-underwriting provisions		**663,396**	**708,821**
F. Liabilities	**24, U**	**1,634,579**	**1,679,355**
G. Tax liabilities out of income tax	**25**	**121,801**	**84,081**
H. Deferred tax liabilities	**11**	**294,895**	**286,789**
I. Other liabilities	**26**	**173,474**	**180,567**
Total LIABILITIES AND SHAREHOLDERS' EQUITY		**45,147,981**	**44,425,087**

CONSOLIDATED INCOME STATEMENT FOR THE PERIOD FROM 1 JANUARY 2015 TO 31 DECEMBER 2015

	Notes	2015	2014
in EUR '000			
Premiums	**28**		
Premiums written – gross		**9,019,759**	**9,145,728**
Premiums written – reinsurers' share		-799,817	-808,551
Premiums written – retained		**8,219,942**	**8,337,177**
Change in unearned premiums – gross		-38,223	12,643
Change in unearned premiums – reinsurers' share		-1,184	3,922
Net earned premiums – retained		**8,180,535**	**8,353,742**
Financial result excluding at equity consolidated companies	**29**		
Income from investments		1,452,907	1,517,822
Expenses for investments and interest expenses		-452,920	-465,519
Total financial result excluding at equity consolidated companies		**999,987**	**1,052,303**
Result from shares in at equity consolidated companies	**30**	**74,911**	**64,557**
Other income	**31**	**150,207**	**125,458**
Expenses for claims and insurance benefits	**32**		
Expenses for claims and insurance benefits – gross		-7,107,571	-7,368,056
Expenses for claims and insurance benefits – reinsurers' share		358,697	448,123
Total expenses for claims and insurance benefits		**6,748,874**	**-6,919,933**
Acquisition and administrative expenses	**33**		
Acquisition expenses		-1,605,201	-1,662,532
Administrative expenses		-364,698	-345,459
Reinsurance commissions		122,332	133,218
Total acquisition and administrative expenses		**-1,847,567**	**-1,874,773**
Other expenses	**34**	**-637,101**	**-282,988**
Profit before taxes		**172,098**	**518,366**
Tax expense	**35**	**-61,765**	**-127,006**
Profits of the period		**110,333**	**391,360**
thereof attributable to Vienna Insurance Group shareholders		*98,223*	*366,800*
thereof non-controlling interests in net profit for the period	14	*12,110*	*24,560*
Earnings per share*	14		
Undiluted = diluted earnings per share (in EUR)		0.66	2.75
Profit for the period (Carry-forward)		**110,333**	**391,360**

* The calculation of these figures includes the aliquot portion of interest expenses for hybrid capital.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

in EUR '000	Notes	2015	2014
Profit for the period (Carry-forward)		**110,333**	**391,360**
Other comprehensive income (OCI)			
Items that will not be reclassified to profit or loss in subsequent periods			
+/- Underwriting gains and losses from provisions for employee benefits		14,273	-78,207
thereof deferred profit participation		-4,977	27,894
thereof deferred taxes		-2,814	13,112
Subtotal		**6,482**	**-37,201**
Items that will be reclassified to profit or loss in subsequent periods			
+/- Exchange rate changes through equity		8,171	-52,335
+/- Unrealised gains and losses from financial instruments available for sale		-475,064	1,500,265
+/- Cash flow hedge reserve		3,468	1,093
+/- Share of other reserves of associated companies		1,873	-3,438
thereof deferred actuarial reserve		167,076	-998,236
thereof deferred profit participation		151,108	-226,543
thereof deferred taxes		35,753	-62,504
Subtotal		**-107,615**	**158,302**
Total OCI		**-101,133**	**121,101**
Total comprehensive income		**9,200**	**512,461**
thereof attributable to Vienna Insurance Group shareholders		*-1,715*	*486,924*
thereof non-controlling interests		*10,915*	*25,537*

For the basis of the measurements shown in the following tables (segment reporting and cash flow statement) please refer to the number and letter references of the corresponding items in the consolidated balance sheet and consolidated income statement.

CONSOLIDATED SHAREHOLDERS' EQUITY

Change in consolidated shareholders' equity in financial years 2015 and 2014

in EUR '000	Share capital	Other capital reserves	Capital reserves from additional payments on hybrid capital	Retained earnings	Other reserves	Sub-total	Non-controlling interests	Share-holders' equity
As of 1 January 2014	**132,887**	**2,109,003**	**245,602**	**2,184,297**	**123,939**	**4,795,728**	**170,824**	**4,966,552**
Changes in scope of consolidation/ownership interests	0	0	0	9,152	0	9,152	-3,649	5,503
Total comprehensive income	0	0	0	366,800	120,124	486,924	25,537	512,461
Dividend payment*	0	0	0	-181,400	0	-181,400	-19,689	-201,089
As of 31 December 2014	**132,887**	**2,109,003**	**245,602**	**2,378,849**	**244,063**	**5,110,404**	**173,023**	**5,283,427**
As of 1 January 2015	**132,887**	**2,109,003**	**245,602**	**2,378,849**	**244,063**	**5,110,404**	**173,023**	**5,283,427**
Changes in scope of consolidation/ownership interests	0	0	0	4,508	0	4,508	21,997	26,505
Total comprehensive income	0	0	0	98,223	-99,938	-1,715	10,915	9,200
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	-8,265	-200,810
As of 31 December 2015	**132,887**	**2,109,003**	**193,619**	**2,280,499**	**144,125**	**4,860,133**	**197,670**	**5,057,803**

* Including payment for servicing the hybrid capital.

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

The share of changes recognised directly in the equity of the companies accounted for using the equity method is EUR 77,060,000 (EUR 61,959,000).

The dividend payments of EUR 192,545,000 (EUR 181,400,000) are comprised of EUR 179,200,000 (EUR 166,400,000) in dividends and EUR 17,793,000 (EUR 20,000,000) in interest payments on the hybrid capital, less EUR 4,448,000 (EUR 5,000,000) in deferred taxes recognised directly in equity.

EUR 51,983,000 of the nominal value of the hybrid bond issued in 2008 and 2009 was repurchased in the 1st quarter of 2015. The holders of the bonds also received a premium of EUR 8,536,000 as part of the repurchase. Accrued interest was EUR 1,951,000 for the period between the last interest payment and the repurchase.

Composition Other reserves	31.12.2015	31.12.2014
in EUR '000		
Unrealised gains and losses	411,271	529,630
Cash flow hedge reserve	-2,836	-5,346
Underwriting gains and losses from provisions for employee benefits	-100,192	-106,538
Share of other reserves of associated companies	-6,407	-8,186
Currency reserve	-157,711	-165,497
Total	**144,125**	**244,063**

Unrealised gains and losses	31.12.2015	31.12.2014
in EUR '000		
Bonds	2,062,146	2,519,214
Shares and other participations	124,898	112,674
Investment funds	-3,465	25,877
	2,183,579	**2,657,765**
+/- Exchange rate changes from securities available for sale	10,108	10,986
+/- Policyholder claims		
thereof deferred actuarial reserve	*-831,160*	*-998,236*
thereof provisions for deferred profit participation	*-820,678*	*-971,786*
+/- Deferred taxes	-124,393	-161,104
+/- Non-controlling interests	-6,185	-7,995
Total	**411,271**	**529,630**

Cash flow hedge reserve	31.12.2015	31.12.2014
in EUR '000		
Cash flow hedge	-3,660	-7,128
+/- Deferred taxes	824	1,782
Total	**-2,836**	**-5,346**

Underwriting gains and losses from provisions for employee benefits	31.12.2015	31.12.2014
in EUR '000		
Pension provision and severance payment provision	-194,684	-208,957
+/- Deferred profit participation	60,504	65,481
+/- Deferred taxes	33,030	35,844
+/- Non-controlling interests	958	1,094
Total	**-100,192**	**-106,538**

Share of other reserves of associated companies	31.12.2015	31.12.2014
in EUR '000		
Share of other reserves of associated companies	-7,219	-9,092
+/- Non-controlling interests	812	906
Total	**-6,407**	**-8,186**

Currency reserve	31.12.2015	31.12.2014
in EUR '000		
Currency reserve	-159,225	-167,395
+/- Non-controlling interests	1,514	1,898
Total	**-157,711**	**-165,497**

CONSOLIDATED CASH FLOW STATEMENT FOR THE PERIODE FROM 1 JANUARY 2015 TO 31. DECEMBER 2015

in EUR '000	2015	2014
Profit of the period	**110,333**	**391,360**
Change in underwriting provisions net	877,924	615,626
Change in underwriting receivables and liabilities	65,664	177,489
Change in deposit receivables and liabilities, as well as in reinsurance receivables and liabilities	12,249	-50,614
Change in other receivables and liabilities	-75,212	-15,631
Change in securities held for trading	73,217	130,317
Gains/losses from disposal of investments	-200,002	-171,445
Depreciation/appreciation of all other investments	82,979	143,870
Change in pension, severance payment and other personnel provisions	-56,988	83,356
Change in deferred tax assets/liabilities excl. tax liabilities	34,700	34,467
Change in other balance sheet items	-13,639	-2,352
Change in goodwill and other intangible assets	348,422	113,983
Other cash-neutral income and expenses and adjustments to the result of the period[1]	-141,035	92,854
Cash flow from operating activities	**1,118,612**	**1,543,280**
Cash inflow from the sale of fully and at equity consolidated companies	64,306	4,165
Payments for the acquisition of fully and at equity consolidated companies	-26,065	-96,856
Cash inflow from the sale of securities available for sale	4,141,973	3,678,028
Payments for the acquisition of available for sale securities	-4,987,303	-4,578,929
Cash inflow from the sale of securities held to maturity	306,374	163,483
Payments for the addition of securities held to maturity	-277,784	-221,936
Cash inflow from the sale of land and buildings	29,531	54,888
Payments for the acquisition of land and buildings	-119,512	-245,455
Incoming payments for the sale of intangible assets	534	425
Payments for the acquisition of intangible assets	-54,543	-116,809
Change in unit-linked and index-linked life insurance items	-226,492	-168,375
Change in other investments	261,313	381,579
Cash flow from investing activities	**-887,668**	**-1,145,792**
Corporate actions, incl. hybrid capital	-60,519	0
Increase in subordinated liabilities	400,000	0
Decrease in subordinated liabilities	-39,892	-110,043
Dividend payments	-205,258	-206,089
Cash outflow from other financing activities	-2,597	-2,597
Cash flow from financing activities	**91,734**	**-318,729**
Change in cash and cash equivalents	**322,678**	**78,759**

in EUR '000	2015	2014
Cash and cash equivalents at beginning of period[2]	**781,987**	**719,953**
Change in cash and cash equivalents	322,678	78,759
Additions/disposals from change in consolidation method	1,068	-22,309
Effects of foreign currency exchange differences on cash and cash equivalents	-2,499	5,584
Cash and cash equivalents at end of period[2]	**1,103,234**	**781,987**
Additional information		
Received interest[4]	796,235	805,578
Received dividends[4]	154,416	165,085
Interest paid[3]	48,417	60,262
Income taxes paid[4]	61,510	91,946
Expected cash flow from reclassified securities	**22,653**	**26,609**
Effective interest rate of reclassified securities	**4.34%**	**4.73%**

[1] The non-cash income and expenses are primarily the result of shares in at equity consolidated companies and exchange rate changes

[2] The amount of Cash and cash equivalents at the beginning and the end of period correlates with position I. on the Asset side “Cash and cash equivalents”.

[3] Interest paid result primarily from financing activities

[4] Income tax payments, received dividends and received interest are included in the cash flow from operating activities.

Notes to the consolidated financial statements

GENERAL DISCLOSURES

Summary of significant accounting policies

General information
VIENNA INSURANCE GROUP AG Wiener Versicherung Gruppe is one of the leading Austrian insurance groups in Central and Eastern Europe and thus is also the largest listed insurance group in Austria. Its registered office is located at Schottenring 30, 1010 Vienna. The ultimate parent company, Wiener Städtische Versicherungsverein, includes Vienna Insurance Group in its consolidated financial statements.

VIG insurance companies offer insurance services in the life, health and property/casualty segments in 25 countries of Central and Eastern Europe.

The significant accounting policies applied during preparation of the consolidated financial statements are presented below. The policies described were applied consistently during the accounting periods presented.

Summary of significant accounting policies
The consolidated financial statements as of 31 December 2015 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 § 80b(2) of the Austrian Insurance Supervision Act (Versicherungsaufsichtsgesetz – VAG).

The consolidated financial statements were prepared using historical cost accounting, with the exception of financial instruments available for sale, and financial assets and certain financial liabilities (including derivatives) measured at fair value.

Preparing consolidated financial statements in accordance with the IFRS requires that estimates be made. In addition, application of the Company's accounting policies requires management to make assumptions. Areas with greater leeway for discretion, highly complex areas, or areas involving assumptions and estimates that are of critical importance to the consolidated financial statements are listed in the notes on page 77.

Amounts were rounded to improve readability and, where not indicated otherwise, are shown in thousands of euros (EUR '000). Calculations, however, are done using exact amounts, including digits not shown, which may lead to rounding differences.

CHANGES IN SIGNIFICANT ACCOUNTING POLICIES
Except for the following changes, VIG has consistently applied the accounting policies indicated in all of the periods shown in these consolidated financial statements.

The following new standards and amendments to standards, including all subsequent amendments to other standards were to be applied for the first time starting as of 1 January 2015. All of the standards and amendments to standards that affect VIG were applied in this financial year.

Applicable as of 1 January 2015

IFRIC 21	Levies
all IFRS	Annual improvements (2011–2013 cycle)

Application of these new mandatory IFRSs had the following effects on the financial statements:

Levies
IFRIC 21 is an interpretation for IAS 37 "Provisions, contingent liabilities and contingent assets". It clarifies when statutory levies that do not fall under the scope of other IFRSs must be recognised as liabilities. Under IFRIC 21, a liability must be recognised for levies when the obligating event for recognition occurs.

Annual improvements (2011–2013 cycle)
IFRS 1, IFRS 3, IFRS 13 and IAS 40 are affected, and adjustment of the wording of the individual standards was intended to clarify existing requirements.

Adoption of these revised standards had no material effect on the Group.

Standards that have been published, but not yet applied.
The following standards have been recognised by the European Union or are in the recognition process. Mandatory application, however, is not provided for until a future date.

New provisions adopted by the EU, but not yet mandatory		Applicable as of
IAS 19	Defined benefit plans: employee contributions	1.2.2015*
all IFRS	Annual improvements (2010–2012 cycle)	1.2.2015*

* Application is required in financial years that begin on or after this date. Since VIG's financial year begins on 1 January, implementation of these amendments was not yet required.

New standards and changes to current reporting standards		Applicable as of
Those already adopted by the EU		
Amendments to IAS 27	Separate financial statements (equity method)	1.1.2016
Amendments to IAS 1	Presentation of financial statements	1.1.2016
all IFRS	Annual improvements (2012–2014 cycle)	1.1.2016
Amendments to IAS 16 and IAS 38	Clarification of acceptable methods of depreciation and amortisation	1.1.2016
Amendments to IFRS 11	Joint Arrangements	1.1.2016
Amendments to IAS 16 and IAS 41	Agriculture: plant produce	1.1.2016
Those not yet adopted by the EU		
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
changes according IFRS 10 and IAS 28	Sale or contribution of assets between an investor and its associate or joint venture	still open
changes according 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

IAS 19
The amendment to IAS 19 clarifies that, as before, employee contributions can be deducted from service costs in the period in which the service in question was provided if the amount of the contributions is independent of the number of years of service. Adoption by the EU took place on 17 December 2014.

The Group does not expect these amendments to have any material effect on the financial statements.

Annual improvements (2010–2012 cycle)
The annual improvements involved amendments to seven standards, namely IFRS 2, IFRS 3, IFRS 8, IFRS 13, IAS 16, IAS 24 and IAS 38. Modification of the wording was intended to clarify existing standards, and some of the amendments have an effect on disclosures in the notes.

The Group does not expect these amendments to have any material effect on the financial statements.

Amendments to IAS 27
As a result of the amendments, participations in subsidiaries, joint ventures and associated companies may be accounted for using the equity method in the future.

The amendment is not relevant to the consolidated financial statements.

Amendments to IAS 1
These mainly consist of a clarification that financial statement notes are only necessary when their subject matter is material. The model organisation of the notes was deleted in order to make company-specific organisation easier. It was further clarified that companies can choose where to include the accounting policies section in the notes. The amendments include explanations on aggregation and disaggregation of items in the balance sheet and statement of comprehensive income, and a clarification that interests in the other comprehensive income of at-equity consolidated companies are to be presented in the statement of comprehensive income such that items that will be reclassified to profit or loss are separate from items that will not be reclassified.

VIG will revise the consolidated financial statements appropriately in 2016 in accordance with the new presentation and notes disclosure requirements.

Annual improvements (2012–2014 cycle)
The annual improvements involved amendments to four standards, namely IFRS 5, IFRS 7, IAS 19 and IAS 34. The adjustment of the wording of the individual standards was intended to clarify existing requirements.

The Group does not expect these amendments to have any material effect on the financial statements.

Amendments to IAS 16 and IAS 38
The amendments for property, plant and equipment (IAS 16) and intangible assets (IAS 18) provide clarification concerning the choice of depreciation and amortisation methods. Although revenue-based depreciation methods are not permitted for property, plant and equipment, they are permissible for intangible assets in certain exceptional cases.

The Group does not expect these amendments to have any material effect on the financial statements.

Amendments to IFRS 11
The amendments provide clarification that the principles on business combinations accounting in IFRS 3 and other IFRSs, with the exception of those principles that conflict with the requirements of IFRS 11, must be applied to acquisitions and additional acquisitions of interests in joint operations in which the activity constitutes a business as defined in IFRS 3.

The Group does not expect these amendments to have any material effect on the financial statements.

IFRS 14
The objective is to improve the comparability of financial statements of companies with rate-regulated activities that are applying the IFRS for the first time. The European Commission has decided not to include this standard in EU law.

The amendment is not relevant to the consolidated financial statements.

IFRS 15
The objective is to gather together many requirements previously included in a variety of standards and interpretations. Under IFRS 15, revenues are to be realised when control over the agreed goods and services passes to the customer and the customer can benefit from them. Transfer of significant risks and rewards is therefore no longer the deciding factor. The new model provides a five-step scheme for determining recognition of revenue. The scope of the notes disclosures required is also expanded.

The Group will evaluate these amendments in 2016, but does not currently expect the standard to have a material effect on the Group financial statements, since IFRS 15 does not apply to insurance contracts.

IFRS 9
Includes requirements for the recognition, measurement and derecognition of financial instruments, and for hedge accounting, and supersedes IAS 39, which was previously relevant in these areas. The revision primarily concerns the classification and recognition of financial instruments. Financial assets are to be classified and measured in only two groups in the future – at amortised cost and at fair value. Classification and measurement depends on the business model and contractual cash flows. The new requirements also concern the accounting for financial asset impairment. In addition to actual losses, expected losses must now also be recognised. Exceptions exist for trade receivables and lease receivables. New requirements were also provided for hedge accounting. The objective is to orient hedge accounting more to the economic risk management of the entity.

It must be noted that there is a draft for 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 as late as 2021.

Under IFRS 9, shares and investment fund units are no longer classified as available-for-sale as is currently the case, and unrealised gains and losses are no longer recognised in other comprehensive income and reclassified as profit for the period. Instead, unrealised gains and losses are either recognised exclusively in profit for the period (investment funds) or either in profit for the period or other comprehensive income without reclassification (shares). This amendment can be expected to lead to considerably higher volatility of profit for the period. Further amendments which will likely have greater effects on VIG primarily concern the treatment of interest clauses in debt instruments and the treatment of impairment.

IFRS 16
Supersedes the previous requirements of IAS 17 “Leases” and associated interpretations. The new requirements primarily concern the accounting presentation of leases by the lessee. The lessee now recognises a liability for the future lease payments to be made for each lease. At the same time, a right-of-use asset is recognised in the amount of the present value of the future lease payments. As a result, the previous distinction between operating and finance leases no longer applies. IFRS 16 also includes requirements for sale-and-leaseback transactions and related financial statement notes.

The effects have not been fully examined, however, VIG is assuming that the effects will not be material.

Amendments to IFRS 10, IFRS 12 and IAS 28
The amendments are to clarify questions with regard to the application of exceptions from the consolidation requirement under IFRS 10 if the parent entity satisfies the definition of an “investment entity”.

The Group does not expect these amendments to have any material effect on the financial statements.

Amendments to IAS 12
The amendments provide clarification that write-downs to the lower of cost or market for debt instruments measured at fair value due to a change in the market interest rate level lead to deductible temporary differences.

This amendment has no effect on the Group, since changes in the market interest rate level are already taken into account appropriately.

Amendments to IAS 7
The amendments to IAS 7 “Statement of cash flows” are intended to improve information about the change in the net debt of an entity. Disclosures must be made for changes in financial liabilities whose cash inflows and outflows are shown in the cash flow from financing activities in the statement of cash flows. The required disclosures can be presented in the form of a reconciliation of balance sheet items.

VIG will revise the consolidated financial statements appropriately in 2017 in accordance with the new presentation and notes disclosure requirements.

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 in profit or loss during the reporting period.

TRANSLATION OF SEPARATE FINANCIAL STATEMENTS IN FOREIGN CURRENCIES

As a rule, for purposes of the IFRS, the functional currency of Vienna Insurance Group subsidiaries located outside the Eurozone is 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 cash flows, the mean rate of exchange on the balance sheet date is used for changes in balance sheet items; the mean rate of exchange at the end of the month is used for items on the income statement. 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 2015	Period-end exchange rate 2014	Average exchange rate 2015	Average exchange rate 2014
		1 EUR ≙	1 EUR ≙	1 EUR ≙	1 EUR ≙
Albanian lek	ALL	137.2800	140.1400	139.7463	139.9692
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	2.6169	2.2656	2.5229	2.3482
Croatian kuna	HRK	7.6380	7.6580	7.6137	7.6344
Lithuanian litas	LTL	1.0000	3.4528	1.0000	3.4528
Macedonian denar	MKD	61.5947	61.4814	61.6098	61.6228
Moldovan leu	MDL	21.4779	18.9966	20.8980	18.6321
Turkish new lira	TRY	3.1765	2.8320	3.0255	2.9065
Polish zloty	PLN	4.2639	4.2732	4.1841	4.1843
Romanian leu	RON	4.5240	4.4828	4.4454	4.4437
Swiss franc	CHF	1.0835	1.2024	1.0679	1.2146
Serbian dinar	RSD	121.6261	120.9583	120.7441	117.2522
Czech koruna	CZK	27.0230	27.7350	27.2792	27.5359
Ukraine hryvnia	UAH	26.2231	19.2329	24.1905	15.6878
Hungarian forint	HUF	315.9800	315.5400	309.9956	308.7061

Estimates and discretionary decisions

Preparation of the IFRS consolidated financial statements requires that management make discretionary assessments and specify assumptions regarding future developments which could have a material effect on the recognition and value of assets and liabilities, the disclosure of other obligations on the balance sheet date, and the reporting of income and expenses during the financial year.

Estimation uncertainties		Discretionary decisions	
Underwriting provisions	Details page 92	Method of consolidation	Details page 79
Provision for pensions and similar obligations	Details page 77	HETA	Details page 80
Other non-underwriting provisions	Details page 77		
Financial instruments measured at fair value not based on stock market prices or other market prices (level 3)	Details page 77 and 191		
Impairment of goodwill	Details page 78		
Valuation allowances for receivables and other (accumulated) impairment losses	Details page 79		
Value of deferred tax assets	Details page 79		

Please refer to the consolidated balance sheet on page 64 or to the associated disclosures in the notes for the book values of the estimated items on the balance sheet date.

Sensitivity analyses for assets and liabilities from insurance operations are presented in the risk report on page 118.

PROVISIONS FOR PENSIONS AND SIMILAR OBLIGATIONS

The present value of an obligation depends on a large number of factors based on actuarial assumptions. The assumptions used to calculate the net liability (or assets) for obligations include a discount rate. Every change to these assumptions has an effect on the book value of the obligation.

The Group calculates the appropriate discount rate at the end of each year. This is the rate used to calculate the present value of the future expected cash outflows needed to satisfy the obligation. The Group determines the discount rate using the interest rate on top quality industrial bonds that are denominated in the currency in which the benefits will be paid and have maturities matching those of the obligation.

Other important assumptions used to calculate obligations are based on market conditions. Further information on sensitivity analyses is provided in Note 22 "Provisions for pensions and similar obligations", starting on page 167, and details on the underlying assumptions can be found in the "Accounting policies for specific items in the consolidated financial statements – Provisions for pensions and similar obligations" section on page 93.

OTHER NON-UNDERWRITING PROVISIONS

Provisions are recognised in accordance with the requirements of IAS 37.14. Non-underwriting provisions accordingly include estimates in connection with the amount recognised and an estimate of the probability of occurrence for settling the obligation.

FINANCIAL INSTRUMENTS RECOGNISED AT FAIR VALUE

Suitable valuation methods are used to calculate the fair value of financial instruments that are not traded in active markets. The assumptions used are based on market data available on the balance sheet date. To determine the fair value of many financial assets that are not traded in active markets, the Group uses present value methods based on appropriate interest rate models. Further information on the valuation process is provided in Note 36 "Financial instruments and fair value measurement hierarchy" on page 191.

IMPAIRMENT OF GOODWILL

The Group tests goodwill for impairment at least once a year in accordance with the section titled "Accounting policies – Impairment of non-financial assets" on page 81. Because VIG segment reporting was modified in the 1st quarter of 2016, the CGU groups for the impairment test for financial year 2015 were adjusted so that in addition each country was also reported as a CGU group. Estimates in this area primarily concern the future projected earnings of the CGUs that the calculations are based on, and specific parameters, in particular the growth rates.

Assuming a 10% reduction in the budget cash flows for calculating the value in use would increase the impairment needed in the following CGU groups. Based on existing segments, the Romanian property and casualty CGU group would need impairment of around EUR 23.6 million. Based on the new segments starting in the 1st quarter of 2016, Croatia would need additional impairment of around EUR 1.7 million, Hungary around EUR 9.4 million, Albania around EUR 3.2 million, Macedonia around EUR 1.0 million, Bosnia-Herzegovina around EUR 0.9 million and Moldova around EUR 0.6 million. It must be noted that these countries did not represent their own CGU groups until after 31 December 2015, but instead belonged to the Remaining Markets group. Starting in the 1st quarter of 2016, each country (except for the Baltic countries and Albania-Kosovo) represents its own GCU group.

A one percentage point reduction in the growth rate would increase the impairment needed in the following CGU groups. Based on existing segments, the Romanian property and casualty CGU group would need impairment of around EUR 38.6 million (previous year around EUR 10.0 million). Based on the segments starting in the 1st quarter of 2016, Croatia would need additional impairment of around EUR 15.5 million, Hungary around EUR 14.7 million, Albania around EUR 3.6 million, Macedonia around EUR 1.6 million, Bosnia-Herzegovina around EUR 0.7 million and Moldova around EUR 0.8 million.

A one percentage point increase in the discount rate would increase the impairment needed in the following CGU groups. Based on existing segments, the Romanian property and casualty CGU group would need impairment of around EUR 47.4 million (previous year around EUR 22.0 million). Based on the segments starting in the 1st quarter of 2016, Croatia would need additional impairment of around EUR 20.8 million, Hungary around EUR 18.4 million, Albania around EUR 4.8 million, Macedonia around EUR 2.8 million, Bosnia-Herzegovina around EUR 1.0 million and Moldova around EUR 1.0 million.

Based on existing segments, a simultaneous 10% reduction in projected earnings and a 1% point increase in the discount rate would increase the impairment needed for the Group in the Romanian property and casualty CGU group by around EUR 66.1 million (previous year EUR 49 million) and in the Romanian life CGU group by around EUR 11.9 million. Based on the segments starting in the 1st quarter of 2016, Croatia would need additional impairment of around EUR 31.9 million, Hungary around EUR 26.1 million, Albania around EUR 7.5 million, Macedonia around EUR 6.0 million, Bosnia-Herzegovina around EUR 1.9 million, Moldova around EUR 1.5 million and Bulgaria around EUR 3.1 million.

Value in use is less than book value in the Austrian life CGU group, while existing market consistent embedded value calculations (MCEV) and an external expert report indicate that the fair value of this segment is significantly higher than book value.

An objective enterprise value was calculated for this report for the Austrian life CGU group based on standard assumptions using a discounting method corresponding to a level 3 method. It represents the enterprise value for the Company as a going concern based on the existing business concept with all realistic expectations for future market opportunities and risks, the Company's financial possibilities and other influencing factors. "Fair value" according to the standard international MCEV method was used as a valuation method. In addition to valuing existing business including the limited liability put option according to the MCEV method, cash flows for future new business are also modelled using the MCEV model. Further information on the MCEV method is provided on page 118.

The results of such a valuation are suitable for use as fair value within the meaning of IAS 36.18 for impairment tests.

VALUATION ALLOWANCES FOR RECEIVABLES

The collectability of receivables is based on experience and is therefore subject to estimation uncertainty. Information on the recognition of potential impairment losses is provided on page 88.

VALUE OF DEFERRED TAX ASSETS

Income taxes must be estimated for each tax jurisdiction in which VIG operates. The current income tax expected for each taxable entity must be calculated and the temporary differences due to differences between the tax treatment of certain balance sheet items and the treatment in the IFRS consolidated financial statements must be assessed. If temporary differences exist, as a rule they lead to the recognition of deferred tax assets and liabilities in the consolidated financial statements based on the tax rate for each country.

Management must make judgements when calculating current and deferred taxes. Deferred tax assets are only recognised to the extent that it is probable they can be utilised. The utilisation of deferred tax assets depends on the likelihood of achieving sufficient taxable income of a particular tax type for a particular tax jurisdiction, while taking into account any statutory restrictions concerning maximum loss carry-forward periods. The Group considers the following factors when assessing the probability of being able to utilise deferred tax assets in the future:

- past results of operations,
- operating plans,
- loss carryforward periods,
- tax planning strategies and
- existing deferred tax liabilities.

Information on the existing group agreement for Austrian companies and some foreign companies is provided on page 89.

If actual events diverge from the estimates or the estimates must be adjusted in future periods, this could have an adverse effect on net assets, financial position and results of operations. If the assessment of the recoverability of deferred tax assets changes, the book value must be reduced or increased and the change recognised in the income statement or charged or credited to equity, depending on the treatment used when the deferred tax asset was originally recognised. Further information can be found in the section titled "Accounting policies for specific items in the consolidated financial statements" on page 80 and in Note 11 "Deferred taxes" on page 152.

METHODE OF CONSOLIDATION

Discretionary decisions by management primarily concern determining the scope of consolidation for fully consolidated companies and at equity consolidated companies. Please note that other discretionary decisions could have material effects on the net assets and results of operations of the Group.

Management holds the view that some companies, in which the Group has a majority interest are not controlled by the, Group because the shares are not associated with majority representation in the executive bodies of these companies, or significant decisions cannot be made without an approval of other investors.

Management holds the view that the Group has significant influence over some companies, in which the VIG Group holds an interest of less than 20%, because the Group is represented in the executive bodies that make significant decisions for these companies.

Special legal provisions apply to non-profit housing societies that, for example, restrict their ability to make distributions. Detailed information on the accounting policies chosen by management for non-profit housing societies in exercise of its discretion is provided in the section titled "Accounting policies – Non-profit housing societies" on page 100.

HETA

On 21 January 2016, the Carinthian Compensation Payment Fund published an offer on its website in accordance with § 2a of the Austrian Financial Market Stability Act (FinStaG). A rate of 75% was offered for senior bonds and 30% for subordinated bonds. Vienna Insurance Group considers the offer by the state of Carinthia to be a non-adjusting event and therefore did not adjust the values recognised for senior bonds and subordinated bonds. Senior bonds are valued at 50% of par value and subordinated bonds at 0% of par value in the consolidated financial statements.

Accounting policies for specific items in the consolidated financial statements

Intangible assets

GOODWILL (A)

The goodwill shown on the balance sheet results from applying the purchase method for companies acquired since 1 January 2004 (date financial reporting was converted to IFRS).

Goodwill is accounted for in the functional currency of each entity. Goodwill is measured at cost less accumulated impairment losses. In the case of participations in associated companies, goodwill is included in the adjusted book value of the participation.

PURCHASED INSURANCE PORTFOLIOS (B)

Purchased insurance portfolios relate, in particular, to the values of insurance portfolios recognised as a result of company acquisitions subsequent to 1 January 2004, using purchase price allocation under the election provided in IFRS 4.31. The values recognised correspond to the differences between the fair value and book value of the underwriting liabilities and assets acquired. Depending on the measurement of the underwriting provisions, amortisation of these items is performed using the declining-balance or straight-line method over a maximum of fifteen years.

The requirements of IFRS 4.31 were applied as of 1 July or 1 October 2008, respectively, for the first-time consolidation of s Versicherungsgruppe in 2008. VIG made use of the disclosure option in the life insurance area when preparing the opening balance sheet, and recognised the underwriting provision at fair value, as provided for in IFRS 3. Since underwriting provisions are not calculated prospectively in the casualty insurance area, the fair value of existing policies is recognised as an asset.

OTHER INTANGIBLE ASSETS (C)

Purchased intangible assets are recognised on the balance sheet at cost less accumulated amortisation and impairment losses. No intangible assets were created by the companies in the scope of consolidation. Corporate asset SAP also essentially consists of a bundle of purchased software modules that are prepared for future use by in-house and third-party development work. Regular monitoring and assessment of the project ensures that the recognition criteria for capitalising these expenses are satisfied. With the exception of the “Asirom” brand (book value as of 31 December 2015 EUR 32,958,000; book value as of 31 December 2014 EUR 33,261,000), all intangible assets have finite useful lives. The intangible assets are therefore amortised over their period of use. The indefinite useful life of the Asirom trademark results from the fact that there is no foreseeable end to its economic life. The useful lives of significant intangible assets are as follows:

Useful life in years	from	to
Software	3	15
Customer base (value of new business)	5	10

Software is amortised using the straight-line method. Customer bases (“value of new business”) from corporate acquisitions recognised as intangible assets are also amortised using the straight-line method. VIG only performs limited research and development activities that are immaterial compared to its overall business.

The fair value shown on the balance sheet for Asirom’s trademark with an indeterminate useful life was calculated using two methods, the relief-from-royalty method and the incremental cash flow method. The relief-from-royalty method calculates the value of a trademark from future notional royalties that the Company would have to pay if the trademark were licensed from another company at standard market terms. The royalties were calculated using the Knoppe formula used in practice in the tax area. The incremental cash flow method calculates the value of a trademark using future earnings contributions generated as a result of the trademark. The cash flows resulting from the two methods above were discounted using a standard market discount rate for Romania. The calculation was performed based on the 16% Romanian corporate income tax rate. The "tax amortisation benefit" was also taken into account in the relief-from-royalty method. The average of the trademark values from the two methods was recognised in the balance sheet as the fair value of the trademark as part of the purchase price allocation during the corporate acquisition of "Asirom". This method is also used to test the trademark for impairment.

Impairment of non-financial assets

Non-financial assets are tested for indications of impairment when circumstances indicate. Intangible assets with an indefinite useful life (goodwill and trademarks carried on the balance sheet) are also tested when circumstances indicate and, at a minimum, once per year. Testing is also performed during the year if triggering events occur. The subsidiaries are combined into separate cash generating units groups ("CGU group") for property and casualty, life insurance and health insurance and by region for this testing. The groups used for impairment testing essentially correspond to the Vienna Insurance Group operating segments.

In the 1st quarter of 2016, periodic reporting to the Group Managing Board in its capacity as the ultimate decision-making body was modified so that reporting is performed separately for each country (except for the Baltic countries and Kosovo-Albania), while premiums and results for the period are not reported separately for the property and casualty, life and health insurance lines of business. Goodwill impairment testing will take place exclusively at the country level in the future (not separately by lines of business), but the previous combination of different countries in the Remaining Markets region will no longer take place.

Impairment testing as of 31 December 2015 was consequently performed based on CGU group allocation up to 31 December 2015 and on the allocation in the 1st quarter of 2016, and any impairment identified by the two methods was accounted for.

The method used up to 31 December 2015 resulted in goodwill impairment of EUR 52.0 million that would not have been necessary under the new allocation. The new allocation resulted in goodwill impairment of EUR 14.2 million that would not have been necessary under the old method.

Impairment is only recognised if the recoverable amount for an entire cash generating unit group is less than the book value of the assets attributable to the group. The value in use of the cash-generating units is calculated using the earnings-based discounted cash flow method and used as the recoverable amount. If the value in use is less than the carrying amount, fair value is analysed for indications that fair value less selling costs is significantly higher than value in use. A discounted dividend model is used to calculate the fair value less selling costs. No impairment is recognised if one of the two values is higher than the book value. If both values are less than the book value, the asset is written down to the higher value. Budget projections for the next three years are used to calculate the value in use. Capitalised earnings values for the period after these three years are extrapolated for another two years using an annual growth rate. The budget projections are calculated using the plans that were approved by the Supervisory Board of the company concerned. Planning is performed in the local currency of each country. The currencies of the plans are translated using the last valid exchange rate on the reporting date. These are analysed at the Group level as part of the planning and control process. The growth rates are derived by further developing the budget projections. Among other things, both processes analyse the combined ratios, premium growth and financial income in the budgets based on past changes and expectations about future market trends. The present value of a perpetual annuity is calculated for the period following the fifth planning year. The values used for the perpetual annuity are based on the final planning period, adjusted using the growth rate for the second phase, and are adjusted by a growth factor after that in order to correspond to long-term achievable results. All of the underwriting business assets are assigned to the cash generating units. In addition to goodwill, these also include all insurance portfolios, investments, receivables and other assets. Underwriting provisions and current liabilities are deducted from the book values. Long-term debt that is economically similar to equity (subordinated debt and supplementary capital) is not deducted. Assets held at the Group level but used by the operating companies are assigned to the units as corporate assets for the calculations. When calculating the capitalised earnings values, the projected earnings of the company are adjusted appropriately for interest on supplementary capital bonds and subordinated bonds and allocated depreciation on assigned corporate assets.

The capital asset pricing model (CAPM) is used to determine a WACC for use in calculating the discount rates. A base rate (equal to the annual yield on German government bonds adjusted for inflation differentials using the Svensson method) is added to the country and sector-specific market risk to determine the cost of equity capital. The base rate before inflation differentials was 1.58% (1.75%). The market risk of 6.25% (5.75%) was adjusted with an average beta factor of 0.93 (1.01) that was calculated using a specified peer group. The average borrowing interest rate for the peer group was equal to 4.62% (4.71%) on the balance sheet date and was used as the cost of debt. This was adjusted to take account of the tax shield. The WACC was calculated using a ratio of 80.5 equity to 19.5 long-term debt (85 to 15). This corresponds to the ratio of the peer group.

The long-term growth rates were calculated separately for the life insurance and property and casualty segments, based on the assumption that the insurance penetration in the different countries would equal the current values in Germany in 50–70 years. An inflation adjustment equal to half of the inflation included in the cost of equity was also added.

Corporate assets, in particular software, are tested for impairment as part of the impairment test described above that is performed at least once a year. Software components are also checked to see whether they can still be used when triggering events occur. If there is a high probability that certain IT systems or programme sections can no longer be used, or no longer fully used, a write-down must be performed. Further information is provided on page 125.

CGU groups	Discount rates		Country risks	
	2015	2014	2015	2014
in %				
Austria	6.60	7.14	0.00	0.00
Czech Republic	7.86	8.39	1.05	1.05
Slovakia	7.63	8.12	1.26	1.28
Poland	8.26	8.75	1.26	1.28
Romania	9.90	10.6	3.28	3.30
Remaining Markets	11.95	12.19	0.00-14.90	0.00-15.00
Central Functions	7.23	7.76	0.00-1.05	0.00-1.05

The discount rates and country risks shown were used for all lines of business.

CGU groups*	Long-term growth rate Property/Casualty		Long-term growth rate Life	
	2015	2014	2015	2014
in %				
Austria	1.50	1.64	1.50	1.64
Czech Republic	4.04	4.01	4.34	3.96
Slovakia	4.98	4.69	4.42	4.66
Poland	5.41	5.12	5.12	4.73
Romania	5.41	5.64	7.44	7.45
Remaining Markets	1.50–8.86	1.50–8.41	1.50–12.58	1.50–11.74
Central Functions	1.50–4.04	1.64–4.01	1.50–4.34	1.64–3.96

* There is no goodwill in the health insurance segment. This segment is therefore not shown in the table.

Because VIG segment reporting was modified in the 1st quarter of 2016, the CGU groups for the impairment text for financial year 2015 were adjusted so that in addition each country was also reported as a CGU group. The respective parameters were used for the calculation based on the change in segments. This resulted in the following impairments:

- Hungary EUR 7.5 million,
- Albania EUR 3.7 million,
- Bosnia-Herzegovina EUR 1.5 million and
- Moldova EUR 1.5 million.

The recoverable amounts for these CGU groups were as follows as of 31 December 2015:

- Hungary EUR 106.9 million,
- Albania EUR 32.8 million,
- Bosnia-Herzegovina EUR 9.9 million and
- Moldova EUR 6.0 million.

Both the fair value and value in use are less than the book value.

Information on the new segments applicable as of the 1st quarter of 2016 is provided in the "Segment reporting" section on page 102.

In addition, the Romanian property and casualty segment was written down by EUR 52.0 million in the segment report for 31 December 2015, the recoverable amount for this CGU group was EUR 252.6 million as of 31 December 2015.

Investments

GENERAL INFORMATION

In accordance with the relevant IFRS requirements, some Group assets and liabilities are carried at fair value in the consolidated financial statements. This concerns a significant portion of investments. As a result of the decentralised organisational structure of the Group, the individual subsidiaries are responsible for this fair value categorisation. This takes account, in particular, of local knowledge of the quality of the individual fair values and any input parameters needed for model valuation. Fair values are determined using the following hierarchy specified in IFRS 13:

- The determination of fair value for financial assets and liabilities is generally based on an established market value or a price offered by brokers and dealers (level 1).
- In the case of non-listed financial instruments, or if a price cannot be determined immediately, fair value is determined either through the use of generally accepted valuation models based to the greatest extent possible on market data, or as the amounts that could be realised from an orderly sale under current market conditions (level 2). Standard valuation models with inputs that are fully observable in the market are used for level 2 prices. These models are primarily used for illiquid bonds (present value method) and simply structured securities. For example, models related to the Black-Scholes model are used for securities with call options.
- The fair value of certain financial instruments, particular unlisted derivative financial instruments and land and buildings, is determined using pricing models. These models take into account factors including contract and market prices and their relation to one another, current value, counterparty creditworthiness, yield curve volatility, and early repayment of the underlying (level 3).

The following table shows the methods used and the most important inputs. The fair values that are calculated can be used for level 2 and level 3 prices and for recurring and non-recurring measurements.

Pricing method	Used for	Fair Value	Input-Parameters
Present value method	Bonds: borrower's note loans; loans; securitised liabilities and subordinated liabilities	Theoretical price	Issuer, sector and rating-dependent yield curves
Hull-White present value method	Bonds and borrower's note loans with call options; securitised liabilities and subordinated liabilities	Theoretical price	Maturity-dependent implied volatilities; issuer, sector and rating-dependent curves
Libor market model present market model	Bonds and borrower's note loans with other embedded derivatives	Theoretical price	Money market and swap curves; implied volatility surface; cap & floor volatilities; issuer, sector and rating-dependent yield curves
Present value method	Currency futures contracts	Theoretical price	Exchange rates; money market curves for the currencies concerned
Present value method	Interest rate/currency swaps	Theoretical price	Exchange rates; money market and swap curves for the currencies concerned
Standard option price model	Stock options	Theoretical price	Stock prices on the valuation date; implied volatilities
Market value method	Real estate	Appraisal value	Real estate-specific income and expense parameters; capitalisation rate; data on comparable transactions
Discounted cash flow model	Real estate	Appraisal value	Real estate-specific income and expense parameters; discount rate; indexes
Multiples approach	Shares	Theoretical price	Company-specific earnings figures; typical industry multipliers
Discounted cash flow model	Shares	Theoretical price	Company-specific earnings figures; discount rate
Share of capital	Shares	Book value	Company-specific equity according to separate financial statements
Amortised cost	Fixed Income Instruments (illiquid bonds, policy loans, loans) with no observable input data for comparable assets	Book value	Cost-price; redemption price; effective yield

The Group assigns all financial instruments measured at fair value, and assets and financial liabilities not measured at fair value – whose fair values are to be published in the notes to the financial statements – to one of the levels of the IFRS 13 measurement hierarchy. Further information is provided in Note 36 "Financial instruments and fair value measurement hierarchy" on page 191.

LAND AND BUILDINGS (D)
Both self-used and investment properties are reported under land and buildings.

Costs incurred in later periods are only capitalised if they lead to a significant increase in future opportunities for use of the building (e.g. through building expansion or new building construction).

Property that is both self-used and investment property is divided as soon as the self-used or investment portion exceeds 20%. If the 20% limit is not exceeded, the entire property is reported in the larger category (80:20 rule).

Self-used and investment buildings are both depreciated using the straight-line method over the expected useful life of the asset. The following useful lives are assumed when determining depreciation rates:

Useful life in years	from	to
Buildings	20	50

The fair values of these properties are presented in Note 2 "Land and buildings".

Land and buildings - self-used
Self-used land and buildings are measured at cost minus accumulated depreciation and impairment losses. Cost comprises all costs incurred in putting the asset into its present location in its present condition.

For self-used property, imputed arm's length rental income is generally recognised as investment income, and an equivalent amount of rental expenses is recognised as operating expenses.

Investment property
Investment property consists of land and buildings that are held to earn rental income or for capital appreciation and not for the provision of services, administrative purposes or for sale in the ordinary course of business. Investment property is measured at cost minus accumulated depreciation and write-downs.

Impairment of land and buildings
Real estate appraisals are performed at regular intervals for self-used and investment land and buildings, for the most part by sworn and judicially certified building construction and real estate appraisers. Market value is determined based on asset value and capitalised earnings value, predominantly prorated capitalised earnings value as of the reporting date, with the discounted cash flow model being used in exceptional cases. If the fair value is below the book value (cost minus accumulated scheduled depreciation and write-downs), the asset is impaired. In this case, the book value is written down to fair value and the change recognised in profit or loss. The method used to test for impairment is also used to test for a reversal of impairment. On each balance sheet date, a test is performed for indications that a reversal of impairment has taken place. The book value after the reversal may not exceed the book value that would have existed (taking into account amortisation or depreciation) if no impairment had been recognised.

The fair value of these properties and the IFRS 13 level hierarchy are shown under 36 "Financial instruments and fair value measurement hierarchy" on page 191.

FINANCIAL INSTRUMENTS (E)
Financial instruments reported as investments are divided into the following categories in accordance with the requirements of IAS 39:

- Loans and other receivables,
- Financial instruments held to maturity,
- Financial instruments available for sale,
- Financial instruments held for trading and
- Financial instruments recognised at fair value through profit or loss.

On initial recognition, the corresponding investments are measured at cost, which equals fair value at the time of acquisition. For subsequent measurement of financial instruments, two measurement methods are used. **Subsequent measurement of loans and other receivables** takes place at amortised cost. Amortised cost is determined using the effective interest rate of the loan in question. A write-down is recognised in profit or loss in the case of permanent impairment.

Financial instruments held to maturity are also subsequently measured at amortised cost. The amortised cost is determined using the effective interest rate of the financial investment in question. A write-down is recognised in profit or loss in the case of permanent impairment.

No separate calculation of amortised cost is performed for **financial instruments recognised at fair value through profit or loss**. Changes in fair value are recognised in profit or loss in the income statement. The financial instruments assigned to this category are predominantly structured investments ("hybrid financial instruments") that Vienna Insurance Group has elected under IAS 39.11A and IAS 39.12 to assign to the category of "financial instruments at fair value through profit or loss". Structured investments are assigned to this category if the derivatives embedded in the host contract (as a rule securities or loans) are not closely related to the host contract so that otherwise the requirement under IAS 39 of isolating them from the host contract and measuring them separately at fair value would apply.

Financial assets available for sale are non-derivative financial assets that have been designated as available for sale and not as:

- loans and receivables,
- investments held to maturity, or
- financial assets recognised at fair value through profit or loss.

If financial instruments available for sale are sold, the value fluctuations in fair value are recognised in other comprehend sive income, and presented in other reserves under share holders' equity. This does not include impairment, which is recognised in profit and loss. Upon disposal, the cumulative gains and losses recognised in other reserves in previous periods are transferred to the result for the period (recycling).

In addition, shares in affiliated companies that are immaterial and therefore not included in consolidation are also reported in this item. These are measured at amortised cost. These measurement principles are also applied to shares in associated companies that were not significant enough to be valued at equity.

Spot transactions are accounted for at the settlement date.

Amendments to IAS 39 and IFRS 7 – "Reclassification of financial assets"

In October 2008, the IASB published amendments to IAS 39 and IFRS 7 under the title "Reclassification of financial assets". The adjusted version of IAS 39 permits reclassification of non-derivative financial assets (except for financial instruments that were measured using the fair value option upon initial recognition) in the "held-for-trading" and "available-for-sale" categories if the following conditions are satisfied:

- Financial instruments in the "held-for-trading" or "available-for-sale" categories can be transferred to the "loans and other receivables" category if they would have satisfied the definition of the "loans and other receivables" category at the time of initial recognition, and the company intends and is able to hold the financial instrument for the foreseeable future or until maturity.

- Financial instruments in the "held-for-trading" category that would not have satisfied the definition of "loans and other receivables" at the time of initial recognition can only be transferred to the "held-to-maturity" or "available-for-sale" categories under exceptional circumstances. The IASB indicated that the developments in the financial markets during the 2nd half of 2008 were a possible example of exceptional circumstances.

The amendments to IAS 39 and IFRS 7 entered into force retroactively to 1 July 2008 and were applied prospectively from the time of reclassification. Reclassifications performed in Vienna Insurance Group before 1 November 2008 used the fair values at 1 July 2008.

Financial instruments had to be measured at fair value at the time of reclassification in 2008. In the case of reclassifications of assets in the "held-for-trading" category, gains or losses recognised from previous periods could not be reversed. In the case of reclassification of assets in the "available-for-sale" category, earlier gains or losses recognised in the revaluation reserve were locked in at the time of reclassification. Other associated reserves remain unchanged for financial instruments without a fixed maturity until derecognition and is only then recognised in profit or loss, while for financial instruments with a fixed maturity, it is amortised to profit or loss over the remaining life of the financial instrument using the effective interest method. This applies analogously to deferred profit participation and deferred taxes.

Derecognition of financial instruments is performed when the Group's contractual rights to cash flows from the financial instruments expire.

IMPAIRMENT OF FINANCIAL INSTRUMENTS

On each balance sheet date, the book values of financial assets not measured at fair value are tested for objective evidence of impairment (such as the debtor experiencing significant financial difficulties, a high probability of insolvency proceedings against the debtor, the loss of an active market for the financial asset, a significant change in the technological, economic, legal or market environment of the issuer, a permanent decrease in the fair value of the financial asset below amortised cost). Any impairment losses due to fair value lying below the book value are recognised in profit or loss. If any fair value impairments of available for sale financial assets were previously recognised directly in equity, these impairment amounts must be eliminated from equity and recognised in profit or loss on the income statement. Under Group guidelines, an impair-ment of equity instruments is to be recognised, as a rule, if the average market value during the last six months was consistently less than 80% of the historical cost of acquisition and/or if the market value as of the reporting date is less than 50% of the historical cost of acquisition.

HELD FOR TRADING

Within the Vienna Insurance Group derivative financial instruments such as swaps, options and futures are used to hedge market risks (i.e. interest rate, share price and exchange rate fluctuations) in Vienna Insurance Group investment portfolios.

Derivative financial instruments that do not satisfy the hedge accounting criteria are recognised at fair value under trading assets if they have a positive fair value, or as other liabilities if they have a negative fair value. Gains and losses resulting from fair value measurement are included in the financial result.

Derivative financial instruments that are held for hedging purposes and satisfy the hedge accounting criteria are divided into fair value hedges and cash flow hedges by the Group. The Group documents the hedging relationship, along with its risk management objectives and strategy for entering into hedging transactions. The Group assesses the hedging relationship both at inception and on an ongoing basis to determine whether the derivatives used for hedging transactions are highly effective in offsetting fluctuations in the fair value or cash flow of the hedged item. Derivative financial instruments that are included in hedge accounting are reported as follows:

Fair value hedges

A fair value hedge is used to hedge a precisely defined risk of fluctuations in the fair value of a recognised asset or liability or firm commitment. Changes in the fair value of the derivative hedging instrument are recognised, together with the share of the change in the fair value of the hedged item corresponding to the hedged risk, as gains from financial assets and financial liabilities (net) at fair value through profit or loss.

Vienna Insurance Group uses forward transactions (micro hedges) to hedge certain immaterial items of its stock portfolio and applies IFRS provisions to these transactions.

Cash flow hedges

Cash flow hedges eliminate the risk of fluctuations in expected future cash flows attributable to a particular risk associated with a recognised asset or liability, or a forecast transaction. Changes in the fair value of a derivative hedging instrument that provides an effective hedge are recognised in equity as other reserves and are not transferred to the consolidated income statement until the offsetting gain or loss from the hedged item is realised and recognised.

Vienna Insurance Group uses cash flow hedges to a limited extent, primarily to minimise the effects of interest rate fluctuations on earnings.

The Group ends hedge accounting prospectively if it is determined that the derivative financial instrument no longer provides a highly effective hedge, the derivative financial instrument or hedged item expires, or is sold, terminated or exercised, or if Vienna Insurance Group determines that classification of the derivative financial instrument as a hedging instrument is no longer justified.

Investments for unit-linked and index-linked life insurance (F)

Investments for unit-linked and index-linked life insurance provide cover for unit-linked and index-linked life insurance underwriting provisions. The survival and surrender payments for these policies are linked to the performance of the associated investments for unit-linked and index-linked life insurance, with the income from these investments also credited in full to policyholders. As a result, policyholders bear the risk associated with the performance of the investments for unit-linked and index-linked life insurance.

These investments are held in separate cover funds, and managed separately from the other investments of the Group. Since the changes in value of the investments for unit-linked and index-linked life insurance are occasionally equal to the changes in value of the underwriting provisions, these investments are valued in accordance with the requirements of IAS 39.9. Investments for unit-linked and index-linked life insurance are therefore measured at fair value, and changes in value are recognised in the income statement.

Reinsurers' share in underwriting provisions (G)

The reinsurers' share in underwriting provisions is measured in accordance with contractual provisions.

The credit quality of each counterparty is taken into account when the reinsurers' share is measured. As a result of the good credit quality of the Group's reinsurers, no valuation allowances were needed for reinsurer shares as of the 31.12.2015 and 31.12.2014 balance sheet dates.

Information on the selection of reinsurers is provided in the "Financial instruments and risk management" section on page 106.

Receivables (H)

The receivables shown in the balance sheet relate in particular to the following receivables:

- Receivables from direct insurance business from:
  - policyholders
  - from insurance intermediaries
  - from insurance companies
- Receivables from reinsurance business
- Other receivables

Receivables are generally reported at cost minus impairment losses for expected non-collectable amounts. In the case of receivables from policyholders, expected impairment losses from non-collectable premium receivables are shown on the liabilities side of the balance sheet under "Other underwriting provisions" (provisions for cancellations), or deducted from the premium receivable using a valuation allowance.

Taxes (I)+(J)

Income tax expenses comprise actual taxes and deferred taxes. The income tax associated with transactions recognised directly in equity is also recognised directly in equity.

The actual taxes for the individual companies in Vienna Insurance Group are calculated using the company's taxable income and the tax rate applicable in the country in question.

Deferred taxes are calculated using the balance sheet liability method for all temporary differences between the asset and liability values recognised in the IFRS consolidated financial statements and the individual company tax bases for these assets and liabilities. Under IAS 12.47, deferred taxes are measured using the tax rates applicable at the time of realisation. In addition, any probable tax benefits realisable from existing loss carry-forwards are included in the calculation. Exceptions to this deferral calculation are differences from non-tax-deductible goodwill and any deferred tax differences linked to participations.

Deferred tax assets are not recognised if it is not probable that the tax benefits they contain can be realised. Deferred taxes are calculated using the following tax rates:

Tax rates	31.12.2015	31.12.2014
in %		
Austria	25	25
Czech Republic	19	19
Slovakia	22	22
Poland	19	19
Romania	16	16
Albania	15	15
Bosnia-Herzegovina	10	10
Bulgaria	10	10
Germany	30	30
Estonia[1]	20	21
Georgia	15	15
Kosovo	5	5
Croatia	20	20
Latvia	15	15
Liechtenstein	12.5	12.5
Lithuania	15	15
Macedonia	10	10
Moldova	12	12
Netherlands[2]	25	25
Serbia	15	15
Turkey	20	20
Ukraine[3]	18	16
Hungary[4]	19	19

[1] As a rule the retained profits of locally domiciled companies are not subject to income tax. Only certain payments of companies are subject toincome tax in Estonia. The tax rate drops from 21% to 20% as of 1 January 2015.

[2] The tax rate in the Netherlands is 20% for the first EUR 200.000; above that the tax rate is 25%.

[3] The tax rate was changed to 18% on 1 June 2014, with effect on 1.1.2015. This tax is only collected in the non-underwriting area. Reduced tax rates of 0% (long-term life insurance premiums and pension insurance premiums) and 3% (all other insurance premiums) are used for the underwriting area.

[4] The tax rate in Hungary is 10% for the first HUF 500 million; above that the tax rate is 19%.

GROUP TAXATION

Within the Group there is a corporate group of companies within the meaning of § 9 of the Austrian Corporate Income Tax Act (KStG), with Wiener Städtische Wechselseitiger Versicherungsverein – Vermögensverwaltung Vienna Insurance Group as the parent company. The taxable earnings of group members are attributed to the parent company. The parent company has entered into agreements with each group member governing the allocation of positive and negative tax amounts for the purpose of allocating corporate income tax charges according to origin. If a group member earns positive income, 25% is allocated to the parent company. In the case of negative income, the group member receives a lump-sum compensation equal to 22.5% of the tax loss. Since the tax allocation is 25% in the case of positive income, the group member should provide 10% of the tax benefit from group taxation resulting from inclusion of that group member in the Group. Cash settlement of positive and negative tax allocations and tax benefits is performed for a period of 3 years.

Other assets (K)

Other assets are measured at cost minus accumulated impairment losses.

TANGIBLE ASSETS AND INVENTORIES

The tangible assets are technical equipment and machinery, other equipment, vehicle fleet, IT hardware/telecommunications, operating and office equipment, and down payments on such goods. Inventories are primarily divided into consumables and office supplies, down payments on such goods, and non-billed amounts of such goods. Tangible assets (not including land and buildings) are measured at cost minus scheduled depreciation. Cost for tangible assets comprises all costs incurred in putting the asset into its present location in its present condition. Depreciation is performed using the straight-line method over the expected useful life of the asset.

Useful life in years	from	to
Office equipment	5	10
EDP facilities	3	8
Motor vehicles	5	8

Classification of insurance policies

Contracts under which a Group company assumes a significant insurance risk from another party (the policyholder), by agreeing to provide compensation to the policyholder if a specified uncertain future event (the insured event) negatively affects the policyholder are treated as insurance policies for the purposes of IFRS. A distinction is made between insurance risk and financial risk. Financial risk is the risk of a possible future change in specific interest rates, securities prices, price indices, interest rate indices, credit ratings, credit indices, or some other variable, provided that the variable is not specific to one counterparty in the case of a non-financial variable. In many cases, particularly in the life insurance area, insurance policies as defined in IFRS also transfer financial risk.

Policies under which only an insignificant insurance risk is transferred from the policyholder to the Group company are treated as financial instruments ("financial insurance policies") for IFRS reporting purposes. Such policies exist only to a minor extent in the personal insurance area.

Both insurance contracts and financial insurance policies can have contract terms that qualify as discretionary participation in net income ("profit participation", "profit-dependent premium refund"). Contractual rights are considered discretionary participation in net income if, in addition to guaranteed benefits, the policyholder also receives additional payments that likely constitute a significant portion of the total contractual payments, and are contractually based on:

- the profit from a certain portfolio of policies or a certain type of policy, or
- the realised and/or unrealised investment income from a certain portfolio of assets held by the insurance company, or
- the profit or loss of the company, investment fund, or business unit (e.g. balance sheet unit), holding the contract.

Policies with discretionary net income participation exist in all Vienna Insurance Group markets, primarily in the life insurance area, and to a secondary extent in the property and casualty and health insurance areas as well, and are treated as insurance contracts in accordance with IFRS 4. The net income participation in life insurance exists essentially in the form of participation in the adjusted net income of the balance sheet unit in question calculated according to national accounting requirements. Net income or profit participation amounts that have already been allocated or committed to policyholders are reported in the actuarial reserve. Amounts reported in the local annual financial statements which have been committed or allocated to policyholders in the future by means of net income participation are reported on the balance sheet in the provision for performance-based premium refunds.

In addition, the profit-related portion resulting from IFRS measurement differences as compared to local measurement requirements ("deferred profit participation") is also reported in the provision for profit-related premium refunds. This primarily concerns Austrian and German policies that are eligible for profit participation, as the profit participation in these countries is governed by regulations. Deferred profit participation is not recognised on balance sheets in other countries, since policyholder participation is at the sole discretion of the company concerned. The rate used for calculating deferred profit participation is 80% of the difference between the value recognised in the local financial statements and the value recognised in the IFRS financial statements.

As permitted by IFRS 4, the option to present unrealised gains and losses with the same effects on balance sheet measurements of underwriting provisions, capitalised acquisition costs and purchased insurance portfolios as realised gains and losses has been applied (shadow accounting). The first step is to allocate unrealised gains on available-for-sale financial instruments to a deferred actuarial reserve to serve as security for contractually agreed insurance payments. The policy holder's share of the surplus from the remaining unrealised gains is then allocated to a provision for deferred profit participation. Any remaining asset balance is reported as "deferred policyholder profit participation resulting from measurement differences". This deferred item is only recognised if it is highly probable, at the Group company level, that the item can be satisfied by future profits in which the policyholders participate.

RECOGNITION AND ACCOUNTING METHODS FOR INSURANCE POLICIES

Vienna Insurance Group fully applies the rules of IFRS 4 with respect to the valuation of insurance policies. Accordingly, the values recognised in the consolidated financial statements prepared in accordance with applicable national law are carried over to the IFRS consolidated financial statements, provided the provisions formed under national law satisfy the minimum requirements of IFRS 4. Equalisation and catastrophe provisions are therefore not recognised. In principle, accounting rules were not changed to differ from national accounting requirements, except when parameters used to calculate underwriting provisions did not lead to adequate funding for future provisions. In such cases, VIG uses its own parameters, which are consistent with these principles. In individual cases, the provisions formed locally by an insurance company for outstanding claims are increased in the consolidated financial statements based on the corresponding analysis. Detailed information on the valuation of underwriting items is available in the remarks for each item.

ADEQUACY TEST FOR LIABILITIES ARISING FROM INSURANCE POLICIES

Liabilities from insurance policies are tested at each balance sheet date for adequacy of the provisions recognised in the financial statements.

If the value calculated based on up-to-date estimates of current valuation parameters, taking into account all future cash flows associated with the insurance policies, is higher than the provisions formed for liabilities from insurance policies, an increase in the provisions is recognised in profit or loss to eliminate the shortfall.

Underwriting provisions

UNEARNED PREMIUMS (L)

Under the current version of IFRS 4, figures in annual financial statements prepared in accordance with national requirements may be used for the presentation of figures relating to insurance policies in the consolidated financial statements. In Austria, a cost discount of 15% is used when calculating unearned premiums in the property and casualty insurance area (10% for motor third party liability insurance), corresponding to an amount of EUR 29,525,000 (EUR 31,405,000). Acquisition expenses in excess of this figure are not capitalised in Austria. For foreign companies, in the property and casualty insurance area, a portion of the acquisition expenses is generally recognised in the same proportion as the ratio of net earned premiums to written premiums. To ensure uniform presentation within the Group, these capitalised acquisition costs are also shown in the consolidated financial statements as a reduction in the provision for unearned premiums – 2015: EUR 277,986,000 (2014: EUR 287,167,000).

ACTUARIAL RESERVE (M)

Life insurance actuarial reserves are calculated using the prospective method as the actuarial present value of obligations (including declared and allocated profit shares and an administrative cost reserve) minus the present value of all future premiums received. The calculation is based on such factors as expected mortality, costs, and the discount rate.

As a rule, the actuarial reserve and related tariff are calculated using the same basis, which is applied uniformly for the entire tariff and during the entire term of the policy. An annual adequacy test of the calculation basis is per-formed in accordance with IFRS 4 and applicable national accounting requirements (see section titled "Adequacy test for liabilities arising from insurance policies"). For information on the use of shadow accounting, please see page 90. As a rule the official mortality tables of each country are used for life insurance. If current mortality expectations differ to the benefit of policyholders from the calculation used for the tariff, leading to a corresponding insufficiency in the actuarial reserves, the reserves are increased appropriately in connection with the adequacy test of insurance liabilities.

In life insurance, acquisition costs are taken into account through zillmerisation or another actuarial method as a reduction of actuarial reserves. In accordance with national requirements, negative actuarial reserves resulting from zillmerisation are set to zero for Austrian insurance companies. Negative actuarial reserves are not set to zero for Group subsidiaries with registered offices outside Austria. These negative actuarial reserves are recognised in the actuarial reserve item in the consolidated financial statements.

The following average discount rates are used to calculate actuarial reserves:

As of 31.12.2015: 2.41%
As of 31.12.2014: 2.50%*

In Austria, the average discount rate for life insurance was 2.31% during the reporting period (2.41%*).

* Due to the change in the calculation logic for determining the average value, the value of the discount rate used for life insurance in 2014 was adjusted.

In addition, the share of unrealised gains and losses from available-for-sale financial instruments serving as security for contractual obligations is shown in the actuarial reserve as part of the shadow accounting performed according to IFRS 4. Further information is provided in the "Classification of insurance policies" section on page 90.

In health insurance, actuarial reserves are also calculated according to the prospective method as the difference between the actuarial present value of future policy payments minus the present value of future premiums. The loss frequencies used to calculate the actuarial reserve derive primarily from analyses conducted on the Group's own insurance portfolio. As a rule, the mortality tables used correspond to published mortality tables.

The following discount rates are used for the great majority of transactions when calculating actuarial reserves:

As of 31.12.2015: 2.50%
As of 31.12.2014: 2.50%

PROVISION FOR OUTSTANDING CLAIMS (N)

National insurance law and national regulations (in Austria, the Austrian Commercial Code and Austrian Insurance Supervision Act (Versicherungsaufsichtsgesetz - VAG)) require Vienna Insurance Group companies to form provisions for outstanding claims. The provisions are calculated for payment obligations arising from claims, which have occurred up to the balance sheet date, but whose basis or size has not yet been established, as well as all related claims settlement expenses expected to be incurred after the balance sheet date, and as a rule, are formed at the individual policy level. These policy-level provisions are marked up by a flat-rate allowance for unexpected additional losses. Except for the provisions for pension obligations, no discounting is performed. Insurance losses that have occurred up to the balance sheet date but were not known at the time that the balance sheet was prepared ("IBNR"), and losses that have occurred but have not been reported, or not reported in the correct amount ("IBNER"), are to be included in the provision (incurred but not reported claims provisions and provisions for as yet unidentified large losses). Separate provisions for claims settlement expenses are formed for internally incurred expenses attributable to claims settlement under the allocation according to origin principle. Collectible recourse claims are deducted from the provision. Where necessary, actuarial estimation methods are used to calculate the provisions. The methods are applied consistently, with both the methods and calculation parameters tested continuously for adequacy and adjusted if necessary. The provisions are affected by economic factors, such as the inflation rate, and by legal and regulatory developments, which may be subject to change over time. The current revision of IFRS 4 provides for provisions formed in accordance with applicable national requirements to be carried over into the consolidated financial statements.

PROVISION FOR PROFIT-UNRELATED PREMIUM REFUNDS (O)

The provisions for profit-unrelated premium refunds relate, in particular, to property and casualty and health insurance, and pertain to premium refunds in certain insurance classes that are contractually guaranteed to policyholders in the event that there are no claims or a low level of claims. These provisions are formed at the individual policy level. Since the provisions are predominantly short-term provisions, no discounting has been performed.

PROVISION FOR PROFIT-RELATED PREMIUM REFUNDS (P)

Profit shares that were dedicated to policyholders in local business plans, but have not been allocated or committed to policyholders as of the balance sheet date, are shown in the provision for profit-related premium refunds ("discretionary net income participation").

In addition, both the portion realised through profit and loss and the portion realised directly in equity that results from measurement differences between IFRS and local measurement requirements ("deferred profit participation") are reported in this item. Please refer to section "Classification of insurance policy" on page 90.

OTHER UNDERWRITING PROVISIONS (Q)

The other underwriting provisions item primarily include provisions for cancellations. Cancellation provisions are formed for the cancellation of premiums that have been written but not yet paid by the policyholder, and therefore represent a liabilities-side allowance for receivables from policyholders. These provisions are formed based on the application of certain percentage rates to overdue premium receivables.

Underwriting provisions for unit-linked and index-linked life insurance (R)

Underwriting provisions for unit-linked and index-linked life insurance represent obligations to policyholders that are linked to the performance and income of the corresponding investments. The measurement of these provisions corresponds to the measurement of the investments for unit-linked and index-linked life insurance, and is based on the fair value of the investment unit-linked or index serving as a reference.

Provisions for pensions and similar obligations (S)

PENSION OBLIGATIONS

Pension obligations are based on individual contractual obligations and collective agreements. The obligations are defined-benefit obligations.

The plans are based on average salary and/or the number of years of service with the company.

These obligations are recognised in accordance with IAS 19 by determining the present value of the defined benefit obligation (DBO). Calculation of the DBO is performed using the projected unit credit method. In this method, future payments, calculated based on realistic assumptions, are accrued linearly over the period, in which the beneficiary acquires these entitlements. The necessary provision amount is calculated for the relevant balance sheet date using actuarial reports that have been provided for 31 December 2014 and 31 December 2015.

The calculations for 31 December 2015 and 31 December 2014 are based on the following assumptions:

Pension assumptions	2015	2014
Interest rate	2.00%	2.00%
Pension increases	1.8%	1.8%
Salary increases	1.9%	1.9%
Labour turnover rate	age-dependent	
	0.5%–7.5%	0.5%–7.5%
Retirement age, women	62+	62+
	Transitional arrangement	
Retirement age, men	62+	62+
	Transitional arrangement	
Life expectancy	for employees according to	
	(AVÖ 2008-P)	(AVÖ 2008-P)

The weighted average length of the DBO for pensions was 14.87 years in the financial year 2015.

A portion of the direct pension obligations are administered as an occupational group insurance plan following conclusion of an insurance contract in accordance with § 18f-j VAG.

SEVERANCE OBLIGATIONS

VIG is required according to the law, supplemented by collective agreements, to make a severence payments to all employees in Austria whose contracts are terminated by their employer or begin retirement, and whose employment started before 1 January 2003. The size of this payment depends on the number of years of service and on the earnings at the time employment ends, and is equal to between two and 18 months of earnings. A provision is formed for this obligation.

The provision is calculated using the projected unit credit method. Under this method, the sum of the present values of future payments is calculated up to the point in time when the claims reach their highest value. The calculation for the balance sheet date in question is based on an actuarial report.

The calculations for 31 December 2015 and 31 December 2014 are based on the following assumptions:

Severance payment assumptions	2015	2014
Interest rate	2.00%	2.00%
Salary increases	2.25%	2.25%
Labour turnover rate	age-dependent	
	0.5%–7.5%	0.5%–7.5%
Retirement age, women	62+	62+
	Transitional arrangement	
Retirement age, men	62+	62+
	Transitional arrangement	
Life expectancy	for employees according to	
	(AVÖ 2008-P)	(AVÖ 2008-P)

The weighted average length of the DBO for severance payments was 8.54 years in financial year 2015.

For all employment relationships in Austria, which commenced after 31 December 2002, Vienna Insurance Group pays 1.53% of earnings into an occupational employee pension fund each month, where the contributions are invested in an employee account and paid out or passed on to the employee as a claim when employment ends. VIG's obligation in Austria is strictly limited to the payment of these amounts. As a result, no provision needs to be set up for this defined contribution plan.

A portion of the severance obligations was outsourced to an insurance company.

Other non-underwriting provisions (T)
Other non-underwriting provisions are recognised if a present legal or constructive obligation to a third party resulting from a past event exists, if it is probable that this obligation will lead to an outflow of resources, and if a reliable estimate can be made of the amount of the obligation.

The provisions are recognised at the value representing the best possible estimate of the expenditure needed to fulfil the obligation. If the present value of the provision determined using a normal market rate of interest differs significantly from the nominal value, the present value of the obligation is recognised.

The other non-underwriting provisions item also includes personnel provisions other than provisions for pensions and similar obligations. These relate primarily to provisions for anniversary benefits. Anniversary benefit obligations are measured using the calculation method described for severance obligations and the same calculation parameters.

(Subordinated) liabilities (U)
As a rule, liabilities are measured at amortised cost. This also applies to liabilities arising from financial insurance policies.

Net earned premiums*
As a rule, unearned premiums (provision for unearned premiums) are determined on a pro rata basis over time. No deferral of unit-linked and index-linked life insurance premiums is performed, since the full amount of the premiums written in the reporting period is included in the calculation of the underwriting provisions for unit-linked and index-linked life insurance.

The change in the provision for cancellations, primarily in Austria, is also recognised under net earned premiums.

* The exception in Section 81o (6) VAG was applied.

Expenses for claims and insurance benefits
All payments to policyholders arising from loss events, claims settlement expenses directly related to loss events, and internal costs attributable to claims settlement under the allocation according to origin principle, are shown as expenses for claims and insurance benefits. Expenses for loss prevention are also reported in this item. Expenses for claims and insurance benefits are reduced by the income gained from using existing contractual and statutory avenues of recourse (this applies in particular to property and casualty insurance). Changes in underwriting provisions, except for the change in the provision for cancellations, are also shown primarily in Austria under expenses for claims and insurance benefits.

Acquisition and administrative expenses
The Group's personnel and materials expenses are assigned to the following income statement items using the allocation according to origin principle:

- Expenses for claims and insurance benefits (claims settlement expenses)
- Expenses arising from investments (expenses for asset investment)
- Acquisition and administrative expenses
- Other underwriting expenses
- Other non-underwriting expenses

Scope and methods of consolidation

VIENNA INSURANCE GROUP AG Wiener Versicherung Gruppe, Vienna, is the parent company of the Group. All companies that are under the control ("control principle") of Vienna Insurance Group ("subsidiaries") are fully consolidated in accordance with IFRS 10. The central focus, particularly with respect to the introduction of IFRS 10 in 2014, is on establishing a uniform framework to be applied to all investees to determine, which are to be included in the consolidated financial statements based on the existence of control. Based on the provisions, control can be said to exist if VIG has the power to direct the activities of the investee, shares in the variable returns of the investee and can, by exercising its power, materially influence the size of the variable returns. VIG has power over a subsidiary if the rights it has on the balance sheet date allow it to materially direct the activities of the subsidiary. This is generally the case if VIG owns more than half of the voting rights or similar rights. Potential voting rights are also taken into account when determining whether a subsidiary is controlled. If a subsidiary has been formed in such a manner that voting rights or similar rights are not the deciding factor for control (for example if voting rights only apply to administrative tasks and the important activities are governed by contractual agreements), then control is examined based on the contractual relationship between VIG and the subsidiary. If a majority of the voting rights are held, but additional contractual agreements result in VIG not having control, but instead a significant influence, the subsidiary is treated as an associated company and consolidated at equity instead of fully consolidated.

Inclusion of a subsidiary begins when control is gained and ends when control is lost. The consolidated financial statements include a total of 64 domestic and 77 foreign companies. Subsidiaries that are not of material importance were not included within the scope of consolidation. A total of 50 domestic and 53 foreign subsidiaries were excluded for this reason.

Associated companies are companies, over which VIG has a significant influence, but does not exercise its control. These companies are accounted for at equity. These consolidated financial statements include 17 domestic and 12 foreign companies accounted for at equity. 103 companies that have no material effect on the net assets, financial position and results of operations when considered individually or in aggregate have essentially been included in the consolidated financial statements at cost minus impairment.

Fully controlled investment funds ("special funds") were fully consolidated in accordance with the requirements of IFRS 10. These consolidated special funds are not separate corporate entities, and therefore not special purpose vehicles (SPVs) under IFRS 10, but instead investment funds that have not been designed for public capital markets. Mutual funds, in which Vienna Insurance Group holds the majority of units, are not fully consolidated, since Vienna Insurance Group does not have control over such mutual funds.

The ability of subsidiaries to transfer funds (in the form of dividends) to parent companies can be restricted by corporate law, regulations and capital requirements.

Business combinations (IFRS 3)

Business combinations are accounted for using the purchase method. Goodwill is recognised as the value of the consideration transferred and all non-controlling interests in the acquired company minus the identifiable assets acquired and liabilities assumed.

In any business combination, present non-controlling interests that entitle holders to a proportionate share of the entity's net assets in the event of a liquidation can be measured either at fair value or as part of the identifiable net assets. Unless an IFRS provides for another measurement method, all other components of non-controlling interests are measured at fair value. If the consideration is less than the net assets of the acquired subsidiary measured at fair value, the difference is checked again and recognised directly in the income statement.

As a rule, the fair values of all assets and liabilities determined according to IFRS 13 are allocated to the regions; goodwill and insurance portfolios are allocated to the region of the parent company.

Note 4 "Participations – Details" on page 133 provides an overview of all participations.

In 2015, the following changes occurred in the scope of consolidation:

The following companies were deconsolidated in financial year 2015:

Deconsolidations	Reason for deconsolidation	Date of deconsolidation	Line of business / Region
Came Holding	Sale	1.10.2015	Property/Casualty / Austria
Medial Beteiligungs-Gesellschaft m.b.H.	Sale	1.10.2015	Property/Casualty / Austria

During the reporting period from 1 January 2015 to 31 December 2015, Vienna Insurance Group acquired control over the following subsidiaries and included the following companies in the consolidated financial statements:

Inclusion in the scope of consolidation	% share	Date of first consolidation	Goodwill
in EUR million			
Untere Donaulände 40 KG	100.00	1.1.2015	0.00

Companies acquired during the reporting period (subject to closing)	Shares acquired (%)
BTA Baltic	90.00
Nova	100.00

The requirements for inclusion of these companies in the consolidated financial statements were still not satisfied as of 31 December 2015, since prior to the closing of the transactions, the Group still had no control over the companies.

Companies acquired during the reporting period	Shares acquired (%)	Date of first consolidation	Goodwill
in EUR million			
Anif-Residenz KG	100.00	12.2.2015	0.00
Baltikums	100.00	31.12.2015	2.76
Compensa Life Distribution (formerly Finsaltas)	97.00	*)	0.00
Vienibas Properties	100.00	1.10.2015	0.00

*) The Group acquired control over the company Compensa Life Distribution at the time of closing on 3 September 2015. As a result, the financial data of the company were compared to the Group's materiality thresholds. Since the company did not satisfy the thresholds, it was not included in consolidation.

The newly acquired companies Vienibas Properties and Anif-Residenz KG are real estate holding companies and Compensa Life Distribution is a brokerage company.

VIG considers the reported goodwill to reflect the value of the ability to make use of the insurance-special expertise of the employees of the acquired companies. When a market is entered, it represents the ability to offer insurance products in a new market or market sector and take advantage of the opportunities that exist there. In markets or market sectors where VIG is already represented by one or more companies, the goodwill represents the possibility of taking advantage of potential synergies.

It must be noted that the purchase price allocation remains preliminary for newly acquired companies until the one-year limit has been reached, as VIG retains the right to compare the assumptions used to determine fair values with the latest published results and take account of any variances in the final calculations. All company acquisitions were performed with cash and cash equivalents. Incidental acquisition costs directly related to acquisition of control rights are capitalised. All other incidental acquisition costs are recognised as expenses.

The purchase price allocation for the newly acquired companies that was still preliminary in earlier financial statements was approved by the VIG Managing Board within the one-year period. No changes were made to the preliminary figures. Significant acquisitions occurring in financial year 2015 are presented below:

BALTIKUMS

"Baltikums Vienna Insurance Group" AAS is a non-life insurer that is number 6 in the Latvian insurance market with a market share of 8%. The company also operates through branches in Lithuania and Estonia. In financial year 2015, the company generated more than EUR 20 million in premiums. Among other things, the product portfolio includes motor, liability, health and travel insurance. Products are sold by a salaried field sales force, and through a network of brokers and agents.

Vienna Insurance Group is currently well positioned in the Latvian life segment with its life insurance company Compensa Life (Estonia). Until 31 December 2015, non-life products were also offered in this country by Compensa Non-Life (Poland). This insurance portfolio was transferred to Compensa Non-Life (Lithuania) as of 31 December 2015. The acquisition of Baltikums makes Vienna Insurance Group one of the top 5 insurance companies in Latvia.

Founded companies	% share	Date of foundation
Compensa Non-Life (Lithuania)	100.00	11.8.2015
Vienibas Investments	100.00	18.8.2015

Compensa Non-Life (Lithuania) was registered in Lithuania on 11 August 2015. Since the insurance portfolio of Compensa Non-Life (Poland) was not transferred to Compensa Non-Life (Lithuania) until the end of 2015, the newly formed company was retroactively included in the scope of consolidation for the 4th quarter of 2015.

Significant changes in minority interests:

Change of significant minority interests	Date of change	Change of shareholding in %	Reduction of minority interest in consolidated shareholders' equity
in EUR '000			
Bulstrad Life	5.10.2015	4.47	-273.00
Globus	17.12.2015	19.60	245.00
S IMMO AG	between 15.12.2014 and 23.9.2015	0.03	-154.00
Neue Heimat Holding	17.6.2015	-2.93	4,257.00

The change in the minority interest of Neue Heimat OÖ Holding was due to a capital increase performed solely by the Vienna Insurance Group parent company, Wiener Städtische Versicherungsverein.

Benefia Non-Life was merged into Compensa Non-Life (Poland) on 30 September 2015. The two Group companies will operate in the market under the brand name Compensa Towarzystwo Ubezpieczeń S.A. Vienna Insurance Group in the future.

Wiener Nekretnine was merged into Wiener Osiguranje Vienna Insurance Group on 1 October 2015.

Information on the companies that are fully consolidated and included at equity in the consolidated financial statements of 31 December 2015 is provided in Note 4 "Participations – Details".

The following changes to assets and liabilities were recognised due to first-time consolidation and deconsolidation of the companies indicated in 2015:

Balance sheet	Additions	Disposals
in EUR '000		
Intangible assets	5,905	0
Investments	94,407	9,559
Reinsurers' share in underwriting provisions	14,371	0
Receivables (incl. tax receivables and advance payments out of income tax)	8,875	0
Other assets (incl. deferred tax assets)	407	0
Cash and cash equivalents	8,019	694
Underwriting provisions	-42,084	0
Non-underwriting provisions	-371	0
Liabilities (incl. tax liabilities out of income tax)	-21,712	0
Other liabilities (incl. deferred tax liabilities)	-2,223	0

The figures shown in the table above reflect the actual dates of first consolidation and deconsolidation, as indicated in "Changes in the scope of consolidation" section on page 967.

Contribution to profit before taxes in financial year 2015	Additions	Disposals
in EUR '000		
Financial result	-1,186	276
Expenses for claims and insurance benefits	-3,981	0
Acquisition and administrative expenses	-247	0
Other expenses	0	0
Profit before taxes	**-5,414**	**276**

Inclusion of the first-time consolidated companies retroactively to 1 January 2015 would not lead to any changes in balance sheet items or profit before taxes.

Including the new companies in the scope of consolidation the number of employees increased by 221.

Non-profit housing societies

Non-profit housing societies build or renovate housing whose financing largely comes from housing construction subsidies that are provided for by subsidy laws and directives at the provincial level. Housing that is financed by housing construction subsidies is subject to special restrictions set down in the Austrian Non-Profit Housing Act (Wohnungsgemeinnützigkeitsgesetz – WGG) that govern annual distributions and access to the assets of the housing society.

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

VIG holds indirect interests in some non-profit housing societies that were still included in the consolidated financial statements by full consolidation until 31 December 2013 based on satisfaction of the criteria for control, due to a majority interest and to far-reaching contractual agreements (e.g. the right to determine members of management). Due to the loss of this contract-based controlling influence as defined in IAS 28.5 and granting of extensive voting trust rights to the minority interests at the dates indicated below, VIG examined, including based on adoption of IFRS 10, whether at least significant influence over the housing societies existed. Based on interests ranging in size from 54.17% to 99.82%, VIG concluded that significant influence as defined in IAS 28 exists and accordingly included the non-profit housing societies indicated below in the consolidated financial statements using the equity method:

SINCE 1 JANUARY 2012

- Neuland GmbH
- Sozialbau AG
- Urbanbau GmbH
- Erste Heimstätte GmbH

SINCE 1 JANUARY 2013

- Gemeinnützige Industrie-Wohnungsaktiengesellschaft
- Gemeinnützige Mürz-Ybbs-Siedlungsanlagen-GmbH
- Schwarzatal GmbH

SINCE 1 JANUARY 2014

- Alpenländische Heimstätte GmbH
- Neue Heimat Oberösterreich Gemeinnützige GmbH

INITIAL MEASUREMENT

In accordance with the requirements of IFRS 10.25 lit. b, the change of consolidation method from full consolidation to at equity consolidation led to recognition of the participations at fair value on the dates indicated above. IFRS 13.9 defines fair value is defined as the price “that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date”.

In addition, under IAS 8.10 et seqq. the expert opinion of the Austrian Professional Committee for Business Management and Organisation (Fachsenat für Betriebswirtschaft und Organisation) (KFS/BW 1) and the German IDW standard "Principles for performing enterprise valuations" (IDW S 1) were to be used to perform the enterprise valuation in order to take into account the restrictions on the non-profit housing societies. According to KFS/BW 1 and KDW S 1, the net asset value (*Rekonstruktionszeitwert*) is to be used for non-profit entities. This equals the replacement value of all tangible and intangible assets and liabilities, with discounts for the age of the items.

The following procedure was chosen for determining the fair value of the Group's share of the net assets of a non-profit housing society:

In 2012, a transaction took place that led to a transfer of control of a company that held material assets in the form of interests in non-profit housing societies at that point in time. The consideration for this acquisition was determined based on the share of the at-equity capital of the non-profit housing societies. Due to the arm's length terms, under which the transaction was concluded, this was taken as a basis for the measurement method for the share of the transferred assets.

With respect to measurement of the net assets, it must be noted that the material assets of the housing societies, properties, are recognised at amortised cost in VIG's IFRS financial statements. The depreciation method used for the properties is determined by their useful lives. Since the replacement value of these assets does not differ significantly from their book values, it was considered reasonable to take the share of the IFRS shareholders' equity of the companies concerned as an appropriate approximation for the net asset value.

SUBSEQUENT MEASUREMENT

Including the non-profit housing societies indicated above using the equity consolidation method had the following effects on VIG's consolidated financial statements. Based on the existence of significant influence, the non-profit housing societies were included in the consolidated financial statements using the at-equity method. The net assets held via these participations is tested for impairment annually. Based on the valuation reports from 2012 and 2013, which determined that both the value in use and fair value were higher than the at-equity value, the measurement methods used for valuation were also used in 2014 and 2015. Based on this, the book values were also considered reasonable for the present annual financial statements.

VIG approached the Austrian Financial Reporting and Auditing Committee (AFRAC) concerning accounting and measurement for non-profit housing societies in the 2015 IFRS consolidated financial statements. AFRAC decided to accept the question and form a working group for the topic.

Including the non-profit housing societies indicated above using the equity consolidation method had the following effects on VIG's consolidated financial statements:

- The book value is EUR 639,961,000 (EUR 561,132,000)
- The effect of the at-equity consolidated non-profit housing societies on the profit before taxes for the period is EUR 49,486,000 (EUR 42,192,000)
- The share of the at-equity consolidated non-profit housing societies in the Group shareholders' equity retained by Vienna Insurance Group as of 31 December 2015 was EUR 556,571,000 (EUR 504,291,000)

Changes in the accounting and measurement methods could lead to significant changes in consolidated shareholders' equity and the Group result.

Segment reporting

Vienna Insurance Group is the one of the leading insurance groups in Central and Eastern Europe. Around 50 Group companies offer insurance products and services in 25 countries.

Business segment reports are prepared in a manner consistent with the internal reporting for the principal decision-maker in financial year 2015. The Managing Board is the principal decision-maker for the Group as a whole. The operating segments were determined using the management approach and in accordance with the Group-wide management of results, the property and casualty, life and health insurance lines of business were identified as reportable segments.

Due to Vienna Insurance Group's focus on the CEE region, which has also been communicated to the various interest groups, the principal decision-maker also receives reporting by region. The operating segments are therefore presented along two dimensions – lines of business and regions – for segment reporting.

The following regions were identified:

- Austria (incl. the Wiener Städtische Versicherung branch offices in Slovenia and Italy and the Donau Versicherung branch office in Italy)
- Czech Republic
- Slovakia
- Poland (incl. the insurance business of the Compensa Non-Life branch in Lithuania and Latvia up to transfer of the insurance portfolio on 31 December 2015)
- Romania
- Remaining Markets
- Central Functions

The regions of Austria, the Czech Republic, Slovakia, Poland, Romania and Remaining Markets show the performance of the operating companies. The countries Albania, Bosnia-Herzegovina, Bulgaria, Germany, Estonia, Georgia, Croatia, Latvia, Liechtenstein, Lithuania, Macedonia, Moldova, Serbia, Turkey, Ukraine and Hungary are combined in the "Remaining Markets" region. Companies with management and coordination functions that cross regional boundaries and non-profit housing societies are included in the "Central Functions" and shown in the segment balance sheet for the property and casualty line of business.

Since many of the VIG insurance companies are composite insurers, and have already consolidated transactions between reporting segments in their separate financial statements, VIG does not present a consolidation column in the consolidated balance sheet or consolidated income statement by lines of business.

Like transactions with third parties, transfer prices between reportable segments are determined using market prices. Transactions between regions are eliminated in the consolidation column, country-specific information concerning more than one segment is not collected. The only exception is dividends and intercompany profits, which are eliminated within regions. Financial information is recorded for the operating segments.

Change starting in the 1st quarter 2016

Starting in the 1st quarter of 2016, regular reporting to the Group Managing Board in its capacity as the ultimate decision-making body will take place only at the country level.

The countries Estonia, Latvia and Lithuania will be combined into the Baltic countries and Kosovo will be allocated to Albania.

The regular reports will no longer include separate reporting by lines of business (property and casualty, life and health insurance). This change is taking place in connection with the change in the composition of the Group Managing Board as of 1 January 2016. Regular monitoring of goodwill impairment will take place solely on the above-mentioned country level starting in the 1st quarter of 2016.

Please refer to page 810 for information concerning goodwill impairment testing.

Consolidated balance sheet by lines of business

ASSETS	Property/Casualty		Life		Health		Total	
	31.12.2015	31.12.2014	31.12.2015	31.12.2014	31.12.2015	31.12.2014	31.12.2015	31.12.2014
in EUR '000								
A. Intangible assets	1,077,775	1,342,867	1,001,862	1,026,942	320	37	**2,079,957**	**2,369,846**
B. Investments	6,278,215	6,187,969	23,207,741	22,946,602	1,223,269	1,224,972	**30,709,225**	**30,359,543**
C. Investments for unit-linked and index-linked life insurance	0	0	8,144,135	7,742,181	0	0	**8,144,135**	**7,742,181**
D. Reinsurers'share in underwriting provisions	949,626	1,021,919	78,810	81,601	2,304	2,223	**1,030,740**	**1,105,743**
E. Receivables	886,902	961,534	478,498	513,658	24,833	26,835	**1,390,233**	**1,502,027**
F. Tax receivables and advance payments out of income tax	182,873	81,459	33,962	37,727	11	23	**216,846**	**119,209**
H. Other assets	152,079	147,093	197,652	183,951	188	263	**349,919**	**331,307**
I. Cash and cash equivalents	626,143	445,886	423,811	299,149	53,280	36,952	**1,103,234**	**781,987**
Subtotal	**10,153,613**	**10,188,727**	**33,566,471**	**32,831,811**	**1,304,205**	**1,291,305**	**45,024,289**	**44,311,843**
Deferred tax assets							123,692	113,244
Total ASSETS							**45,147,981**	**44,425,087**

LIABILITIES AND SHAREHOLDERS' EQUITY	Property/Casualty		Life		Health		Total	
	31.12.2015	31.12.2014	31.12.2015	31.12.2014	31.12.2015	31.12.2014	31.12.2015	31.12.2014
in EUR '000								
B. Subordinated liabilities	1,165,829	800,614	113,979	118,564	500	500	**1,280,308**	**919,678**
C. Underwriting provisions	5,308,309	5,224,533	21,610,854	21,508,289	1,225,960	1,157,130	**28,145,123**	**27,889,952**
D. Underwriting provision for unit-linked and index-linked life insurance	0	0	7,776,602	7,392,417	0	0	**7,776,602**	**7,392,417**
E. Non-underwriting provisions	413,124	429,294	222,098	238,075	28,174	41,452	**663,396**	**708,821**
F. Liabilities	1,011,609	1,110,318	609,368	556,432	13,602	12,605	**1,634,579**	**1,679,355**
G. Tax liabilities out of income tax	89,531	48,944	30,574	33,398	1,696	1,739	**121,801**	**84,081**
I. Other liabilities	53,051	52,820	119,235	126,977	1,188	770	**173,474**	**180,567**
Subtotal	**8,041,453**	**7,666,523**	**30,482,710**	**29,974,152**	**1,271,120**	**1,214,196**	**39,795,283**	**38,854,871**
Deferred tax liabilities							294,895	286,789
Shareholders' equity							5,057,803	5,283,427
Total LIABILITIES AND SHAREHOLDERS' EQUITY							**45,147,981**	**44,425,087**

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

Investments by region

ASSETS	Austria		Czech Republic		Slovakia		Poland	
	31.12.2015	31.12.2014	31.12.2015	31.12.2014	31.12.2015	31.12.2014	31.12.2015	31.12.2014
in EUR '000								
B. Investments	21,245,751	21,101,536	3,231,555	3,169,122	1,226,063	1,227,001	925,750	1,061,933
C. Investments for unit-linked and index-linked life insurance	5,393,111	5,343,191	312,243	290,964	197,708	186,038	671,470	608,139
Total investments	**26,638,862**	**26,444,727**	**3,543,798**	**3,460,086**	**1,423,771**	**1,413,039**	**1,597,220**	**1,670,072**

ASSETS	Romania		Remaining Markets		Central Functions		Total	
	31.12.2015	31.12.2014	31.12.2015	31.12.2014	31.12.2015	31.12.2014	31.12.2015	31.12.2014
in EUR '000								
B. Investments	412,853	366,152	1,855,164	1,693,711	1,812,089	1,740,088	**30,709,225**	**30,359,543**
C. Investments for unit-linked and index-linked life insurance	206,011	184,295	1,363,592	1,129,554	0	0	**8,144,135**	**7,742,181**
Total investments	**618,864**	**550,447**	**3,218,756**	**2,823,265**	**1,812,089**	**1,740,088**	**38,853,360**	**38,101,724**

Consolidated income statement by lines of business

LINES OF BUSINESS	Property/Casualty		Life		Health		Total	
	2015	2014	2015	2014	2015	2014	2015	2014
in EUR '000								
Premiums written – gross	4,599,035	4,560,392	4,022,752	4,199,041	397,972	386,295	**9,019,759**	**9,145,728**
Net earned premiums	3,799,702	3,791,322	3,986,137	4,166,189	394,696	396,231	**8,180,535**	**8,353,742**
Financial result excl. at equity consolidated companies	88,430	192,567	876,130	826,236	35,427	33,500	**999,987**	**1,052,303**
Income from investments	378,914	409,084	1,028,271	1,055,668	45,722	53,070	**1,452,907**	**1,517,822**
Expenses for investments and interest expenses	-290,484	-216,517	-152,141	-229,432	-10,295	-19,570	**-452,920**	**-465,519**
Result from shares in at equity consolidated companies	64,270	54,961	10,641	9,596	0	0	**74,911**	**64,557**
Other income	92,449	79,356	57,490	45,973	268	129	**150,207**	**125,458**
Expenses for claims and insurance benefits	-2,534,617	-2,495,268	-3,887,593	-4,094,396	-326,664	-330,269	**-6,748,874**	**-6,919,933**
Acquisition and administrative expenses	-1,115,844	-1,120,460	-683,227	-703,183	-48,496	-51,130	**-1,847,567**	**-1,874,773**
Other expenses	-435,695	-192,843	-196,659	-88,841	-4,747	-1,304	**-637,101**	**-282,988**
Profit before taxes	**-41,305**	**309,635**	**162,919**	**161,574**	**50,484**	**47,157**	**172,098**	**518,366**
Tax expense	10,640	-102,714	-66,058	-15,675	-6,347	-8,617	**-61,765**	**-127,006**
Profit of the period	**-30,665**	**206,921**	**96,861**	**145,899**	**44,137**	**38,540**	**110,333**	**391,360**

Consolidated income statement by regions

REGIONS	Austria		Czech Republic		Slovakia		Poland	
	2015	2014	2015	2014	2015	2014	2015	2014
in EUR '000								
Premiums written – gross	4,055,532	4,076,992	1,554,823	1,683,406	716,494	726,987	838,864	1,034,051
Net earned premiums	3,369,996	3,370,793	1,204,780	1,366,044	576,537	597,046	716,259	852,934
Financial result excl. at equity consolidated companies	819,676	748,035	94,793	102,514	51,923	54,427	46,061	52,872
Income from investments	1,011,163	1,041,535	146,988	131,926	55,253	57,511	60,970	65,280
Expenses for investments and interest expenses	-191,487	-293,500	-52,195	-29,412	-3,330	-3,084	-14,909	-12,408
Result from shares in at equity consolidated companies	21,684	13,745	2,100	4,976	0	0	0	0
Other income	19,623	20,741	43,412	35,650	33,003	12,489	13,859	7,188
Expenses for claims and insurance benefits	-3,361,948	-3,320,211	-817,137	-957,521	-469,967	-481,258	-501,344	-582,744
Acquisition and administrative expenses	-599,239	-627,210	-316,279	-332,471	-98,648	-91,436	-218,948	-260,330
Other expenses	-56,825	-36,166	-48,680	-41,325	-40,983	-31,813	-12,489	-14,765
Profit before taxes	**212,967**	**169,727**	**162,989**	**177,867**	**51,865**	**59,455**	**43,398**	**55,155**
Tax expense	-75,002	-26,063	-32,385	-37,863	-13,413	-16,089	-16,446	-15,076
Profit of the period	**137,965**	**143,664**	**130,604**	**140,004**	**38,452**	**43,366**	**26,952**	**40,079**

REGIONS	Romania		Remaining Markets		Central Functions		Consolidation		Total	
	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
in EUR '000										
Premiums written – gross	428,635	339,673	1,294,177	1,155,639	1,248,906	1,289,843	-1,117,672	-1,160,863	**9,019,759**	**9,145,728**
Net earned premiums	265,024	184,486	981,698	880,131	1,066,788	1,105,542	-547	-3,234	**8,180,535**	**8,353,742**
Financial result excl. at equity consolidated companies	10,831	15,012	80,898	94,638	-103,916	-14,931	-279	-264	**999,987**	**1,052,303**
Income from investments	18,097	24,361	116,233	117,529	106,596	146,952	-62,393	-67,272	**1,452,907**	**1,517,822**
Expenses for investments and interest expenses	-7,266	-9,349	-35,335	-22,891	-210,512	-161,883	62,114	67,008	**-452,920**	**-465,519**
Result from shares in at equity consolidated companies	0	0	0	0	51,127	45,836	0	0	**74,911**	**64,557**
Other income	10,980	23,139	23,316	15,639	6,963	11,565	-949	-953	**150,207**	**125,458**
Expenses for claims and insurance benefits	-176,241	-123,680	-697,278	-653,142	-723,886	-799,584	-1,073	-1,793	**-6,748,874**	**-6,919,933**
Acquisition and administrative expenses	-85,689	-74,294	-215,448	-209,291	-311,834	-282,958	-1,482	3,217	**-1,847,567**	**-1,874,773**
Other expenses	-19,260	-18,586	-130,394	-76,315	-332,485	-67,712	4,015	3,694	**-637,101**	**-282,988**
Profit before taxes	**5,645**	**6,077**	**42,792**	**51,660**	**-347,243**	**-2,242**	**-315**	**667**	**172,098**	**518,366**
Tax expense	1,803	2,008	-9,356	-12,657	83,034	-21,266	0	0	**-61,765**	**-127,006**
Profit of the period	**7,448**	**8,085**	**33,436**	**39,003**	**-264,209**	**-23,508**	**-315**	**667**	**110,333**	**391,360**

Financial instruments and risk management

Vienna Insurance Group's core competence is dealing professionally with risk. The Group's primary business is assuming risks from its customers using a variety of insurance packages. The insurance business consists of consciously assuming diverse risks and managing them profitably. One of the primary responsibilities of risk management is to ensure that the obligations assumed under insurance policies can be satisfied at all times.

VIG is exposed to a number of other risks in addition to the underwriting risks of its insurance policy portfolio. Established risk management processes are used to identify, analyse, evaluate, report, control and monitor these risks. The risk control measures used are avoidance, reduction, diversification, transfer and acceptance of risks and opportunities.

The overall risk of the Group can be divided into the following risk categories:

UNDERWRITING RISKS
VIG's core business consists of the transfer of risk from policyholders to the insurance company.

CREDIT RISK
Credit risk quantifies the potential loss due to a deterioration of the situation of a counterparty, against which claims exist.

MARKET RISK
Market risk is the risk of changes in the value of investments due to unforeseen fluctuations in interest rate curves, share prices and exchange rates, and the risk of changes in the market value of real estate and participations.

STRATEGIC RISKS
Strategic risks can arise due to changes in the economic environment, case law, or the regulatory environment.

OPERATIONAL RISKS
These may result from deficiencies or errors in business processes, controls or projects caused by technology, staff, organisation or external factors.

LIQUIDITY RISK
This category includes risks of Vienna Insurance Group not having sufficient assets that can be liquidated at short notice to satisfy its payment obligations.

CONCENTRATION RISK
Concentration risk is a single direct or indirect position, or a group of related positions, with the potential to significantly endanger the insurance company, its core business or key performance measures. Concentration risk is caused by a collection of positions with common holders, guarantors or managers, or by sector concentrations.

General information
In general, all Group companies are responsible for managing their own risks. The VIG corporate risk management department provides framework guidelines in all major areas for these companies. The requirements set in the investments and reinsurance areas are particularly strict.

Effective risk management requires a risk management system that is consistent throughout the Group, and a risk policy and risk strategy set by management. The objective of such risk management is not complete avoidance of risk, but rather a conscious acceptance of desired risks and the implementation of measures to monitor and possibly even reduce existing risks based on economic factors. The risk-return ratio is therefore a key measure that must be optimised in order to guarantee adequate security for the policyholder and the insurer itself while giving due consideration to the need to create value.

Risk management responsibilities within Vienna Insurance Group are bundled together in independent organisational units, in which a well-established risk and control culture ensures that each individual employee contributes to successful management of risk. Transparent, verifiable decisions and processes within an enterprise are very important aspects of its risk culture.

Internal guidelines
Risk management is governed by a number of internal guidelines in Vienna Insurance Group. Property and casualty underwriting risks are primarily managed using actuarial

models for setting tariffs and monitoring the progress of claims, as well as guidelines regarding the assumption of insurance risks. The most important underwriting risks in life and health insurance are primarily biometric risks, such as life expectancy, occupational disability, illness and the need for nursing care. To account for these underwriting risks, Vienna Insurance Group has formed provisions for future insurance payments.

Reinsurance

VIG limits the potential liability from its insurance business by passing on some of the risks it assumes to the international reinsurance market. It distributes this reinsurance coverage over a large number of different international reinsurance companies that VIG believes offer adequate credit quality, so as to minimise the risk (credit risk) due to the insolvency of one reinsurer. No significant reinsurer default has occurred in the history of VIG. The monetary limit per reinsurer is set individually for each subsidiary.

For lines of business where claims take a long time to be settled, especially for motor and general third-party liability, Vienna Insurance Group uses reinsurance companies with outstanding ratings (at least a Standard & Poor's rating of A, preferably a rating of AA or higher) that in all likelihood will also continue to exist over the long term. Even for lines if business with claims that are settled quickly (for example, natural catastrophes, fire, technology, transportation, storm, burglary, household, water pipes, auto collision), where the number of reinsurers is greater, the preferred rating is Standard & Poor's "A" or higher. Only in a few cases – and for limited periods of time – are reinsurers with lower ratings accepted.

Other measures

Vienna Insurance Group monitors the various market risks of its security portfolio using fair value valuations, value-at-risk (VaR) calculations, sensitivity analyses and stress tests. Liquidity risk is limited by matching the investment portfolio to insurance obligations. Operational and strategic risks, which might be caused by deficiencies or errors in business processes, controls and projects, or changes in the business environment, are also continuously monitored by the internal control system.

Areas involved in risk monitoring and control

ENTERPRISE RISK MANAGEMENT (ERM)

The Enterprise Risk Management (ERM) department is responsible for Group-wide risk management. ERM assists the Managing Board with updating the corporate risk strategy, and with improvements to the risk organisation and further corporate risk management topics. ERM also creates a framework for Group-wide risk management that uses key principles and concepts, uniform terminology and clear instructions and support.

INTERNATIONAL ACTUARIAL SERVICES

Underwriting risks are managed by the Group's international actuarial department. This department subjects all insurance solutions to in-depth actuarial analysis covering all lines of insurance business (life, health, and property and casualty). Stochastic simulations are organised regularly as part of the ALM process. The actuarial function in the international actuarial department coordinates the Group-wide determination of underwriting provisions to prepare the economic balance sheet in accordance with Solvency II.

REINSURANCE

Reinsurance for all Group companies is managed and monitored by the corporate reinsurance department established within Vienna Insurance Group.

CORPORATE BUSINESS

The corporate business department underwrites insurance contracts for large Austrian and international customers. The department also assists VIG subsidiaries with resources and know-how. The aim is to achieve a uniform underwriting philosophy and approach in all Group companies that perform such business.

ASSET RISK MANAGEMENT

The asset risk management department prepares a quarterly risk budget for the investment area. Compliance with the risk budget is reviewed weekly. Compliance with securities guidelines and the Company's own limit system is monitored on an ongoing basis. Periodic VaR calculations and analyses, as well as detailed stress tests, are performed for purposes of this monitoring. To satisfy the quantitative requirements of the new Solvency II framework, the asset risk management department determines solvency capital requirements for the market risks of the assets of material subsidiaries at regular intervals.

ASSET MANAGEMENT

One of the key responsibilities of the asset management department is to define a strategic orientation for the investments of each VIG insurance company and for the Group as a whole, and to specify an investment strategy and investment process aimed at ensuring regular earnings that are as high as possible, but also as secure as possible, while simultaneously taking advantage of opportunities to increase the value of investments. Guidelines and limits are used to manage investments in the Group. Regular reports are also provided for the investments, limits and income.

CONTROLLING

The Group controlling department is responsible for performance of an annual planning process and subsequently for monitoring day-to-day business development of the Group insurance companies. Regular reports are used for this purpose, including variance analyses and forecast accounts for the financial year.

INTERNAL AUDIT

The internal audit department systematically monitors operating and business processes, the internal control system of all operational business areas, including compliance with legal requirements, and the functionality and adequacy of risk management. The internal audit department operates continuously and reports directly to the Managing Board.

GROUP IT / BACK OFFICE

The VIG Group IT department is responsible for coordinating IT responsibilities at the Group level (IT strategy, Group solutions and systems related to the IT environment, IT governance, IT procurement and controlling, IT security, etc.), for assisting VIG subsidiaries with large IT projects, and for developing Group-wide guidelines and common standards. The Austrian business organisation assists Group IT with this by providing outside IT and telephony services.

Business risks

VIG calculates its underwriting provisions using recognised actuarial methods and assumptions. These assumptions include estimates of the long-term interest rate trend, returns on investments, the allocation of investments between equities, interest-bearing instruments and other categories, net income participations, mortality and morbidity rates, lapse rates and future costs. The Group monitors actual experience relating to these assumptions and adjusts its long-term assumptions where changes of a long-term nature occur.

GUARANTEED MINIMUM INTEREST RATES

VIG also has a considerable portfolio of policies with guaranteed minimum interest rates, including annuity and endowment insurance. On existing policies, Vienna Insurance Group guarantees a minimum interest rate for life insurance policies averaging around 2.41% p.a. If interest rates fall below the guaranteed average minimum rate for any length of time, VIG could find itself forced to use its equity capital to subsidise reserves for these products and consequently increase them through profit or loss as a result of the adequacy test.

LOSS RESERVES

In accordance with normal industry practice and accounting and supervisory requirements, the companies in Vienna Insurance Group work together with the Group actuarial department to independently form loss reserves and provisions for claims settlement expenses arising from the property and casualty insurance business. The reserves are based on estimates of the payments that will be made for these claims and the related claims settlement expenses. These estimates are made both on a case-by-case basis in light of the facts and circumstances available at the time the reserves are formed, as well as for losses that have already been incurred, but which have not been reported, or not reported in the correct amount to Vienna Insurance Group ("IBNR", "IBNER"). These reserves represent the expected costs required for final settlement of all known pending claims and IBNR and IBNER losses.

Loss reserves, including IBNR and IBNER reserves, may vary depending on a number of variables that affect the total costs of a claim, such as changes in the statutory framework, the outcome of court proceedings, changes in processing costs, repair costs, loss frequency, claim size and other factors such as inflation and interest rates.

INTEREST RATE FLUCTUATIONS

VIG is exposed to market risk, that is, the risk of suffering losses as a result of changes to market parameters. For VIG, interest rates and issuer spreads are the most relevant parameters for market risk. Ignoring investments held for the account of and at the risk of policyholders, VIG's investments consist largely of fixed-income securities. The majority of these securities are denominated in euros and Czech koruna. Consequently, interest rate fluctuations in these currencies have an effect on the value of these financial assets.

SHARE PRICE RISK

Vienna Insurance Group has a share portfolio, which, even including shares held by funds, constitutes approximately 4% of investments. Among other things, VIG's share investments include participations in a number of Austrian companies and equity positions in other companies whose shares trade primarily on the Vienna Stock Exchange or stock exchanges in the Eurozone or CEE region. A deterioration of the current economic situation could result in the share portfolio losing value.

ASPECTS OF LEGAL TAX FRAMEWORK AFFECTING EARNINGS

Changes to tax law may negatively affect the attractiveness of certain VIG products currently enjoying tax advantages. For example, the introduction of laws to reduce the tax advantages of the Group's retirement provision products or other life insurance products could considerably diminish the attractiveness of those products.

DEVELOPMENTS IN CENTRAL AND EASTERN EUROPE

The expansion and development of business operations in the countries of Central and Eastern Europe is a core component of VIG's strategy. It has a very strong presence in these countries. Prescribed risk guidelines create a uniform risk management philosophy in all CEE countries. The presence of the corporate risk management department in the holding company makes risk management more consistent within the Group.

RISKS FROM ACQUISITIONS

In the past, Vienna Insurance Group acquired a number of companies in Central and Eastern European countries, or acquired participations in these companies.

Acquisitions often bring challenges in terms of corporate management and financing, such as:

- the need to integrate the infrastructure of the acquired company, including management information systems, and risk management and controlling systems;
- handling unsettled matters of a legal or supervisory nature resulting from the acquisition;
- integration of marketing, customer support and product ranges; and
- integration of different corporate and management cultures.

CLIMATE CHANGE

The environmental disasters that have been becoming increasingly common in recent years, such as floods, mudslides, landslides, storms, etc., may have been brought about by general climate change. The number of claims caused in this way may continue to rise in the future.

CREDIT RISK FROM INVESTMENTS

When managing risks related to credit quality, a distinction must be made between "liquid" and "marketable" risks (for example exchange-listed bonds) and "bilateral" risks, such as, for example, time deposits, OTC derivatives, loans, private placements and securities accounts/depositories. The risk is limited at the portfolio level by means of rating and diversification limits.

Consideration is only given to those issuers or contracting parties whose credit quality or reliability can be assessed by

VIG, whether on the basis of an analysis performed by the Group, credit assessments/ratings from recognised sources, provision of security (e.g. guarantor's liability) or the possibility of recourse to reliable mechanisms for safeguarding investments.

CREDIT RISK FROM REINSURANCE

VIG follows a policy of ceding a portion of assumed risks to reinsurance companies. This transfer of risk to reinsurers does not, however, relieve Vienna Insurance Group of its obligations to policyholders. Vienna Insurance Group is therefore exposed to the risk of insolvency on the part of reinsurers.

CURRENCY RISKS

To diversify its portfolio, the investment area also makes use of international capital markets and, to a very small extent, foreign currencies. Vienna Insurance Group's high degree of involvement in the CEE region results in currency risks at the Group level in spite of matching local currency investments made at the local level.

CONCENTRATION RISK

Internal guidelines and Vienna Insurance Group's limit system are used to keep concentrations within the desired safety margin. Coordination across lines of business provides a comprehensive view of all significant risks.

REGULATORY ENVIRONMENT

Vienna Insurance Group is subject to domestic and foreign (insurance) supervisory regulations. These regulations govern such matters as:

- capital requirements of insurance companies and groups;
- admissibility of investments as security for underwriting provisions;
- licences of the various companies of Vienna Insurance Group;
- marketing activities and the sale of insurance policies; and
- cancellation rights of policyholders.

Changes to the statutory framework may make restructuring necessary, thus resulting in increased costs.
Vienna Insurance Group approached the Austrian Financial Reporting and Auditing Committee (AFRAC) concerning accounting and measurement for non-profit housing societies in the 2015 IFRS consolidated financial statements. AFRAC decided to accept the question and form a working group for the topic.

Vienna Insurance Group also received an enquiry from the FMA in this regard.

Changes in the accounting and measurement methods could lead to significant changes in consolidated shareholders' equity and the Group result. Further information on the non-profit housing societies is provided on page 100.

Investments

The Group invests in fixed-income securities (bonds, loans/credits), shares, real estate, participations and other investment products, taking into account the overall risk position of the Group and the investment strategy provided for this purpose.

The investment strategy is laid down in the investment guidelines for each of the Group's insurance companies. Compliance is continuously monitored by the asset management and asset risk management departments and by the internal audit department on a sample basis. Investment guidelines are laid down centrally and must be followed by all Group companies. When determining exposure volumes and limits as part of establishing the strategic orientation of investments, the risk inherent in the specified categories and market risks are of fundamental importance.

The investment strategy principles may be summarised as follows:

- Vienna Insurance Group practices a conservative investment policy designed for the long term.
- VIG focuses on its asset mix as a way to ensure that cash flows match its long-term liability profile and to create sustainable increases in value through the use of correlation and diversification effects of the individual asset classes.
- Investment management depends on the asset class in question or on the objective within asset classes, and is performed internally or by an outside manager.
- The currency profile of the investments should match as closely as possible the obligations to policyholders and other liabilities in foreign currency (currency matching).
- Risk management for securities is aimed at providing a transparent view of the risk exposure arising from price, interest-rate, and currency fluctuations as they affect profitability and the value of investments, and at limiting these risks. Risks are limited by a limit system at position level and by a two-level value-at-risk limit system for risk exposure at the portfolio level.
- Market developments are monitored continuously and the allocation of portfolio assets is managed actively.

Around 79% of Vienna Insurance Group's investment portfolio (including holdings of consolidated institutional funds) consists of holdings of fixed-income securities and loans. Holdings of shares and real estate amount to around 4% and 6%, respectively, in each case relative to the book value of the total investment portfolio.

The table below shows the breakdown of Vienna Insurance Group investments as of 31 December 2015 and 31 December 2014 in thousands of euros, broken down by property and casualty, health and life insurance segments:

Composition Investments	31.12.2015				31.12.2014
Book value	Property/Casualty	Life	Health	Total	Total
in EUR '000					
Land and buildings	**812,038**	**988,566**	**107,133**	**1,907,737**	**1,851,219**
Self-used land and buildings	250,857	150,888	32,561	434,306	427,384
Third-party used land and buildings	561,181	837,678	74,572	1,473,431	1,423,835
Shares in at equity consolidated companies	**765,890**	**121,002**	**0**	**886,892**	**806,641**
Loans	**142,179**	**1,068,720**	**125,094**	**1,335,993**	**1,396,296**
Reclassified loans	**58,569**	**379,544**	**1,867**	**439,980**	**490,221**
Bonds classified as loans	**21,059**	**1,083,302**	**0**	**1,104,361**	**1,220,336**
Other securities	**4,072,732**	**19,055,824**	**987,824**	**24,116,380**	**23,646,606**
Financial instruments held to maturity	613,469	1,643,213	0	2,256,682	2,145,322
Government bonds	592,882	1,312,892	0	1,905,774	1,855,819
Covered bonds	5,310	250,142	0	255,452	201,640
Corporate bonds	11,034	55,446	0	66,480	58,443
Bonds from banks	4,243	24,653	0	28,896	29,262
Subordinated bonds	0	80	0	80	158
Financial instruments reclassified as held to maturity	161,944	647,489	0	809,433	900,613
Government bonds	147,983	601,287	0	749,270	791,271
Covered bonds	13,961	32,823	0	46,784	96,266
Bonds from banks	0	13,379	0	13,379	13,076
Financial instruments available for sale	3,103,919	16,578,144	967,418	20,649,481	20,134,501
Bonds	2,421,912	14,858,140	899,864	18,179,916	18,011,109
Shares and other participations*	148,920	500,794	13,792	663,506	716,772
Investment funds	533,087	1,219,210	53,762	1,806,059	1,406,620
Trading assets	109,123	62,287	0	171,410	194,883
Bonds	21,370	28,946	0	50,316	52,444
Shares and other non-fixed-interest securities	18,758	4,585	0	23,343	22,945
Investment funds	19,427	26,582	0	46,009	66,286
Derivatives	49,568	2,174	0	51,742	53,208
Financial instruments recognised at fair value through profit and loss	84,277	124,691	20,406	229,374	271,287
Bonds	76,009	105,673	20,406	202,088	221,896
Shares and other non-fixed-interest securities	94	13,361	0	13,455	15,297
Investment funds	8,174	5,657	0	13,831	31,140
Other investments	**405,748**	**510,783**	**1,351**	**917,882**	**948,224**
Bank deposits	402,021	408,080	1,351	811,452	840,683
Deposits on assumed reinsurance business	477	97,539	0	98,016	99,040
Other	3,250	5,164	0	8,414	8,501
Total	**6,278,215**	**23,207,741**	**1,223,269**	**30,709,225**	**30,359,543**

* Includes shares in non-consolidated subsidiaries and other participations.

The “second best rating” method specified under Solvency II is used as a rating method. The latest (issue or issuer) rating from each of the three major rating agencies is used to determine the second best rating.

If the latest rating is an issuer rating, and this rating cannot be directly used due to a difference in quality of the security (e.g. senior unsecured debt rating and a lower tier II bond), the rating is adjusted downwards appropriately. The adjustment is one notch down for lower tier II bonds and two notches down for upper tier II and tier I bonds.

This results in up to three valid ratings for each bond. These ratings are then ranked according to increasing probability of default, and the rating with the second-highest probability of default taken as the “second best rating”. If the ratings in first and second place have the same probability of default, both of these ratings are simultaneously the “second best rating”. In cases where a rating has only been assigned by one rating agency, due to a lack of other information, this rating is used as the “second best rating”.

BONDS

Bonds represented approximately 70% of VIG’s total investments as of 31 December 2015. Vienna Insurance Group manages its bond portfolio using estimates of changes in interest rates, spreads and credit quality, taking into account limits for individual issuers, credit quality, maturities, countries, currencies and issue volume. VIG is currently not planning any investment strategy changes with respect to its bond portfolio. Under the investment guidelines of the Austrian Group companies, bond investments are made almost entirely in the investment grade range. Investments in non-investment grade bonds are only made in individual cases and in accordance with decisions made by the Managing Board of the local company. The goal is to achieve the greatest possible diversification among individual issuers, to avoid accumulation risks, to ensure good average creditworthiness, to control foreign currency effects, and to make the majority of investments in mid to long-term maturities in order to reflect the maturity profile of the liabilities as efficiently as possible.

SHARES

As of 31 December 2015, Vienna Insurance Group’s share investments (including those contained in the funds) represented around 4% of the book value of the total investment portfolio. In accordance with the investment guidelines for Austria, management is carried out using a top-down approach, subject to the constraint that diversification be used to minimise the market risk of the shares. The overall proportion of shares is very small for Group companies in the CEE countries.

Risk diversification within Vienna Insurance Group’s share portfolio is mainly achieved by geographic diversification primarily in the home markets of the Group and in the Eurozone. Share investments are predominantly made by the Austrian companies.

LOANS

VIG loans had a book value of EUR 2,880.3 million as of 31 December 2015 and a book value of EUR 3,106.9 million as of 31 December 2014. Investments in loans and credits are less important in the CEE region.

A portfolio analysis and an analysis of remaining time to maturity for Vienna Insurance Group’s loan portfolio are provided in Note 5 “Loans and other investments” on page 140.

LAND AND BUILDINGS

As of 31 December 2015, Vienna Insurance Group’s real estate portfolio had a book value of EUR 1,907.7 million (market value: EUR 2,855.2 million) and a book value of EUR 1,851.2 million as of 31 December 2014 (market value: EUR 2,684.6 million).

The portfolio of directly held real estate and real estate held in the form of participations is used primarily to create highly inflation-resistant long-term positions for the insurance business, and to create hidden reserves. The real estate portfolio represents approximately 6.3% of Vienna Insurance Group's total investment portfolio.

The following table shows VIG real estate investments as of 31 December 2015 and 31 December 2014, broken down by location and type of use of the properties:

Use of property	% of the real estate portfolio	
	31.12.2015	31.12.2014
Region Austria	**66.26**	**62.92**
Self-used	8.52	8.38
Investment property	57.74	54.54
Central Functions	**18.17**	**20.85**
Self-used	0.97	1.01
Investment property	17.20	19.84
Other Regions	**15.57**	**16.23**
Self-used	13.28	13.70
Investment property	2.29	2.53

AT EQUITY CONSOLIDATED COMPANIES

Vienna Insurance Group's shares in at equity consolidated companies had a book value of EUR 886.9 million as of 31 December 2015 and a book value of EUR 806.6 million as of 31 December 2014. Shares in at equity consolidated companies therefore represented around 2.9% of the book value of the total investment portfolio as of 31 December 2015.

MARKET RISK

VIG divides market risk into interest rate, spread, share price, currency, real estate, and participation risks. For Vienna Insurance Group, interest rates, spreads and share prices are the most relevant parameters for market risk VIG uses fair value measurements, value-at-risk (VaR) calculations, sensitivity analyses and stress tests to monitor market risks.

The composition of investments is aimed at providing coverage for insured risks that is appropriate for the insurance business and the maturities of Vienna Insurance Group liabilities.

INTEREST RATE AND SHARE PRICE RISK

In Vienna Insurance Group's investment model, the bonds serve primarily to ensure stable earnings over the long term. Derivatives are only used to reduce investment risk. Relevant investment guidelines expressly govern the use of derivatives for bond portfolios managed by third parties such as investment funds.

Shares serve to increase earnings over the long term, provide diversification and compensate for long-term erosion in value due to inflation. Vienna Insurance Group assesses share price risk by considering diversification within the overall portfolio and correlation with other securities exposed to price risk.

Market risk affecting earnings is controlled by calculating value-at-risk at regular intervals based on the "Investment and Risk Strategy" guideline for securities and comparing it to the limit relative to the risk budget. Value-at-risk is determined using a variance/covariance calculation. Vienna Insurance Group statistically estimates the variances and covariances from market data.

Depending on the purpose of the application, VIG performs value-at-risk calculations for different sub-portfolios. Confidence levels range between 95% and 99.5%, and the holding period varies from 20 to 250 days. Due to the nature of the portfolio, interest rate and spread components make the largest contributions to value-at-risk. As a plausibility check of the calculations, the value-at-risk for the most important sub-portfolios is determined using both the parametric method described above and the historical calculation method.

The following table shows the VaR (at a 99% confidence level) for Vienna Insurance Group securities that are held as available for sale or at fair value through profit or loss.

VaR Vienna Insurance Group	31.12.2015	31.12.2014
in EUR million		
10-day holding period	412.64	247.61
20-day holding period	583.57	350.17
60-day holding period	1,010.77	606.51
Total risk capacity	1,567.98	1,443.33
20-days VaR as % of risk capacity	37%	24%

CAPITAL MARKET SCENARIO ANALYSIS

This analysis is carried out annually for all Vienna Insurance Group companies in order to check the risk capacity of the investments. The following table shows the stress parameters and the effects on capital of each scenario for 31 December 2015 (not including deferred taxes, deferred profit participation or deferred actuarial reserve).

Reduction in market value	Scenario 0	Scenario 1	Scenario 2	Scenario 3	Scenario 4	Scenario 5
of shares	0%	-20%	-10%	-20%	-20%	0%
of bonds	0%	-5%	-3%	-5%	0%	-5%
of real estate	0%	-5%	-10%	0%	-10%	-10%
Market value of assets less liabilities (in EUR millions)	**7,075.05**	**5,359.05**	**5,864.17**	**5,506.25**	**6,532.49**	**5,459.98**

In scenario 1, the market value of shares, bonds and real estate all decrease sharply at the same time – ceteris paribus. The market value of the assets is still considerably higher than the value of the liabilities after stress testing, which confirms the good rating given to Vienna Insurance Group by Standard & Poor’s.

Life insurance

The following table shows the changes in endowment insurance (not including risk insurance), risk insurance, annuity insurance, unit-linked and index-linked insurance, government-sponsored pension plans and the total.

	Endowment insurance not incl. risk insurance		Risk insurance		Annuity insurance		Unit-linked and index-linked insurance		Government sponsored pension plans		Total	
	No. of policies	Amt. insured	No. of policies	Amt. insured	No. of policies	Amt. insured	No. of policies	Amt. insured	No. of policies	Amt. insured	No. of policies	Amt. insured
Amount insured in EUR '000												
As of 31.12.2014	**2,231,005**	**23,996,059**	**1,838,340**	**49,207,104**	**575,173**	**10,974,106**	**1,854,370**	**15,477,061**	**489,489**	**9,338,355**	**6,988,377**	**108,992,685**
Exchange rate changes	0	34,600	0	118,421	0	1,087	0	243,293	0	-66	0	397,335
As of 1.1.2015	**2,231,005**	**24,030,659**	**1,838,340**	**49,325,525**	**575,173**	**10,975,193**	**1,854,370**	**15,720,354**	**489,489**	**9,338,289**	**6,988,377**	**109,390,020**
Additions												
New business	137,613	1,736,287	457,036	11,996,064	34,855	906,116	277,939	1,833,308	13,920	356,499	921,363	16,828,274
Increases	1,173	118,059	7,071	2,359,815	95	97,312	10,111	87,483	486	274,570	18,936	2,937,239
Total additions	**138,786**	**1,854,346**	**464,107**	**14,355,879**	**34,950**	**1,003,428**	**288,050**	**1,920,791**	**14,406**	**631,069**	**940,299**	**19,765,513**
Changes												
Changes in additions	54,635	1,499,311	40,062	1,100,641	18,595	879,063	28,943	792,905	13,285	168,971	155,520	4,440,891
Changes in disposals	-37,387	-1,236,453	-133,297	-457,088	-14,746	-796,098	-55,897	-940,307	-10,058	-217,477	-251,385	-3,647,423
Total changes	**17,248**	**262,858**	**-93,235**	**643,553**	**3,849**	**82,965**	**-26,954**	**-147,402**	**3,227**	**-48,506**	**-95,865**	**793,468**
Disposals due to maturity												
Due to expiration	-48,076	-832,664	-61,574	-989,875	-18,915	-229,631	-5,277	-93,864	-839	-15,112	-134,681	-2,161,146
Due to death	-18,113	-96,214	-4,381	-68,459	-1,399	-26,867	-209	-19,508	-565	-8,363	-24,667	-219,411
Total disposals due to maturity	**-66,189**	**-928,878**	**-65,955**	**-1,058,334**	**-20,314**	**-256,498**	**-5,486**	**-113,372**	**-1,404**	**-23,475**	**-159,348**	**-2,380,557**
Premature disposals												
Due to non-redemption	-4,175	-41,643	-59,422	-4,173,870	-1,136	-35,207	41,118	93,834	-265	-13,422	-23,880	-4,170,308
Due to lapse without payment	-18,645	-14,864	-231,916	-2,327,315	-1,669	-1,958	-54,710	-415,097	-1,146	-7,918	-308,086	-2,767,152
Due to redemption	-26,431	-207,197	-68,922	-339,393	-19,980	-238,932	-27,982	-431,008	-20,970	-220,102	-164,285	-1,436,632
Due to waiver of premium	812	-100,473	-42	-58,080	-2	-98,283	-11,606	-238,643	33	-265,853	-10,805	-761,332
Total premature disposals	**-48,439**	**-364,177**	**-360,302**	**-6,898,658**	**-22,787**	**-374,380**	**-53,180**	**-990,914**	**-22,348**	**-507,295**	**-507,056**	**-9,135,424**
As of 31.12.2015	**2,272,411**	**24,854,808**	**1,782,955**	**56,367,965**	**570,871**	**11,430,708**	**2,056,800**	**16,389,457**	**483,370**	**9,390,082**	**7,166,407**	**118,433,020**

MARKET CONSISTENT EMBEDDED VALUE SENSITIVITY ANALYSES FOR THE LIFE AND HEALTH INSURANCE BUSINESSES

Market Consistent Embedded Value is determined in accordance with the Market Consistent Embedded Value Principles published by the CFO Forum in June 2008, and will be published on 7 April 2016 after a separate review is performed.

Market Consistent Embedded Value consists of two components: the adjusted net assets at market value and the value of the life and health insurance portfolio, which equals the present value of distributable net profits minus the capital commitment costs on the solvency capital. Market Consistent Embedded Value is thus an actuarial measurement of the value of a company, assuming continuation of current operations (going concern), but explicitly excluding the value of future new business. In addition to the Market Consistent Embedded Value, the increase in value due to new business written during the reporting period is also determined.

The estimated trend of future profits is based on "best estimate" assumptions, i.e. a realistic assessment of economic and operational conditions based on future expectations and historical data, in which future risk is taken into account using stochastic models and an explicit calculation of capital commitment costs. When calculating the market consistent embedded value, numerous assumptions are made regarding operational and economic conditions, as well as other factors, some of which lie outside the control of Vienna Insurance Group. Although Vienna Insurance Group considers these assumptions sound and reasonable, future developments may differ materially from expectations. Publication of the Market Consistent Embedded Value is therefore no guarantee or warranty that the expected future profits, on which this value is based, will be realised in this fashion.

The shareholder margin is calculated taking into account surpluses from all available income sources, with the profit participation regulation promulgated on 20 October 2006 being taken into account in the life insurance class for Austria. For the other lines of businesses and markets, the amount of profit participation assumed is based on local practice and the respective regulatory provisions. The projections of future profits are based on realistic assumptions for investment income, inflation, costs, taxes, cancellations, mortality and other key figures.

The interest rate curve used depends on the capital market on the measurement date. In order to be able to make a statement on the impact of alternative yield curves, the market-consistent embedded value as of 31 December 2015 and the increase in value resulting from new business in 2015 were calculated using a yield curve alternately increased and decreased by 1%. For interest rate sensitivities, a change of +/- 100 basis points is applied to capital market interest rate data. Interest rates that extend beyond the last liquid market data are extrapolated using a long-term interest rate level of 4.2% (ultimate forward rate). The long-term level is also held constant for the sensitivities. The sensitivities therefore do not represent a simple parallel shift.

Sensitivities are shown in the following table:

Sensitivities of the market consistent embedded value of life and health insurance in Austria Change in % of the base value	2015	2014
Market Consistent Embedded Value, Austria		
Decrease in level of equity and property values -10%	-4.25	-3.83
Interest rate curve shift +1%	10.46	15.92
Interest rate curve shift -1%	-20.70	-28.46
Administrative costs +10%	-2.66	-3.49
Administrative costs -10%	2.42	3.31
Decrease in lapse rate 10%	1.10	-0.03
Increase of lapse rate 10%	-0.91	-0.37
Reductionin mortality and morbidity rates, endowment insurance +5%	0.60	0.73
Reduction in mortality rates for annuities +5%	-0.79	-1.41
Value of new business, Austria		
Interest rate curve shift +1%	30.49	66.93
Interest rate curve shift -1%	-33.52	-77.50
Administrative costs +10%	-4.79	-13.56
Administrative costs -10%	8.52	11.12
Decrease in lapse rate 10%	30.39	6.48
Increase of lapse rate 10%	-27.60	-11.85
Reductionin mortality and morbidity rates, endowment insurance +5%	2.41	8.17
Reduction in mortality rates for annuities +5%	-4.31	-4.73

For information on the effect of the above sensitivities on the income statement please see the embedded value publication of 7 April 2016.

Property and casualty insurance provisions

GENERAL INFORMATION

If claims are asserted by or against policyholders, all amounts that a company in Vienna Insurance Group's property/casualty segment pays or expects to have to pay to the claimant are referred to as losses, and the costs of investigating, adjusting and processing these claims are referred to as "claims settlement expenses". Vienna Insurance Group has formed provisions by class, extent of cover and year for each Group company, to pay for losses and claims settlement expenses due to claims under its property and casualty insurance policies.

Losses and claims settlement expenses can be divided into two categories: reserves for known but still outstanding claims, and reserves for claims that have been incurred but have not yet been reported, or the correct amount has not been reported ("IBNR", "IBNER"). Provisions for outstanding claims are based on estimates of future payments, including claims settlement expenses, for these claims. These estimates are made on a case-by-case basis in accordance with facts and circumstances ascertainable at the time the provision is formed.

The estimates reflect the well-founded judgement of Group adjusters based on general practices for forming insurance provisions and a knowledge of the nature and value of each type of claim. These provisions are adjusted regularly during normal processing and represent the expected eventual costs necessary to finally settle all pending reported claims, taking into account inflation and other social and economic factors that could affect the amount of provisions that are required.

Historical developments in distribution patterns and claims payments, the level of reported and still outstanding claims and the nature of the extent of cover are also taken into account. In addition, court decisions and economic conditions can also affect the estimate of provisions and the eventual size of claims.

IBNR and IBNER provisions are formed to offset the expected costs of losses that have been incurred but not yet reported to the individual Group companies. These provisions, just like the provisions for reported claims, are formed to pay the expected costs, including claims settlement expenses, necessary to finally settle these claims. Because, by definition, the extent of these losses is still unknown when the provisions are formed, the Group calculates its IBNR and IBNER liabilities based on historical claims experience, adjusted for current developments in claims-related factors. These provisions are based on estimates made using actuarial and statistical forecasts of the expected costs to finally settle these claims. The analyses are based on the facts and circumstances known at the time and on expectations regarding changes in legal and/or economic factors that determine the level of loss, such as case law, the inflation rate and labour costs. These provisions are regularly reviewed and revised once additional information is known and claims are actually reported. The time needed to learn of these claims and settle them is an important factor that must be taken into account when forming provisions.

Claims, which are easy to settle, such as property damage under motor insurance, are reported within a few days or weeks and are normally settled within a year.

More complicated claims, such as personal injury under motor or general liability insurance, typically require longer settlement times (on average four to six years, in some cases considerably longer). Difficult claims, where settlement regularly depends on the results of often protracted litigation, also lead to substantially longer settlement times, especially in the liability, casualty, building and professional liability lines of business.

The final costs of the claims and claims settlement expenses depend on a number of variable circumstances. Between the time a claim is reported and final settlement, changing circumstances may require that the provisions that were formed be revised upwards or downwards. For example, changes in the law, the outcome of litigation and changes in medical costs, costs for materials for auto and house repair and hourly wage rates can have a substantial effect on the costs of claims. These factors may result in actual developments differing from expectations – sometimes substantially. Loss reserve estimates are regularly reviewed and updated, using the most recent information available to management. Any changes to provision estimates are reflected in the operating result. The Vienna Insurance Group's conservative policy toward provisions is shown in part by the fact that liquidation of loss reserves generally leads to a profit. Based on the Group's internal procedures and the information currently available to it, management believes that the Group's provisions in the property and casualty insurance area are adequate. However, forming loss reserves is by nature an uncertain process, and therefore no guarantee can be given that in the end losses will not differ from the Group's initial estimates.

CHANGE IN GROSS LOSS RESERVE

The following table shows the changes in Vienna Insurance Group's direct loss reserve as of the end of each year indicated. The provisions reflect the amount of expected losses, based on claims that occurred in the current and all previous loss years and had not yet been paid as of the balance sheet date, including IBNR and IBNER.

Interpreting the information contained in this table requires caution, because each amount contains the effects of all changes from the previous periods. The circumstances and trends that affected liability in the past could possibly recur in the future and therefore no conclusions can be drawn from the information given in this table as to future results.

Claims payment for each year of occurrence (per calendar, gross)

	Calendar year									
Year of occurrence	**≤2006**	**2007**	**2008**	**2009**	**2010**	**2011**	**2012**	**2013**	**2014**	**2015**
in EUR '000										
2006 and before	2,834,008	668,602	231,481	135,644	91,397	66,518	50,316	50,993	37,071	40,827
2007		1,339,481	671,210	122,452	66,345	30,865	25,531	16,834	11,336	16,005
2008			1,642,675	692,806	146,180	72,889	36,326	27,159	21,992	12,921
2009				1,687,960	713,178	180,476	69,027	38,112	25,020	16,847
2010					1,714,403	705,902	161,705	73,596	44,006	26,997
2011						1,616,214	651,472	101,100	107,425	52,275
2012							1,711,639	775,993	194,023	93,221
2013								1,811,908	705,274	179,122
2014									1,545,509	773,664
2015										1,565,072
Total	**2,834,008**	**2,008,083**	**2,545,366**	**2,638,862**	**2,731,503**	**2,672,864**	**2,706,016**	**2,895,695**	**2,691,656**	**2,776,951**

Loss reserve for each year of occurrence on the applicable balance sheet date (gross)

	Calendar year									
Year of occurrence	**≤2006**	**2007**	**2008**	**2009**	**2010**	**2011**	**2012**	**2013**	**2014**	**2015**
in EUR '000										
2006 and before	2,556,903	1,815,694	1,094,678	884,809	679,240	626,568	494,189	425,825	391,052	337,241
2007		1,098,797	661,429	363,386	259,982	183,313	136,705	109,191	97,532	77,806
2008			1,488,267	624,863	407,621	231,495	169,633	132,469	113,339	96,998
2009				1,414,103	653,175	387,931	234,502	162,405	134,355	111,606
2010					1,519,003	649,507	392,546	229,759	170,849	129,652
2011						1,580,247	761,133	406,828	266,973	192,271
2012							1,578,600	760,010	433,688	282,102
2013								1,673,074	784,226	477,055
2014									1,715,259	799,215
2015										1,664,678
Total	**2,556,903**	**2,914,491**	**3,244,374**	**3,287,161**	**3,519,021**	**3,659,061**	**3,767,308**	**3,899,561**	**4,107,273**	**4,168,624**

Currency translation effects and changes in the scope of consolidation can lead to differences in the figures for previous years.

Reinsurance
VIG limits its liability arising from the insurance business by passing on, to the extent necessary, a portion of the assumed risks to the international reinsurance market. Some of the risks of Group companies are reinsured within VIG. These risks are in turn ceded to reinsurers at the Group level.

REINSURANCE GUIDELINES
VIG's reinsurance guidelines are jointly determined each year by the corporate reinsurance department and the member of the Managing Board responsible for reinsurance during the development of the reinsurance strategy for the next financial year. The reinsurance guidelines require each Group company to provide, in conjunction with the corporate reinsurance department, reinsurance coverage that is appropriate for its local company. The reinsurance guidelines govern the following issues:

Reinsurance is a prerequisite for the provision of insurance coverage
Underwriting departments may only make a binding commitment to insure a risk if sufficient reinsurance coverage has already been assured.

Retention
It is Group-wide policy that no more than EUR 50 million for the first two natural disaster events and EUR 20 million for each additional event can be placed at risk on a PML (probable maximum loss) basis. The maximum Group-wide retention per individual loss is less than EUR 10 million.

Selection of reinsurers – diversification
Vienna Insurance Group and its Group companies divide their reinsurance coverage among many different international reinsurance companies of appropriate credit quality, so as to minimise the risk arising from one reinsurer's inability to pay. No significant reinsurer default has occurred in the history of Vienna Insurance Group.

Selection of reinsurers – ratings
For lines of business where claims settlement takes a long time, in particular for motor third party liability, general liability and aviation, Vienna Insurance Group uses reinsurers with outstanding ratings (at least a Standard & Poor's rating of "A", preferably a rating of "AA" or higher), which in all likelihood will also continue to exist over the long term. Even for lines of business with claims that are settled quickly (e.g. natural disasters, fire, technology, transportation, storm, burglary, household, water pipes, auto own damage) the preferred rating is Standard & Poor's "A" or higher. Only in a few cases – and for limited periods of time – are reinsurers with lower ratings accepted.

Design of reinsurance programmes
If it can be justified economically, any Group company can purchase reinsurance coverage individually from external reinsurers. If individual reinsurance policies can only be purchased by a Group company at uneconomical terms, Vienna Insurance Group strives, as far as possible, to jointly place reinsurance contracts covering risks from natural disasters, property lines of business, casualty, transport, aviation and motor liability. If necessary, intra-Group assumptions of reinsurance are also passed on as retrocession in the reinsurance market for safety reasons. The guidelines for Wiener Städtische reinsurance coverage are presented below. Retentions for all other companies in the Group are below those of Wiener Städtische.

REINSURANCE COVERAGE USING THE EXAMPLE OF WIENER STÄDTISCHE

Natural disasters
Wiener Städtische provides insurance for damage caused by natural disasters such as storms, hail, flooding or earthquakes. Wiener Städtische AG uses reinsurance coverage to limit its retention for natural disasters to EUR 16 million for the first loss event and EUR 4.5 million for each additional event.

Private customer business
The private customer business consists of essentially stable insurance portfolios having calculable results that are characterised above all by a stable claims frequency. Thus, such recurrent claims are only reinsured in exposed lines of business, for example storm insurance, with a targeted use of proportional reinsurance to reduce the effects on the retention. The effects on the retention of the small number of expected major losses are covered by non-proportional reinsurance. Even in this line of business, Wiener Städtische's maximum net loss is between EUR 1 million and EUR 2 million, depending on the line of business.

Solvency II is discussed in detail in the “Legal environment” section of the management report.

Management and control

LIQUIDITY MANAGEMENT

VIG manages its liquidity using guidelines approved by the Managing Board of Vienna Insurance Group Holding. As a rule, Vienna Insurance Group Holding and each subsidiary are responsible for their own liquidity planning. As the Group parent company, VIG Holding is responsible for allocating capital for the Group as a whole. This allows capital to be efficiently distributed within the Group. It also allows Vienna Insurance Group Holding to ensure that the target levels of liquidity and capital resources are available both at the Group level and in the individual operating units.

Most of the liquidity for day-to-day operations comes from premiums received from primary insurance, regular income from investments and proceeds from the sale of investments. These inflows are offset by payments for property and casualty insurance claims, and benefit payments for life and health insurance. The remaining net liquidity is used to cover acquisition and operating costs.

The maturity pattern of the insurance business provides a natural liquidity buffer. Unlike the premiums received, Vienna Insurance Group guarantees insurance coverage for a certain period of time, and no cash outflow occurs during this period until an insured event occurs. The liquidity buffer is invested during this period and generates investment income. A portion is held in the form of liquid investments to ensure that it can be quickly converted into cash to pay claims. In addition, the bond portfolio, in particular, is structured so that the proceeds from maturing bonds are received on the dates it is anticipated they will be needed. External influence factors, such as capital market developments and the interest rate level, affect the liquidity situation by improving or restricting the ability to sell the investment portfolio at market value.

The time, frequency and size of insured claims are also important for the liquidity situation of property and casualty insurance.

The number of policy extensions also plays a role. The liquidity needs for life insurance are generally affected by the difference between actual mortality experience and the assumptions used to calculate underwriting provisions. Market returns or minimum interest rates and the behaviour of life insurance customers, such as the number of policies surrendered or terminated, also have an effect on Vienna Insurance Group liquidity needs.

CAPITAL MANAGEMENT

In the interests of our shareholders and insurance customers, our goal is to ensure that Vienna Insurance Group has adequate capital resources at all times and that all operating insurance companies fulfil their respective minimum regulatory capital requirements. Due to its successful business strategy, Vienna Insurance Group has traditionally had very good capital resources. Maintaining this good capital base in the future is also important to us, both to allow us to take advantage of profitable growth opportunities and to cushion the effects of large loss events.

Vienna Insurance Group also places great importance on permanently maintaining a strong credit rating with Standard & Poor’s (S&P). S&P has its own capital model for assessing the relationship between the risk capital required by a company and the capital resources available to it. In July 2015, S&P confirmed Vienna Insurance Group’s A+ rating with a “stable” outlook. S&P’s financial strength rating is primarily based on Vienna Insurance Group’s excellent capital resources, which even exceed the AAA level in S&P’s capital model. This means that Vienna Insurance Group has a very good credit rating with outstanding capital resources.

We use these criteria to monitor our capital positions and take appropriate measures to further improve our capital structure and strengthen our capital and solvency situation over the long term. Our capital management focuses on subordinated long-term liabilities with equity-like characteristics. The measures implemented in 2015 included the capital market issue of a EUR 400 million Tier 2 subordinated bond and the partial repurchase of hybrid and supplementary capital bonds with short remaining maturities.

Capital resources

As of 31 December 2015, Vienna Insurance Group Holding had share capital of EUR 132,887,468.20 registered in the commercial register, divided into 128,000,000 no-par value bearer ordinary shares with voting rights. VIG Holding held no own shares on 31 December 2015 (2014: 0). In addition, the shareholders of VIG Holding can, according to the authorisation by the shareholders, increase its shareholders' equity by issuing common or preferred shares. The individual authorisations are listed in Note 14 "Consolidated shareholders' equity".

Long-term debt financing

As of 31 December 2015, VIG Holding had senior and subordinate bonds and hybrid capital with a variety of maturities outstanding. Detailed information on the VIG Holding bond program is available in Note 15 "Subordinated liabilities". As shown by the maturities, our focus is on subordinated liabilities that are eligible capital. General capital market conditions and other circumstances that affect the financial services sector as a whole or the Group in particular could have an adverse effect on the cost and availability of debt financing. Our goal, therefore, is to actively manage our capital structure to keep refinancing risks as small as possible.

NOTES TO THE CONSOLIDATED BALANCE SHEET – ASSETS

1. INTANGIBLE ASSETS

Composition	31.12.2015	31.12.2014
in EUR '000		
Goodwill	1,579,639	1,643,721
Purchased insurance portfolios	40,773	70,478
Other intangible assets	459,545	655,647
Purchased software	419,699	616,803
Other	39,846	38,844
Total	**2,079,957**	**2,369,846**

Development of goodwill	31.12.2015	31.12.2014
in EUR '000		
Acquisition costs	1,836,272	1,818,305
Cumulative impairment as of 31.12. of previous years	-192,551	-192,591
Book value as of 31.12. of the previous year	**1,643,721**	**1,625,714**
Exchange rate changes	-617	-24,647
Book value as of 1.1.	**1,643,104**	**1,601,067**
Additions	2,758	42,654
Impairments	-66,223	0
Book value as of 31.12.	**1,579,639**	**1,643,721**
Cumulative impairment as of 31.12.	259,013	192,551
Acquisition costs	**1,838,652**	**1,836,272**

Additions result from acquisition of the subsidiaries indicated in the section “Scope and methods of consolidation”.

The Romanian companies have been undergoing a restructuring in the last few years that is not yet fully complete. As development continues to be uncertain, particularly with respect to future losses in the property/casualty business, the Group Managing Board added a safety margin to existing plans in the area of claims expenses. This resulted in impairment of EUR 52.0 million for the Romanian property/casualty CGU group.

Book values of goodwill of cash-generating units*	Property/Casualty		Life	
	31.12.2015	31.12.2014	31.12.2015	31.12.2014
in EUR '000				
Austria	0	0	301,716	301,716
Czech Republic	115,488	112,523	302,176	294,419
Slovakia	0	0	111,257	111,257
Poland	106,224	105,993	33,814	33,740
Romania	73,589	126,766	133,430	134,657
Remaining Markets	324,436	330,996	81,424	81,369
Central Functions	10,285	10,285	0	0
Total	**630,022**	**686,563**	**963,817**	**957,158**

* There is no goodwill in the health insurance segment. This segment is therefore not shown in the table.

This table shows the CGU groups as of 31 December 2015. Based on the new composition of CGU groups, additional impairment of EUR 7.5 million must be included for Hungary, EUR 3.7 million for Albania, EUR 1.5 million for Bosnia-Herzegovina and EUR 1.5 million for Moldova. Detailed information is provided starting on page 81.

Please see the "Impairment of non-financial assets" section on page 81 for information on the assumptions used for impairment testing.

Development of purchased insurance portfolio	31.12.2015	31.12.2014
in EUR '000		
Acquisition costs	376,034	349,985
Cumulative depreciation as of 31.12. of previous years	-305,556	-292,918
Book value as of 31.12. of the previous year	**70,478**	**57,067**
Exchange rate changes	131	-56
Book value as of 1.1.	**70,609**	**57,011**
Additions	1,900	26,700
Scheduled depreciation	-12,997	-13,233
Impairments	-18,739	0
Book value as of 31.12.	**40,773**	**70,478**
Cumulative depreciation as of 31.12.	338,679	305,556
Acquisition costs	**379,452**	**376,034**

The purchased insurance portfolio results from acquisition of the existing portfolios and of the securities acquired as part of the acquisition of the insurance companies described in the section "Scope and methods of consolidation."

The impairment in 2015 was mainly due to Poland (Life), and is a consequence of a change in the law for insurance companies and banks that has made them subject to a new tax since 1 January 2016.

The additions to the insurance portfolio are due to the newly acquired company Baltikums.

Development of purchased software	31.12.2015	31.12.2014
in EUR '000		
Acquisition costs	911,179	803,236
Cumulative depreciation as of 31.12. of previous years	-294,376	-205,718
Book value as of 31.12. of the previous year	**616,803**	**597,518**
Exchange rate changes	169	-632
Book value as of 1.1.	**616,972**	**596,886**
Reclassifications	539	-1,332
Additions	50,808	119,210
Disposals	-361	-252
Changes in scope of consolidation	60	518
Scheduled depreciation	-53,319	-48,227
Impairments	-195,000	-50,000
Book value as of 31.12.	**419,699**	**616,803**
Cumulative depreciation as of 31.12.	541,761	294,376
Acquisition costs	**961,460**	**911,179**

Vienna Insurance Group regularly evaluates its IT system landscape for technical usability and to keep up with rapidly changing requirements in the insurance market and the accelerating rate of technological change. The evaluation in financial year 2015 was carried out with external assistance.

The analysis showed in the 3rd quarter of 2015 that there is a high probability that certain IT systems or programme sections will no longer be able to satisfy future technical and business requirements, or no longer fully satisfy these requirements. The balance sheet items covering these programmes or programme parts were therefore written down by EUR 195.0 million in the interim financial statements for the 3rd quarter of 2015.

The property and casualty line of business is affected by the impairment. The carrying amounts of programme sections that are no longer being fully used or no longer being used at the present time were written down. The adjusted carrying amounts as of 30 September 2015 were tested for impairment using a value-in-use procedure with a discount rate of 6.91%.

The software items were included as corporate assets in the impairment testing for 31 December 2015. Additional detailed information is available on page 81.

The testing performed in the previous financial year identified EUR 50,000,000 in write-downs needed in the property and casualty line of business.

The change in the scope of consolidation is due to first-time consolidation of the company Baltikums.

Development of other intangible assets	**31.12.2015**	**31.12.2014**
in EUR '000		
Acquisition costs	211,597	200,588
Cumulative depreciation as of 31.12. of previous years	-172,753	-163,349
Book value as of 31.12. of the previous year	**38,844**	**37,239**
Exchange rate changes	-311	-131
Book value as of 1.1.	**38,533**	**37,108**
Reclassifications	-538	1,290
Additions	4,096	3,108
Disposals	-141	-172
Changes in scope of consolidation	0	294
Scheduled depreciation	-1,904	-2,784
Impairments	-200	0
Book value as of 31.12.	**39,846**	**38,844**
Cumulative depreciation as of 31.12.	175,723	172,753
Acquisition costs	**215,569**	**211,597**

Please see the “Accounting policies for specific items in the consolidated financial statements” section for the assumptions used in impairment testing.

The write-downs are for EUR 200,000 in impairment for the Donaris customer base.

2. LAND AND BUILDINGS

Development	**Self-used**	
	31.12.2015	**31.12.2014**
in EUR '000		
Acquisition costs	604,427	609,306
Cumulative depreciation as of 31.12. of previous years	-177,043	-163,069
Book value as of 31.12. of the previous year	**427,384**	**446,237**
Exchange rate changes	2,753	-4,615
Book value as of 1.1.	**430,137**	**441,622**
Reclassifications	-6,271	-9,587
Additions	14,800	12,540
Disposals	-1,097	-907
Changes in scope of consolidation	17,452	111
Appreciation	1,934	0
Scheduled depreciation	-16,120	-15,947
Impairments	-6,529	-448
Book value as of 31.12.	**434,306**	**427,384**
Cumulative depreciation as of 31.12.	193,550	177,043
Acquisition costs	**627,856**	**604,427**
thereof land	*44,767*	*40,413*

The changes in the scope of consolidation result from the first-time inclusion of Untere Donaulände 40 KG (EUR +11,602,000), Baltikums (EUR +2,981,000) and Vienibas Properties (EUR +2,869,000).

The impairment is primarily due to fair value lying below book value, as shown by appraisal reports.

Development	Investment property	
	31.12.2015	31.12.2014
in EUR '000		
Acquisition costs	1,982,302	3,097,134
Cumulative depreciation as of 31.12. of previous years	-558,467	-864,473
Book value as of 31.12. of the previous year	**1,423,835**	**2,232,661**
Exchange rate changes	291	-1,121
Book value as of 1.1.	**1,424,126**	**2,231,540**
Reclassifications	6,014	9,340
Additions	104,713	232,916
Disposals	-24,787	-14,334
Changes in scope of consolidation	23,419	-995,297
Appreciation	1,810	11,200
Scheduled depreciation	-43,486	-41,398
Impairments	-18,378	-10,132
Book value as of 31.12.	**1,473,431**	**1,423,835**
Cumulative depreciation as of 31.12.	607,636	558,467
Acquisition costs	**2,081,067**	**1,982,302**
thereof land	*359,733*	*355,626*
rental income from investment property	*121,902*	*105,730*
operating expenses for rented investment property	*35,630*	*31,654*
operating expenses for vacant investment property	*3,920*	*3,992*

The changes in the scope of consolidation result from the first-time inclusion of Anif Residenz KG (EUR +23,019,000) and Baltikums (EUR +400,000).

The impairments are primarily due to fair value being less than book value, as shown by appraisal reports.

3. SHARES IN AT EQUITY CONSOLIDATED COMPANIES

Development	31.12.2015	31.12.2014
in EUR '000		
Book value as of 31.12. of the previous year	**806,641**	**556,299**
Exchange rate changes	48	-48
Book value as of 1.1.	**806,689**	**556,251**
Additions	41,998	4,829
Disposals	-13,895	-4,869
Changes in scope of consolidation	-9,559	-4,165
Additions due to loss of control of previously fully consolidated companies	0	209,015
Share of changes in OCI	1,873	-3,438
Pro rata result for the period of at equity consolidated companies	80,312	69,512
Dividend payment	-20,526	-20,494
Book value as of 31.12.	**886,892**	**806,641**
thereof property and casualty line of business	*765,890*	*694,664*
thereof life line of business	*121,002*	*111,977*

All associated companies are measured at equity. The additions in financial year 2014 due to loss of control of previously fully consolidated companies resulted from the change of consolidation method used for the non-profit housing societies. For further information, please see the section titled “Non-profit housing societies” on page 100.

Shares in significant associated companies	Alpenländische Heimstätte GmbH 2015	Beteiligungs- und Wohnungs-anlagen GmbH, Linz 2015	Erste Heimstätte GmbH 2015	Gemeinnützige Industrie-Wohnungsaktien -gesellschaft 2015	Neue Heimat Oberösterreich GmbH 2015	S IMMO AG 2015	Sozialbau AG 2015
in EUR '000							
Group interest in %	**87.32%**	**25.00%**	**82.60%**	**42.62%**	**95.80%**	**10.25%**	**46.24%**
Income	45,478	0	69,718	53,145	54,065	193,078	52,793
Expenses	-20,518	-186	-32,790	-25,245	-28,836	-105,863	-35,012
Financial result	-13,131	10,904	-21,376	-17,643	-10,563	-20,414	-8,057
Taxes	-1	2,665	-8	0	-12	-26,946	0
Profit of the period	11,828	13,383	15,544	10,257	14,654	39,855	9,724
Parent company minority interests	0	0	0	0	0	-2,483	0
Profit for the year less minority interests	11,828	13,383	15,544	10,257	14,654	37,372	9,724
attributable to non-controlling interests	1,431	13	1,947	1,298	1,824	2,021	1,240
attributable to shareholders of investee	10,397	13,370	13,597	8,959	12,830	37,834	8,484
Share of result	**10,566**	**3,346**	**12,733**	**4,329**	**14,136**	**3,827**	**4,295**
Fixed assets	671,632	340,336	777,025	521,806	458,296	1,859,814	471,788
Current assets (incl. other assets)	31,965	12,266	31,517	14,309	30,855	74,988	46,643
Liabilities	-558,411	-273,019	-584,440	-314,798	-352,364	-1,366,526	-275,673
Net assets	145,186	79,583	224,102	221,317	136,787	568,276	242,758
attributable to non-controlling interests	18,675	80	28,913	28,588	17,616	28,812	31,372
attributable to shareholders of investee	126,511	79,503	195,189	192,729	119,171	539,464	211,386
Share of net assets	**126,775**	**19,896**	**185,097**	**94,316**	**131,046**	**58,460**	**112,259**
Elimination of intercompany capital increases	-14,640	0	-36,265	-1,206	-7,873	0	-44,401
Book value of interest	**112,135**	**19,896**	**148,832**	**93,110**	**123,173**	**58,460**	**67,858**

The listed market price of S IMMO AG is EUR 58,265,000. The indicated book value of EUR 58,460,000 is higher than the listed market price. The book value does not have to be written down, however, since the fair value per share calculated using EPRA-NAV is higher than the book value.

S IMMO AG, Beteiligungs- und Immobilien GmbH and Beteiligungs- und Wohnungsanlagen GmbH were included in the consolidated financial statements with a different balance sheet date (30 September).

Book value of interest	Alpenländische Heimstätte GmbH 2015	Beteiligungs- und Wohnungs-anlagen GmbH, Linz 2015	Erste Heimstätte GmbH 2015	Gemeinnützige Industrie-Wohnungsaktien-gesellschaft 2015	Neue Heimat Oberösterreich GmbH 2015	S IMMO AG 2015	Sozialbau AG 2015
in EUR '000							
Book value as of 31.12. of the previous year	**109,080**	**17,652**	**132,183**	**85,273**	**113,287**	**54,696**	**42,238**
Book value as of 1.1.	**109,080**	**17,652**	**132,183**	**85,273**	**113,287**	**54,696**	**42,238**
Additions	0	0	6,591	3,823	0	33	23,166
Disposals	-7,970	0	0	0	-4,284	-1,641	0
Share of changes in OCI	468	0	-23	331	336	1,545	196
Pro rata result for the period of at equity consolidated companies	10,566	3,346	12,733	4,329	14,136	3,827	4,295
Dividend payment	-9	-1,102	-2,652	-646	-302	0	-2,037
Book value as of 31.12.	**112,135**	**19,896**	**148,832**	**93,110**	**123,173**	**58,460**	**67,858**

Development for immaterial joint ventures and associated companies	31.12.2015	31.12.2014
in EUR '000		
Book value as of 31.12. of the previous year	**252,232**	**241,126**
Exchange rate changes	48	-48
Book value as of 1.1.	**252,280**	**241,078**
Additions	8,385	4,363
Disposals	0	-775
Changes in scope of consolidation	-9,559	-4,165
Share of changes in OCI	-980	1,435
Pro rata result for the period of at equity consolidated companies	27,080	24,899
Dividend payment	-13,778	-14,603
Book value as of 31.12.	**263,428**	**252,232**

Materiality of associated companies is generally determined based on the amount of the at equity book value.

Although Vienna Insurance Group only holds slightly more than 10% of the shares of S IMMO AG, the Group has a significant influence over the company because the Group appoints the chairman of the Supervisory Board and one other Supervisory Board member. Vienna Insurance Group is also the largest shareholder of S IMMO AG. In the case of the non-profit housing societies, control is exercised on the basis of contracts by Wiener Städtische Versicherungsverein, which also directly holds an interest of 12.93% in these companies.

4. PARTICIPATIONS – DETAILS

Participations were held in the following companies as of 31 December 2015:

Affiliated companies and participations of VIENNA INSURANCE GROUP AG Wiener Versicherung Gruppe

Company	Country of domicile	Equity interest 2015 (%)[1]	Equity interest 2014 (%)[1]	Capital (EUR '000)[2] 2015	Capital (EUR '000)[2] 2014
Fully consolidated companies					
"BULSTRAD LIFE VIENNA INSURANCE GROUP" JOINT STOCK COMPANY, Sofia	Bulgaria	100.00	95.53	7,844	4,950
"Baltikums Vienna Insurance Group" AAS, Riga	Latvia	100.00		5,848	
"Grüner Baum" Errichtungs- und Verwaltungsges.m.b.H., Vienna	Austria	100.00	100.00	38,822	38,828
"POLISA-ŻYCIE" Towarzystwo Ubezpieczeń S.A. Vienna Insurance Group, Warsaw	Poland	99.43	98.57	12,926	11,827
"WIENER RE" akcionarsko društvo za reosiguranje, Belgrade	Serbia	100.00	100.00	7,026	6,592
Anděl Investment Praha s.r.o., Prague	Czech Republic	100.00	100.00	25,630	24,661
Anif-Residenz GmbH & Co KG, Anif	Austria	100.00		14,548	
Arithmetica Versicherungs- und Finanzmathematische Beratungs-Gesellschaft m.b.H., Vienna	Austria	100.00	100.00	-411	380
Asigurarea Românească - ASIROM Vienna Insurance Group S.A., Bukarest	Romania	99.57	99.44	59,565	40,648
BCR Asigurări de Viață Vienna Insurance Group S.A., Bukarest	Romania	93.98	93.98	30,005	25,436
Blizzard Real Sp. z o.o., Warsaw	Poland	100.00	100.00	4,252	6,789
BML Versicherungsmakler GmbH, Vienna	Austria	100.00	100.00	802,855	805,258
Bulgarski Imoti Asistans EOOD, Sofia	Bulgaria	100.00	100.00	-324	-309
Business Insurance Application Consulting GmbH, Vienna	Austria	100.00	100.00	-9,017	2,819
Businesspark Brunn Entwicklungs GmbH, Vienna	Austria	100.00	100.00	22,138	10,765
CAL ICAL "Globus", Kiev	Ukraine	99.60	80.00	3,022	3,803
CAPITOL, akciová spoločnosť, Bratislava	Slovakia	100.00	100.00	301	241
CENTER Hotelbetriebs GmbH, Vienna	Austria	80.00	80.00	-568	-592
Central Point Insurance IT-Solutions GmbH, Vienna	Austria	100.00	100.00	-65,554	83,630
Česká podnikatelská pojišťovna, a.s., Vienna Insurance Group, Prague	Czech Republic	100.00	100.00	91,614	90,786
Compania de Asigurari "DONARIS VIENNA INSURANCE GROUP" Societate pe Actiuni, Chisinau	Moldova	99.99	99.98	2,914	2,284
COMPENSA Holding GmbH, Wiesbaden	Germany	100.00	100.00	59,968	21,403
Compensa Life Vienna Insurance Group SE, Tallinn	Estonia	100.00	100.00	22,899	17,065
Compensa Towarzystwo Ubezpieczeń Na Życie S.A. Vienna Insurance Group, Warsaw	Poland	100.00	100.00	50,461	50,605
Compensa Towarzystwo Ubezpieczeń S.A. Vienna Insurance Group, Warsaw	Poland	99.94	99.92	90,886	87,124
Compensa Towarzystwo Ubezpieczeń S.A. Vienna Insurance Group, Vilnius	Lithuania	100.00		22,696	
DBLV Immobesitz GmbH & Co KG, Vienna	Austria	100.00	100.00	1,688	1,683
DBLV Immobesitz GmbH, Vienna	Austria	100.00	100.00	21	19
DBR-Liegenschaften GmbH & Co KG, Stuttgart	Germany	100.00	100.00	15,765	13,991
DBR-Liegenschaften Verwaltungs GmbH, Stuttgart	Germany	100.00	100.00	22	22
Deutschmeisterplatz 2 Objektverwaltung GmbH, Vienna	Austria	100.00	100.00	3,075	3,111
Donau Brokerline Versicherungs-Service GmbH, Vienna	Austria	100.00	100.00	90,828	90,555
DONAU Versicherung AG Vienna Insurance Group, Vienna	Austria	99.24	99.24	81,873	92,782
DVIB GmbH, Vienna	Austria	100.00	100.00	90,515	90,388
ELVP Beteiligungen GmbH, Vienna	Austria	100.00	100.00	25,121	25,182

Company	Country of domicile	Equity interest 2015 (%)[1]	Equity interest 2014 (%)[1]	Captial (EUR '000)[2] 2015	Capital (EUR '000)[2] 2014
Erste osiguranje Vienna Insurance Group d.d., Zagreb	Croatia	95.00	95.00	11,768	12,130
ERSTE Vienna Insurance Group Biztosító Zrt., Budapest	Hungary	95.00	95.00	5,799	7,046
Gesundheitspark Wien-Oberlaa Gesellschaft m.b.H., Vienna	Austria	100.00	100.00	28,261	27,618
GPIH B.V., Amsterdam	Netherlands	91.11	91.11	6,787	9,020
INSURANCE JOINT-STOCK COMPANY "BULSTRAD VIENNA INSURANCE GROUP", Sofia	Bulgaria	99.38	99.21	30,954	36,046
International Insurance Company "IRAO" LTD, Tiflis	Georgia	100.00	100.00	2,921	2,370
InterRisk Lebensversicherungs-AG Vienna Insurance Group, Wiesbaden	Germany	100.00	100.00	23,518	23,518
InterRisk Towarzystwo Ubezpieczeń S.A. Vienna Insurance Group, Warsaw	Poland	99.98	99.98	95,165	105,623
InterRisk Versicherungs-AG Vienna Insurance Group, Wiesbaden	Germany	100.00	100.00	44,300	44,300
INTERSIG VIENNA INSURANCE GROUP Sh.A., Tirana	Albania	89.98	89.98	3,034	2,545
Joint Stock Company for Insurance and Reinsurance Makedonija Skopje - Vienna Insurance Group, Skopje	Macedonia	94.25	94.25	24,482	21,227
Joint Stock Company Insurance Company GPI Holding, Tiflis	Georgia	90.00	90.00	11,395	14,982
Joint Stock Insurance Company WINNER-Vienna Insurance Group, Skopje	Macedonia	100.00	100.00	5,231	4,699
Kaiserstraße 113 GmbH, Wien	Austria	100.00	100.00	2,323	2,306
KÁLVIN TOWER Immobilienentwicklungs- und Investitionsgesellschaft m.b.H., Budapest	Hungary	100.00	100.00	2,005	1,919
Kapitol pojišťovací a finanční poradenství, a.s., Brünn	Czech Republic	100.00	100.00	2,971	3,788
KOMUNÁLNA poisťovňa, a.s. Vienna Insurance Group, Bratislava	Slovakia	100.00	100.00	53,199	51,459
KOOPERATIVA poisťovňa, a.s. Vienna Insurance Group, Bratislava	Slovakia	100.00	100.00	301,004	307,342
Kooperativa pojišťovna, a.s., Vienna Insurance Group, Prague	Czech Republic	98.39	98.39	496,852	497,396
LVP Holding GmbH, Vienna	Austria	100.00	100.00	552,017	567,394
MAP Bürodienstleistung Gesellschaft m.b.H., Vienna	Austria	100.00	100.00	102,004	80,479
MH 54 Immobilienanlage GmbH, Vienna	Austria	100.00	100.00	26,391	26,357
Neue Heimat Oberösterreich Holding GmbH, Vienna	Austria	87.07	90.00	82,800	63,600
OMNIASIG VIENNA INSURANCE GROUP S.A., Bukarest	Romania	99.49	99.47	147,137	140,075
Palais Hansen Immobilienentwicklung GmbH, Vienna	Austria	56.55	56.55	27,269	40,371
Passat Real Sp. z o.o., Warsaw	Poland	100.00	100.00	836	1,371
Pension Insurance Company Doverie AD, Sofia	Bulgaria	92.58	92.58	19,628	18,470
PFG Holding GmbH, Vienna	Austria	89.23	89.23	121,480	120,045
PFG Liegenschaftsbewirtschaftungs GmbH & Co KG, Vienna	Austria	92.88	92.88	32,965	40,844
Poisťovňa Slovenskej sporiteľne, a.s. Vienna Insurance Group, Bratislava	Slovakia	95.00	95.00	44,305	41,031
Pojišťovna České spořitelny, a.s.,Vienna Insurance Group, Pardubice	Czech Republic	95.00	95.00	134,009	127,774
Private Joint-Stock Company "Insurance company" Ukrainian insurance group", Kiev	Ukraine	100.00	100.00	7,553	7,126
Private Joint-Stock Company "JUPITER LIFE INSURANCE VIENNA INSURANCE GROUP", Kiev	Ukraine	97.80	97.80	1,803	2,321
PRIVATE JOINT-STOCK COMPANY "UKRAINIAN INSURANCE COMPANY "KNIAZHA VIENNA INSURANCE GROUP", Kiev	Ukraine	99.99	99.99	5,439	5,961
PROGRESS Beteiligungsges.m.b.H., Vienna	Austria	60.00	60.00	16,760	16,474
Projektbau GesmbH, Vienna	Austria	100.00	100.00	18,522	19,944
Projektbau Holding GmbH, Vienna	Austria	90.00	90.00	18,493	21,325

Company	Country of domicile	Equity interest 2015 (%)[1]	Equity interest 2014 (%)[1]	Capital (EUR '000)[2] 2015	Capital (EUR '000)[2] 2014
Rathstraße 8 Liegenschaftsverwertungs GmbH, Vienna	Austria	100.00	100.00	1,079	1,033
Ray Sigorta A.Ş., Istanbul	Turkey	94.96	94.96	29,597	40,583
Schulring 21 Bürohaus Errichtungs- und Vermietungs GmbH & Co KG, Vienna	Austria	100.00	100.00	8,525	8,496
Schulring 21 Bürohaus Errichtungs- und Vermietungs GmbH, Vienna	Austria	100.00	100.00	41	34
SECURIA majetkovosprávna a podielová s.r.o., Bratislava	Slovakia	100.00	100.00	7,687	9,782
Senioren Residenz Fultererpark Errichtungs- und Verwaltungs GmbH, Innsbruck	Austria	100.00	100.00	-5,543	-5,026
Senioren Residenz Veldidenapark Errichtungs- und Verwaltungs GmbH, Innsbruck	Austria	66.70	66.70	8,701	8,738
Sigma Interalbanian Vienna Insurance Group Sh.a, Tirana	Albania	89.05	89.05	11,450	11,970
Skandia Życie Towarzystwo Ubezpieczeń S.A., Warsaw	Poland	100.00	100.00	34,152	34,143
Sparkassen Versicherung AG Vienna Insurance Group, Vienna	Austria	95.00	95.00	494,885	512,153
SVZ GmbH, Vienna	Austria	100.00	100.00	39,601	39,604
SVZI GmbH, Vienna	Austria	100.00	100.00	40,250	40,254
T 125 GmbH, Vienna	Austria	100.00	100.00	9,018	9,036
TBI BULGARIA EAD, Sofia	Bulgaria	100.00	100.00	41,037	41,628
TBIH Financial Services Group N.V., Amsterdam	Netherlands	100.00	100.00	236,532	287,260
UNION Vienna Insurance Group Biztosító Zrt., Budapest	Hungary	100.00	100.00	30,995	30,961
Untere Donaulände 40 GmbH & Co KG, Vienna	Austria	100.00	100.00	12,348	
V.I.G. ND a.s., Prague	Czech Republic	100.00	100.00	98,324	105,347
Vienibas Gatve Investments OÜ, Talinn	Estonia	100.00		-19	
Vienibas Gatve Properties SIA, Riga	Latvia	100.00		1,484	
Vienna Life Vienna Insurance Group Biztosító Zártkörüen Müködö Részvénytársaság, Budapest	Hungary	100.00	100.00	13,966	14,023
Vienna-Life Lebensversicherung AG Vienna Insurance Group, Bendern	Liechtenstein	100.00	100.00	13,063	11,720
VIG FUND uzavřený investiční fond, a.s., Prague (Consolidated Financial Statements)	Czech Republic	100.00	100.00	128,370	130,722
VIG Properties Bulgaria AD, Sofia	Bulgaria	99.97	99.97	3,835	3,806
VIG RE zajišťovna, a.s., Prague	Czech Republic	100.00	100.00	134,785	133,653
VIG REAL ESTATE DOO, Belgrade	Serbia	100.00	100.00	8,986	9,621
VIG Real Estate GmbH, Vienna	Austria	100.00	100.00	103,822	103,826
VIG-CZ Real Estate GmbH, Vienna	Austria	100.00	100.00	103,678	103,682
VLTAVA majetkovosprávní a podílová spol.s.r.o., Prague	Czech Republic	100.00	100.00	4,800	4,924
WGPV Holding GmbH, Vienna	Austria	100.00	100.00	103,797	103,807
Wiener Osiguranje Vienna Insurance Group ad, Banja Luka	Bosnia-Herzegovina	100.00	100.00	6,718	6,907
Wiener osiguranje Vienna Insurance Group dioničko društvo za osiguranje, Zagreb	Croatia	99.47	99.47	71,044	72,102
WIENER STÄDTISCHE Beteiligungs GmbH, Vienna	Austria	100.00	100.00	835,946	838,247
WIENER STÄDTISCHE Finanzierungsdienstleistungs GmbH, Vienna	Austria	100.00	100.00	827,896	830,552
WIENER STÄDTISCHE OSIGURANJE akcionarsko drustvo za osiguranje, Belgrade	Serbia	100.00	100.00	27,853	14,521
WIENER STÄDTISCHE VERSICHERUNG AG Vienna Insurance Group, Vienna	Austria	99.90	99.90	934,376	950,567
WIENER VEREIN BESTATTUNGS- UND VERSICHERUNGSSERVICE-GESELLSCHAFT M.B.H., Vienna	Austria	100.00	100.00	1,563	1,528
WILA GmbH, Vienna	Austria	100.00	100.00	2,155	1,716
WSBV Beteiligungsverwaltung GmbH & Co KG, Vienna	Austria	100.00	100.00	2,399	352
WSV Immoholding GmbH, Vienna	Austria	100.00	100.00	247,795	214,698

Company	Country of domicile	Equity interest 2015 (%)[1]	Equity interest 2014 (%)[1]	Capital (EUR '000)[2] 2015	Capital (EUR '000)[2] 2014
At equity consolidated companies					
"Schwarzatal" Gemeinnützige Wohnungs- und Siedlungsanlagen-GmbH, Vienna	Austria	55.00	55.00	123,508	117,628
AIS Servis, s.r.o., Brünn	Czech Republic	100.00	100.00	2,082	2,701
Alpenländische Heimstätte, gemeinnützige Wohnungsbau- und Siedlungsgesellschaft m.b.H., Innsbruck	Austria	94.84	94.00	142,850	112,501
Benefita, a.s., Prague	Czech Republic	100.00	100.00	472	407
Beteiligungs- und Immobilien GmbH, Linz	Austria	25.00	25.00	19,234	17,406
Beteiligungs- und Wohnungsanlagen GmbH, Linz	Austria	25.00	25.00	166,673	157,697
ČPP Servis, s.r.o., Prague	Czech Republic	100.00	100.00	56	38
CROWN-WSF spol. s.r.o., Prague	Czech Republic	30.00	30.00	8,306	9,639
Erste gemeinnützige Wohnungsgesellschaft Heimstätte Gesellschaft m.b.H., Vienna	Austria	99.77	99.77	245,662	232,529
Gemeinnützige Industrie-Wohnungsaktiengesellschaft, Leonding	Austria	55.00	55.00	246,295	232,907
Gemeinnützige Mürz-Ybbs Siedlungsanlagen-GmbH, Kapfenberg	Austria	55.00	55.00	110,018	102,568
Gewista-Werbegesellschaft m.b.H., Vienna	Austria	33.00	33.00	69,577	62,884
GLOBAL ASSISTANCE, a.s., Prague	Czech Republic	100.00	100.00	3,870	3,733
Global Expert, s.r.o., Pardubice	Czech Republic	100.00	100.00	398	359
HOTELY SRNÍ, a.s., Prague	Czech Republic	100.00	100.00	7,485	7,273
KIP, a.s., Prague	Czech Republic	100.00	100.00	8,884	8,554
NEUE HEIMAT Oberösterreich Gemeinnützige Wohnungs- und SiedlungsgesmbH, Linz	Austria	99.82	99.81	146,521	126,510
Neuland gemeinnützige Wohnbau-Gesellschaft m.b.H., Vienna	Austria	54.17	50.12	94,556	88,493
Österreichisches Verkehrsbüro Aktiengesellschaft, Vienna (Consolidated Financial Statements)	Austria	36.58	36.58	78,284	76,106
S - budovy, a.s., Prague	Czech Republic	100.00	100.00	2,839	2,756
S IMMO AG, Vienna (Consolidated Financial Statements)	Austria	10.25	10.22	594,470	558,294
Sanatorium Astoria, a.s., Karlsbad	Czech Republic	92.71	92.71	5,040	5,290
SOZIALBAU gemeinnützige Wohnungsaktiengesellschaft, Vienna	Austria	54.17	50.12	302,570	277,712
S-správa nemovitostí, a.s., Prague	Czech Republic	100.00	100.00	499	806
SURPMO, a.s., Prague	Czech Republic	100.00	100.00	88	105
TECH GATE VIENNA Wissenschafts- und Technologiepark GmbH, Vienna	Austria	60.00	60.00	31,035	31,861
Urbanbau Gemeinnützige Bau-, Wohnungs- und Stadterneuerungsgesellschaft m.b.H., Vienna	Austria	54.17	50.12	107,023	100.,867
VBV - Betriebliche Altersvorsorge AG, Vienna (Konzernabschluss)	Austria	23.56	23.56	173,796	161,589
WNH Liegenschaftsbesitz GmbH, Vienna	Austria	100.00	100.00	4,066	4,055

Company	Country of domicile	Equity interest 2015 (%)[1]
Non-consolidated companies		
"Assistance Company Ukrainian Assistance Service" LLC, Kiev	Ukraine	100.00
"Compensa Services" SIA, Riga	Latvia	100.00
"DUNAJ – Finanse" - Sp. z o. o., Warsav	Poland	50.00
"Medical Clinic DIYA" LLC, Kiev	Ukraine	100.00
AISMP Meditzinski Tsentar Bulstrad Zdrave EOOD, Sofia	Bulgaria	100.00

Company	Country of domicile	Equity interest 2015 (%)[1]
Akcionarsko družstvo za životno osiguranje Wiener Städtische Podgorica a.d., Podgorica	Montenegro (Rep.)	100.00
Alpenlachs Soravia GmbH, Vienna	Austria	33.30
Amadi GmbH, Wiesbaden	Germany	100.00
Anif-Residenz GmbH, Anif	Austria	100.00
AQUILA Hausmanagement GmbH, Vienna	Austria	100.00
AREALIS Liegenschaftsmanagement GmbH Vienna	Austria	50.00
Autosig SRL, Bukarest	Romania	100.00
B&A Insurance Consulting s.r.o., Moravska Ostrava	Czech Republic	49.00
Benefia Ubezpieczenia Spolka z ograniczona odpowiedzialnoscia, Warsav	Poland	100.00
Brunn N68 Sanierungs GmbH, Vienna	Austria	50.00
Bulstrad Trudova Meditzina EOOD, Sofia	Bulgaria	100.00
Camelot Informatik und Consulting Gesellschaft m.b.H., Villach	Austria	99.48
CAPITOL BROKER DE PENSII PRIVATE S.R.L., Bukarest	Romania	100.00
CAPITOL INTERMEDIAR DE PRODUSE BANCARE S.R.L., Bukarest	Romania	100.00
CAPITOL INTERMEDIAR DE PRODUSE DE LEASING S.R.L., Bukarest	Romania	100.00
CAPITOL Sp. z o.o., Warschau	Poland	100.00
CARPLUS Versicherungsvermittlungsagentur GmbH, Vienna	Austria	100.00
CCA EDV für Versicherungswirtschaft GmbH, Vienna	Austria	24.28
Compensa Dystrybucja Sp. z o. o., Warschau	Poland	100.00
Compensa Life Distribution, UAB, Vilnius	Lithuania	100.00
DIRECT-LINE Direktvertriebs-GmbH, Vienna	Austria	100.00
DV Asset Management EAD, Sofia	Bulgaria	100.00
DV CONSULTING EOOD, Sofia	Bulgaria	100.00
DV Invest EAD, Sofia	Bulgaria	100.00
DVS Donau-Versicherung Vermittlungs- und Service-Gesellschaft m.b.H., Vienna	Austria	100.00
EBS Wohnungsgesellschaft mbH Linz, Linz	Austria	25.00
EBV-Leasing Gesellschaft m.b.H., Vienna	Austria	100.00
EGW Wohnbau gemeinnützige Ges.m.b.H., Wiener Neustadt	Austria	100.00
Erste Bank und Sparkassen Leasing GmbH, Vienna	Austria	49.00
ERSTE d.o.o. - za upravljanje obveznim i dobrovljnim mirovinskim fondovima, Zagreb	Croatia	25.30
Erste S Biztositasi Alkusz Kft, Budapest	Hungary	100.00
European Insurance & Reinsurance Brokers Ltd., London	United Kingdom	85.00
EXPERTA Schadenregulierungs-Gesellschaft mbH, Vienna	Austria	100.00
Finanzpartner GmbH, Vienna	Austria	50.00
Foreign limited liability company “InterInvestUchastie”, Minsk	Belarus	100.00
Gain Capital SA, SICAV-FIS Real Estate Car Parks I, Luxemburg	Luxemburg	40.01
GELUP GmbH, Vienna	Austria	33.33
GEO HOSPITALS LLC, Tiflis	Georgia	100.00
GGVier Projekt-GmbH, Wien	Austria	55.00
Glamas Beteiligungsverwaltungs GmbH & Co “Beta“ KG, Vienna	Austria	23.33
Glamas Beteiligungsverwaltungs GmbH, Vienna	Austria	23.33
GLOBAL ASSISTANCE SERVICES s.r.o., Prague	Czech Republic	100.00
GLOBAL ASSISTANCE SLOVAKIA s.r.o., Bratislava	Slovakia	100.00
Global Services Bulgaria JSC, Sofia	Bulgaria	100.00
Henderson Global Investors Immobilien Austria GmbH, Vienna	Austria	35.00
HORIZONT Personal-, Team- und Organisationsentwicklung GmbH, Vienna	Austria	100.00
InterRisk Informatik GmbH, Wiesbaden	Germany	100.00
Jahorina auto d.o.o., Brcko	Bosnia-Herzegovina	100.00
Jahorina Konseko Progres a.d., Pale	Bosnia-Herzegovina	28.00

Company	Country of domicile	Equity interest 2015 (%)[1]
Joint Stock Company “Curatio”, Tiflis	Georgia	100.00
Joint Stock Insurance Company WINNER LIFE - Vienna Insurance Group, Skopje	Macedonia	100.00
KUPALA Belarusian-Austrian Closed Joint Stock Insurance Company, Minsk	Belarus	98.26
KWC Campus Errichtungsgesellschaft m.b.H., Klagenfurt	Austria	50.00
Lead Equities II Auslandsbeteiligungs AG, Vienna	Austria	21.59
Lead Equities II.Private Equity Mittelstandsfinanzierungs AG, Vienna	Austria	21.59
LiSciV Muthgasse GmbH & Co KG, Vienna	Austria	23.33
MC EINS Investment GmbH, Vienna	Austria	50.00
Money & More Pénzügyi Tanácsadó Zártkörüen Müködö Részvéntársaság, Budapest	Hungary	100.00
People’s Pharmacy LLC, Tiflis	Georgia	50.00
PFG Liegenschaftsbewirtschaftungs GmbH, Vienna	Austria	83.57
Privat Joint-stock company “OWN SERVICE”, Kiew	Ukraine	100.00
Renaissance Hotel Realbesitz GmbH, Vienna	Austria	40.00
RISK CONSULT Sicherheits- und Risiko- Managementberatung Gesellschaft m.b.H., Vienna	Austria	51.00
S.C. CLUB A.RO S.R.L., Bukarest	Romania	100.00
S.O.S.- EXPERT d.o.o. za poslovanje nekretninama, Zagreb	Croatia	100.00
Senioren Residenzen gemeinnützige Betriebsgesellschaft mbH, Vienna	Austria	100.00
Slovexperta, s.r.o., Žilina	Slovakia	100.00
Soleta Beteiligungsverwaltungs GmbH, Vienna	Austria	23.33
Soravia Food Market GmbH, Vienna	Austria	33.30
Sparkassen-Versicherungsservice Gesellschaft m.b.H., Vienna	Austria	100.00
Spoldzielnia Uslugowa VIG EKSPERT W WARSZAWIE, Warsaw	Poland	100.00
Spoldzielnia Vienna Insurance Group IT Polska, Warsaw	Poland	100.00
SVZ Immoholding GmbH & Co KG, Vienna	Austria	100.00
SVZ Immoholding GmbH, Vienna	Austria	100.00
TBI Info EOOD, Sofia	Bulgaria	100.00
Thermenland Congress Center Loipersdorf GmbH & Co KG, Loipersdorf	Austria	32.26
TOGETHER Internet Services GmbH, Vienna	Austria	24.99
UAB “Compensa Services”, Vilnius	Lithuania	100.00
UNION-Informatikai Szolgáltató Kft., Budapest	Hungary	100.00
Untere Donaulände 40 GmbH, Vienna	Austria	100.00
Versicherungsbüro Dr. Ignaz Fiala Gesellschaft m.b.H., Vienna	Austria	33.33
Vienna Insurance Group Polska Spółka z organiczoną odpowiedzialnością, Warsaw	Poland	100.00
Vienna International Underwriters GmbH, Vienna	Austria	100.00
VIG Asset Management investiční společnost, a.s., Prague	Czech Republic	100.00
VIG AM Services GmbH, Vienna	Austria	100.00
VIG Management Service SRL, Bukarest	Romania	100.00
VIG Services Bulgaria EOOD, Sofia	Bulgaria	100.00
VIG Services Shqiperi Sh.p.K., Tirana	Albania	100.00
VIG Services Ukraine, LLC, Kiev	Ukraine	100.00
VILE BAREDINE d.o.o., Zagreb	Croatia	30.00
VÖB Direkt Versicherungsagentur GmbH, Graz	Austria	50.00
VVTH GmbH, Vienna	Austria	33.33
WAG Wohnungsanlagen Gesellschaft m.b.H., Linz	Austria	25.00
Wien 3420 Aspern Development AG, Vienna	Austria	33.33
Wiener Städtische Donau Leasing GmbH, Vienna	Austria	100.00
WSBV Beteiligungsverwaltung GmbH, Vienna	Austria	100.00
WSV Beta Immoholding GmbH, Vienna	Austria	100.00
WSV Vermögensverwaltung GmbH, Vienna	Austria	100.00

[1] The share in equity equals the share in voting rights before non-controlling interests.

[2] The capital value shown corresponds to the latest local annual financial statements available.

An internal Group materiality guideline is used to determine the scope of consolidation. The guideline includes quantitative thresholds and qualitative criteria that take into account the provisions of IFRS 10. A distinction is made between insurance companies and other companies based on the object of the company. The materiality threshold is calculated annually based on pre-defined criteria and compared to relevant financial data for the company participations. Companies that exceed the pre-defined thresholds and satisfy the qualitative criteria are included in the scope of consolidation. After examining the individual company participations, an additional check is made to ensure that the non-consolidated participations are immaterial when considered as a whole.

Additional information on changes in the scope of consolidation is provided in the "Scope and methods of consolidation" section on page 96.

The information required under § 265(2) no. 4 of the Austrian Coporation Code (UGB) is provided in the overview of participations in the separate financial statements.

5. LOANS AND OTHER INVESTMENTS

Loans and other investments	31.12.2015	31.12.2014
in EUR '000		
Loans	1,335,993	1,396,296
Reclassified loans	439,980	490,221
Bonds classified as loans	1,104,361	1,220,336
Subtotal	**2,880,334**	**3,106,853**
Other investments	917,882	948,224
Total	**3,798,216**	**4,055,077**

The item "Other capital assets" essentially consists of bank deposits in the amount of EUR 811,451,000 (EUR 840,684,000) and funds deposited in connection with reinsurance in the amount of EUR 98,017,000 (EUR 99,039,000).

Development of loans total	31.12.2015	31.12.2014
in EUR '000		
Acquisition costs	3,218,563	3,438,946
Cumulative depreciation as of 31.12. of previous years	-111,710	-119,653
Book value as of 31.12. of the previous year	**3,106,853**	**3,319,293**
Exchange rate changes	-74	-1,325
Book value as of 1.1.	**3,106,779**	**3,317,968**
Reclassifications	0	-1,827
Additions	205,638	258,856
Disposals	-420,457	-405,634
Changes in scope of consolidation	0	-9,067
Appreciation	5	3,916
Impairments	-11,631	-57,359
Book value as of 31.12.	**2,880,334**	**3,106,853**
Cumulative depreciation as of 31.12.	95,025	111,710
Acquisition costs	**2,975,359**	**3,218,563**

The impairment amount was determined using financial forecasts.

The impairment reversal was due to receipt of a payment for other loans that had been written down in prior periods.

Composition of loans	Amortised cost	
	31.12.2015	31.12.2014
in EUR '000		
Loans to non-consolidated affiliated companies	80,710	86,216
Loans to participations	16,701	18,305
Mortgage loan	468,785	563,314
Policy loans and prepayments	30,427	33,065
Other loans	739,370	695,396
to public authorities	173,004	154,794
to financial institutions	95,000	165,000
to other commercial debtors	323,003	334,615
to private persons	1,303	1,739
other	147,060	39,248
Total	**1,335,993**	**1,396,296**

Composition of reclassified loans	Amortised cost	
	31.12.2015	31.12.2014
in EUR '000		
Other loans		
to financial institutions	278,089	358,805
to other commercial debtors	37,213	36,912
other	124,678	94,504
Total	**439,980**	**490,221**

Composition of bonds classified as loans	Amortised cost	
	31.12.2015	31.12.2014
in EUR '000		
Bonds classified as loans		
to public authorities	123,205	132,270
to financial institutions	936,312	1,043,328
to other commercial debtors	44,844	44,738
Total	**1,104,361**	**1,220,336**

Maturity structure of loans	Amortised cost	
	31.12.2015	31.12.2014
in EUR '000		
up to one year	46,439	38,877
more than one year up to five years	286,896	327,279
more than five years up to ten years	398,244	474,167
more than ten years	604,414	555,973
Total	**1,335,993**	**1,396,296**

Maturity structure of reclassified loans	Amortised cost	
	31.12.2015	31.12.2014
in EUR '000		
up to one year	46,242	29,738
more than one year up to five years	161,653	216,072
more than five years up to ten years	107,805	116,993
more than ten years	124,280	127,418
Total	**439,980**	**490,221**

Maturity structure of bonds classified as loans	Amortised cost	
	31.12.2015	31.12.2014
in EUR '000		
up to one year	60,119	69,338
more than one year up to five years	216,168	231,144
more than five years up to ten years	422,939	353,374
more than ten years	405,135	566,480
Total	**1,104,361**	**1,220,336**

Overdue loans represent less than 5% of the amount shown as maturing in up to one year.

Impairments of loans and of bonds classified as loans	Gross book value 31.12.2015	Impairment 31.12.2015	Net book value 31.12.2015
in EUR '000			
Non-impaired loans	2,423,893	0	2,423,893
Impaired loans	110,953	94,492	16,461
Total	**2,534,846**	**94,492**	**2,440,354**

Impairments of loans and of bonds classified as loans	Gross book value 31.12.2014	Impairment 31.12.2014	Net book value 31.12.2014
in EUR '000			
Non-impaired loans	2,600,045	0	2,600,045
Impaired loans	128,296	111,709	16,587
Total	**2,728,341**	**111,709**	**2,616,632**

Impairments of reclassified loans	Gross book value 31.12.2015	Impairment 31.12.2015	Net book value 31.12.2015
in EUR '000			
Non-impaired reclassified loans	378,377	0	378,377
Impaired reclassified loans	62,136	533	61,603
Total	**440,513**	**533**	**439,980**

Impairments of reclassified loans	Gross book value 31.12.2014	Impairment 31.12.2014	Net book value 31.12.2014
in EUR '000			
Non-impaired reclassified loans	490,222	0	490,222
Total	**490,222**	**0**	**490,222**

Financial instruments in the "Financial instruments available for sale" category that were reclassified as loans in 2008 had a fair value of EUR 1,037,036,000 as of the reclassification date.

6. OTHER SECURITIES

Development	Held to maturity total		Available for sale		Trading assets		Recognised at fair value through profit and loss	
	31.12.2015	31.12.2014	31.12.2015	31.12.2014	31.12.2015	31.12.2014	31.12.2015	31.12.2014
in EUR '000								
Acquisition costs	3,059,251	3,033,331						
Cumulative depreciation as of 31.12. of previous years	-13,316	-14,622						
Book value as of 31.12. of the previous year	**3,045,935**	**3,018,709**	**20,134,501**	**17,681,384**	**194,883**	**282,564**	**271,287**	**343,419**
Exchange rate changes	54,826	-29,067	26,852	-7,184	-2,831	-6,309	2,193	1,020
Book value as of 1.1.	**3,100,761**	**2,989,642**	**20,161,353**	**17,674,200**	**192,052**	**276,255**	**273,480**	**344,439**
Reclassifications	-5	14	-5,311	790	2,912	10,984	897	1,328
Additions	272,247	217,116	5,002,212	4,526,516	123,743	468,213	88,424	100,329
Disposals/repayments	-306,317	-163,198	-4,110,530	-3,655,761	-143,311	-589,259	-147,794	-174,119
Change in scope of consolidation	0	2,951	-12,420	17,710	0	0	15,276	-10,955
Changes in value recognised in profit and loss	-249	0	2,240	16,477	-3,986	28,690	-909	10,265
Changes recognised directly in equity	0	0	-369,618	1,603,121	0	0	0	0
Impairments	-322	-590	-18,445	-48,552	0	0	0	0
Book value as of 31.12.	**3,066,115**	**3,045,935**	**20,649,481**	**20,134,501**	**171,410**	**194,883**	**229,374**	**271,287**
Cumulative appreciation/ depreciation as of 31.12.	14,116	13,316						
Acquisition costs	**3,080,231**	**3,059,251**						

The reclassifications shown for the held for trading and recognised at fair value through profit and loss categories are reclassifications from and to investments for unit-linked and index-linked life insurance.

Composition	Amortised cost		Fair value	
Financial instruments held to maturity	31.12.2015	31.12.2014	31.12.2015	31.12.2014
in EUR '000				
Government bonds	1,905,774	1,855,819	2,306,539	2,245,686
Covered bonds	255,452	201,640	311,657	258,770
Corporate bonds	66,480	58,443	73,485	66,468
Bonds from banks	28,896	29,262	29,970	30,639
Subordinated bonds	80	158	82	159
Total	**2,256,682**	**2,145,322**	**2,721,733**	**2,601,722**

Composition	Amortised cost		Fair value	
Financial instruments reclassified as held to maturity	31.12.2015	31.12.2014	31.12.2015	31.12.2014
in EUR '000				
Government bonds	749,270	791,271	933,132	973,650
Covered bonds	46,784	96,266	49,037	100,865
Bonds from banks	13,379	13,076	16,183	16,433
Total	**809,433**	**900,613**	**998,352**	**1,090,948**

Maturity structure Financial instruments held to maturity	Amortised cost		Fair value	
	31.12.2015	31.12.2014	31.12.2015	31.12.2014
in EUR '000				
up to one year	109,012	190,351	110,124	194,462
more than one year up to five years	635,619	585,953	708,406	645,271
more than five years up to ten years	851,342	743,105	1,047,826	935,110
more than ten years	660,709	625,913	855,377	826,879
Total	**2,256,682**	**2,145,322**	**2,721,733**	**2,601,722**

Maturity structure Financial instruments reclassified as held to maturity	Amortised cost		Fair value	
	31.12.2015	31.12.2014	31.12.2015	31.12.2014
in EUR '000				
up to one year	74,167	107,872	74,408	109,497
more than one year up to five years	450,491	271,365	518,319	297,639
more than five years up to ten years	157,173	395,285	200,450	493,372
more than ten years	127,602	126,091	205,175	190,440
Total	**809,433**	**900,613**	**998,352**	**1,090,948**

Rating categories - Standard & Poor´s Financial instruments held to maturity (incl. Reclassified)	Amortised cost	
	31.12.2015	31.12.2014
in EUR '000		
AAA	71,941	77,903
AA	2,135,836	2,073,163
A	592,096	618,259
BBB	67,500	49,600
BB and lower	171,347	199,599
No rating	27,395	27,411
Total	**3,066,115**	**3,045,935**

Financial instruments in the “Financial instruments held to maturity” category that were reclassified as financial instruments available for sale in 2008 had a fair value of EUR 1,393,784,000 as of the reclassification date. Vienna Insurance Group made use of the provisions on “reclassification of financial assets” in IAS 39.50 et seqq. due to financial market developments in the second half of 2008. Since the required information is not available and the cost to obtain the information would be excessively high, it would not be possible to determine the book values if reclassification had not been performed.

Composition Financial instruments available for sale	Fair value 31.12.2015	31.12.2014
in EUR '000		
Bonds	**18,179,916**	**18,011,109**
Government bonds	9,262,255	9,204,436
Covered bonds	1,481,839	1,562,112
Corporate bonds	3,350,611	2,947,594
Bonds from banks	3,274,261	3,407,781
Subordinated bonds	810,950	889,186
Shares and other participations*	**663,506**	**716,772**
Investment funds	**1,806,059**	**1,406,620**
Equity funds	776,989	423,809
Pension funds	793,246	518,881
Alternative funds	2,213	278
Real estate funds	88,932	112,652
Balanced funds	144,679	351,000
Total	**20,649,481**	**20,134,501**

* Includes shares in non-consolidated subsidiaries and other participations of EUR 140.096.000 (EUR 154.363.000).

Unrealised gains and losses on Financial instruments available for sale	Fair value		Not realised		Not realised	
			gains	losses	gains	losses
	31.12.2015	31.12.2014	31.12.2015	31.12.2015	31.12.2014	31.12.2014
in EUR '000						
Bonds	18,179,916	18,011,109	2,189,477	-127,331	2,607,621	-88,407
Shares and other participations	663,506	716,772	138,200	-13,302	126,710	-14,036
Investment funds	1,806,059	1,406,620	71,688	-75,153	65,171	-39,294
Total	**20,649,481**	**20,134,501**	**2,399,365**	**-215,786**	**2,799,502**	**-141,737**

In the case of financial instruments available for sale, the balance sheet value corresponds to the fair value. Unrealised gains and losses represent the difference between amortised cost and fair value.

Impairment – available for sale*	Gross book value 31.12.2015	Impairment 31.12.2015	Net book value 31.12.2015
in EUR '000			
Bonds	4,246	2,250	1,996
Shares	13,411	3,472	9,939
Investment funds	38,352	5,716	32,636
Total	**56,009**	**11,438**	**44,571**

* Not including impairment of shares in affiliated companies and other participations

Impairment – available for sale*	Gross book value 31.12.2014	Impairment 31.12.2014	Net book value 31.12.2014
in EUR '000			
Bonds	62,289	35,702	26,587
Shares	39,144	8,467	30,677
Investment funds	54,063	2,611	51,452
Total	**155,496**	**46,780**	**108,716**

* Not including impairment of shares in affiliated companies and other participations

Maturity structure **Financial instruments available for sale**	Fair value 31.12.2015	 31.12.2014
in EUR '000		
no maturity	2,120,721	1,774,321
up to one year	894,477	693,219
more than one year up to five years	4,234,736	4,074,809
more than five years up to ten years	7,832,016	6,937,750
more than ten years	5,567,531	6,654,402
Total	**20,649,481**	**20,134,501**

Rating categories **Fixed-interest financial instruments available for sale**	Fair value 31.12.2015	 31.12.2014
in EUR '000		
AAA	2,282,346	3,134,731
AA	5,238,877	4,365,722
A	6,049,855	7,054,554
BBB	3,505,425	2,539,878
BB and lower	1,056,110	817,466
No rating	47,303	98,758
Total	**18,179,916**	**18,011,109**

Composition **Financial instruments recognised at fair value through profit and loss***	Fair value 31.12.2015	 31.12.2014
in EUR '000		
Bonds	**252,404**	**274,340**
Government bonds	98,775	113,544
Corporate bonds	2,469	648
Bonds from banks	139,545	151,889
Subordinated bonds	11,615	8,259
Shares and other non-fixed-interest securities	**36,798**	**38,242**
Investment funds	**59,840**	**97,426**
Equity funds	11,876	31,585
Pension funds	21,381	30,497
Alternative funds	1,878	1,729
Real estate funds	264	319
Balanced funds	24,441	33,296
Derivatives	**51,742**	**53,208**
Others	**0**	**2,954**
Total	**400,784**	**466,170**

* Including trading assets

Maturity structure **Financial instruments recognised at fair value through profit and loss***	Fair value 31.12.2015	 31.12.2014
in EUR '000		
no maturity	13,816	30,960
up to one year	13,887	28,641
more than one year up to five years	136,821	124,565
more than five years up to ten years	29,944	48,858
more than ten years	34,906	38,263
Total	**229,374**	**271,287**

* Excluding trading assets

Rating categories **Non-fixed-interest financial instruments recognised at fair value through profit and loss***	**Fair value** **31.12.2015**	 **31.12.2014**
in EUR '000		
AAA	17,263	36,800
AA	26,773	19,251
A	90,029	177,773
BBB	97,066	27,649
BB and lower	20,342	9,750
No rating	931	3,117
Total	**252,404**	**274,340**

* Including trading assets

Maturity structure of derivatives on the asset side	**Nominal value**	
	31.12.2015	**31.12.2014**
in EUR '000		
up to one year	169,064	162,284
more than one year up to five years	101,855	109,041
more than five years up to ten years	47,469	51,825
Total	**318,388**	**323,150**

The values shown in this table are the nominal values of the underlying transactions.

Fair value of derivative financial instruments	**Fair value**	
	31.12.2015	**31.12.2014**
in EUR '000		
Options	47,882	49,617
Swaps	2,143	2,204
Futures	619	1,355
Other structured products	1,098	32
Total	**51,742**	**53,208**

Composition of derivatives by risk types	**Fair value**	
	31.12.2015	**31.12.2014**
in EUR '000		
Interest risk		
traded on stock exchange	2,143	2,204
Currency risk		
over the counter	1,717	1,387
Share and index risk		
over the counter	12,482	12,417
Participation risk		
over the counter	35,400	37,200
Total	**51,742**	**53,208**

Vienna Insurance Group secured a fixed interest rate until 2017 by entering into an interest rate swap for a floating rate supplementary capital bond that was issued in 2005 with a nominal value of EUR 120,000,000. The differential payments under the interest rate swap occur at the same time as the interest payments on the bond and are recognised as interest expenses in the financial result. The interest rate swap is accounted for as a cash flow hedge. The fair value of the swap is accordingly recognised in other reserves under other comprehensive income. The swap had a negative fair value of EUR -3,660,000 as of 31 December 2015 (EUR -7,127,000).

As a result of an amendment to a shareholder agreement governing, among other things, the exercise of a put option on shares of an associated company between Vienna Insurance Group and a co-shareholder, it became necessary to value an option in accordance with IAS 39. The valuation resulted in an option market value of EUR 35,400,000 (EUR 37,200,000), and the change was recognised in the financial result.

Composition book values of government bonds*	Held to maturity total		Available for sale		Recognised at fair value through profit and loss	
	31.12.2015	31.12.2014	31.12.2015	31.12.2014	31.12.2015	31.12.2014
Government bonds						
Austria	0.60%	0.47%	19.40%	20.77%	0.00%	0.00%
Germany	0.01%	0.00%	2.40%	3.06%	38.42%	54.97%
Czech Republic	72.26%	71.18%	6.16%	6.30%	0.00%	0.00%
Slovakia	5.52%	5.99%	9.65%	10.88%	0.00%	0.00%
Poland	9.96%	10.31%	10.95%	11.04%	44.01%	33.78%
Romania	0.15%	0.20%	3.52%	2.86%	0.07%	2.64%
Remaining Markets	11.50%	11.85%	47.92%	45.09%	17.50%	8.61%

* Government bonds also include government-guaranteed bonds and bonds issued by supranational organisations and federal or constituent states.

7. INVESTMENTS FOR UNIT-LINKED AND INDEX-LINKED LIFE INSURANCE

Composition	Unit-linked 31.12.2015	Index-linked 31.12.2015	Total 31.12.2015	Total 31.12.2014
in EUR '000				
Investment funds	5,864,440	56,823	5,921,263	5,533,521
Bonds	0	2,144,140	2,144,140	2,137,823
Shares	0	3,876	3,876	3,458
Bank deposits	38,839	18,510	57,349	58,380
Deposits receivables	14,827	0	14,827	6,752
Other assets	2,666	14	2,680	2,247
Total	**5,920,772**	**2,223,363**	**8,144,135**	**7,742,181**

Maturity structure	31.12.2015	31.12.2014
in EUR '000		
no maturity	5,961,644	5,397,788
up to one year	107,990	162,415
more than one year up to five years	1,008,016	528,641
more than five years up to ten years	744,268	1,331,985
more than ten years	322,217	321,352
Total	**8,144,135**	**7,742,181**

8. REINSURERS' SHARE IN UNDERWRITING PROVISIONS

Composition	Property/ Casualty 31.12.2015	Life 31.12.2015	Health 31.12.2015	Total 31.12.2015	Total 31.12.2014
in EUR '000					
Provision for unearned premiums	118,985	6,720	10	125,715	134,438
Mathematical reserve	21	61,062	2,179	63,262	68,536
Provision for outstanding claims	814,838	10,976	115	825,929	884,108
Provision for profit-unrelated premium refunds	11,059	0	0	11,059	10,958
Other underwriting provisions	4,723	52	0	4,775	7,703
Total	**949,626**	**78,810**	**2,304**	**1,030,740**	**1,105,743**

Development	Book value as of 1.1.	Exchange rate changes	Additions	Amount used/ released	Changes in scope of consolidation	Book value as of 31.12.
in EUR '000						
Provision for unearned premiums	134,438	-2,688	131,228	-137,627	364	125,715
Mathematical reserve	68,536	5	5,727	-11,006	0	63,262
Provision for outstanding claims	884,108	2,892	568,801	-629,949	77	825,929
Provision for profit-unrelated premium refunds	10,958	129	5,507	-5,535	0	11,059
Other underwriting provisions	7,703	-5	1,501	-4,424	0	4,775
Total	**1,105,743**	**333**	**712,764**	**-788,541**	**441**	**1,030,740**

Maturity structure	31.12.2015	31.12.2014
in EUR '000		
up to one year	476,764	443,132
more than one year up to five years	297,818	307,978
more than five years up to ten years	135,007	131,818
more than ten years	121,151	222,815
Total	**1,030,740**	**1,105,743**

9. RECEIVABLES

Composition	Property/Casualty 31.12.2015	Life 31.12.2015	Health 31.12.2015	Total 31.12.2015	Total 31.12.2014
in EUR '000					
Underwriting	**641,301**	**78,733**	**9,399**	**729,433**	**741,846**
Receivables from direct insurance business	537,016	75,522	9,301	621,839	628,736
from policyholders	394,364	59,476	9,074	462,914	475,505
from insurance intermediaries	95,546	13,796	0	109,342	113,168
from insurance companies	47,106	2,250	227	49,583	40,063
Receivables from reinsurance business	104,285	3,211	98	107,594	113,110
Non-underwriting	**245,601**	**399,765**	**15,434**	**660,800**	**760,181**
Other receivables	245,601	399,765	15,434	660,800	760,181
Total	**886,902**	**478,498**	**24,833**	**1,390,233**	**1,502,027**

Composition Other receivables	Property/Casualty 31.12.2015	Life 31.12.2015	Health 31.12.2015	Total 31.12.2015	Total 31.12.2014
in EUR '000					
Receivables from financial services and leasing	583	2,540	0	3,123	4,338
Pro rata interest and rent	65,270	334,387	14,130	413,787	435,890
Receivables from tax authority (excl. income tax)	24,628	25,139	98	49,865	61,927
Receivables from employees	3,695	977	8	4,680	4,274
Receivables from sales of investments	24,350	4,406	0	28,756	85,684
Receivables from facility managers	8,615	1,887	263	10,765	11,657
Receivables from third party claims settlement	20,768	128	0	20,896	20,850
Outstanding interest and rent	2,604	2,622	383	5,609	13,237
Receivables from green card deposits	5,677	0	0	5,677	4,213
Receivables from surety	21,821	1,644	0	23,465	24,067
Receivables from pre-payments	22,528	3,067	547	26,142	19,040
receivables from funding of housing projects	0	720	0	720	1,480
receivables from fees of every kind	1,971	588	0	2,559	2,327
Receivables arising from social contributions	156	61	0	217	313
Other receivables	42,935	21,599	5	64,539	70,884
Total	**245,601**	**399,765**	**15,434**	**660,800**	**760,181**

Other receivables primarily relate to receivables of EUR 43,058,000 from intercompany charges for services (EUR 34,816,000), and receivables of EUR 5,928,000 from intercompany charges for pensions (EUR 7,227,000).

Maturity structure	Premium receivables 31.12.2015	Non-underwriting 31.12.2015	Total 31.12.2015	Total 31.12.2014
in EUR '000				
up to one year	251,270	626,787	878,057	1,003,649
more than one year up to five years	20,704	17,481	38,185	44,091
more than five years up to ten years	0	96	96	349
more than ten years	0	16,436	16,436	16,448
Total	**271,974**	**660,800**	**932,774**	**1,064,537**
Premium receivables not yet due			243,766	218,475
Receivables from reinsurance business			107,594	113,110
Other underwriting receivables			106,099	105,905
Total			**1,390,233**	**1,502,027**

The gross receivables are offset by impairments (directly reducing the asset item) of EUR 106,304,000 (EUR 135,357,000) and provisions for cancellations of EUR 10,124,000 (EUR 9,729,000).

10. TAX RECEIVABLES AND ADVANCE PAYMENTS OUT OF INCOME TAX

Composition	31.12.2015	31.12.2014
in EUR '000		
Property/Casualty insurance	182,873	81,459
Life insurance	33,962	37,727
Health insurance	11	23
Total	**216,846**	**119,209**

Maturity structure	31.12.2015	31.12.2014
in EUR '000		
up to one year	95,254	99,438
more than one year	121,592	19,771
Total	**216,846**	**119,209**

11. DEFERRED TAXES

Reported deferred tax assets and liabilities relate to temporary differences in the balance sheet items listed in the table below. (The differences were measured using the applicable tax rates.) It should be noted that deferred taxes, as far as permissible, are offset at the taxpayer level, and different balances are shown accordingly either as assets or liabilities on the balance sheet.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that the deferred tax assets can be used. Deferred tax assets are examined on each balance sheet date and reduced to the extent that it is no longer probable that the associated tax benefits will be realised.

Composition	Assets 31.12.2015	Liabilities 31.12.2015	Assets 31.12.2014	Liabilities 31.12.2014
in EUR '000				
Intangible assets	7,172	4,133	8,549	8,091
Investments	86,850	291,242	53,960	328,553
Receivables and other assets	16,420	14,269	20,908	11,629
Accumulated losses carried forward	63,366	0	65,299	0
Tax-exempt reserves	0	37,609	0	38,236
Underwriting provisions	153,225	177,391	123,605	114,488
Non-underwriting provisions	68,046	3,391	81,637	1,158
Liabilities and other liabilities	11,531	4,605	5,744	6,958
Sum before valuation allowance	**406,610**	**532,640**	**359,702**	**509,113**
Valuation allowance for DTA	-45,173	0	-24,134	0
Sum after valuation allowance	**361,437**	**532,640**	**335,568**	**509,113**
Netting	-237,745	-237,745	-222,324	-222,324
Net balance	**123,692**	**294,895**	**113,244**	**286,789**

Maturity structure	Assets 31.12.2015	Liabilities 31.12.2015	Active restated 31.12.2014	Liabilities 31.12.2014
in EUR '000				
up to one year	6,929	2,747	4,714	1,245
more than one year	116,763	292,148	108,530	285,544
Total	**123,692**	**294,895**	**113,244**	**286,789**

Deferred tax assets from seven-year amortisation of participations were recognised in the amount of EUR 28,438,000 (EUR 34,498,000), and the amount of EUR 0 (EUR 2,390,000) was not recognised. Deferred tax liabilities and deferred tax assets of consolidated taxable entities in the tax group collected by the same tax authority were netted, resulting in a deferred tax liability of EUR 126,165,000 (EUR 42,223,000). In accordance with IAS 12.39, deferred tax liabilities were not reported for temporary differences from interests in subsidiaries since they would not be reversed in the foreseeable future. The difference between the book value for tax purposes and the IFRS shareholders' equity is EUR 608,732,000. Deferred taxes for undistributed subsidiary profits of EUR 4,725,000 were also not reported, because a profit distribution resolution was not yet adopted.

EUR 44,912,000 (EUR 53,160,000) in deferred taxes on loss carry-forwards was not recognised. The unrecognised losses related primarily to the following countries:

Deferred tax assets on tax loss carryforwards not recognized	2015			
	Total	therof expiration per year		
	2015	2016	2017 ff	unlimited
in EUR '000				
Netherlands	19,524	19	19,505	0
Romania	10,232	0	10,232	0
Austria	8,910	0	0	8,910
Hungary	2,608	0	2,608	0
Serbia	2,027	672	1,355	0
Bulgaria	44	0	44	0
Bosnia-Herzegovina	468	0	468	0
Germany	657	0	0	657
Latvia	225	0	114	111
Others	217	33	139	45
Total	**44,912**	**724**	**34,465**	**9,723**

Deferred tax assets on tax loss carryforwards not recognized	2014			
	Total	therof expiration per year		
	2014	2015	2016 ff	unlimited
in EUR '000				
Netherlands	19,271	0	19,271	0
Romania	14,089	0	14,089	0
Austria	11,838	0	0	11,838
Hungary	2,611	0	2,611	0
Serbia	2,399	0	2,399	0
Bulgaria	1,985	0	1,985	0
Bosnia-Herzegovina	688	0	688	0
Latvia	127	0	0	127
Others	152	0	0	152
Total	**53,160**	**0**	**41,043**	**12,117**

12. OTHER ASSETS

Composition	Property/Casualty 31.12.2015	Life 31.12.2015	Health 31.12.2015	Total 31.12.2015	Total 31.12.2014
in EUR '000					
Tangible assets and inventories	67,469	25,578	179	93,226	92,175
Prepayments for projects	202	47	0	249	259
Other assets	27,326	67,683	0	95,009	106,137
Deferred charges	57,082	104,344	9	161,435	132,736
Total	**152,079**	**197,652**	**188**	**349,919**	**331,307**

Composition of tangible assets and inventories	Total 31.12.2015	Total 31.12.2014
in EUR '000		
Office equipment	25,130	23,892
IT hardware / telecommunication	22,460	16,458
Technical equipment and machinery	5,715	6,157
Vehicle fleet	9,912	11,376
Other	26,133	30,164
Inventory	3,876	4,128
Tangible assets and inventories	**93,226**	**92,175**

Maturity structure	31.12.2015	31.12.2014
in EUR '000		
up to one year	169,140	155,347
more than one year up to five years	86,653	83,821
more than five years up to ten years	67,821	70,774
more than ten years	26,305	21,365
Total	**349,919**	**331,307**

Development of tangible assets and inventories	31.12.2015	31.12.2014
in EUR '000		
Acquisition costs	290,862	285,814
Cumulative depreciation as of 31.12. of previous years	-198,687	-196,280
Book value as of 31.12. of the previous year	**92,175**	**89,534**
Exchange rate changes	361	-1,217
Book value as of 1.1.	**92,536**	**88,317**
Reclassifications	249	0
Additions	37,848	36,694
Disposals	-17,715	-14,778
Changes in scope of consolidation	99	986
Scheduled depreciation	-19,708	-18,945
Impairments	-83	-99
Book value as of 31.12.	**93,226**	**92,175**
Cumulative depreciation as of 31.12.	196,428	198,687
Acquisition costs	**289,654**	**290,862**

There were additions to tangible assets of EUR 37,848,000 (EUR 36,694,000), of which EUR 33,037,000 (EUR 25,452,000) was for property and casualty, EUR 4,553,000 (EUR 10,875,000) for life and EUR 258,000 (EUR 367,000) for health insurance.

13. CASH AND CASH EQUIVALENTS

Composition	Property/Casualty 31.12.2015	Life 31.12.2015	Health 31.12.2015	Total 31.12.2015	Total 31.12.2014
in EUR '000					
Current bank balances	625,870	423,655	53,280	1,102,805	781,445
Cash and cheques	273	156	0	429	542
Total	**626,143**	**423,811**	**53,280**	**1,103,234**	**781,987**

Cash and cash equivalents consist of cash on hand and demand deposits.

NOTES TO THE CONSOLIDATED BALANCE SHEET - LIABILITIES AND SHAREHOLDERS' EQUITY

14. CONSOLIDATED SHAREHOLDERS' EQUITY

The **share capital and other capital reserves** items include contributions to share capital made by Vienna Insurance Group shareholders. Other capital reserves report the share of contributions paid that is in excess of the share capital. In addition, the **hybrid capital** item separately reports the amounts received from the corporate bond issued in 2008. The capital reserves are reduced by external costs directly related to corporate actions affecting equity after taking tax effects into account.

Retained earnings are the earnings that Group companies have earned since joining Vienna Insurance Group. These are reduced by the dividends distributed by the Group parent company. Amounts resulting from changes in the scope of consolidation are also recognised. If changes are made to accounting policies, the adjustments for earlier periods that are not included in the financial statements are recognised in the opening balance sheet value of retained earnings for the earliest period presented.

Other reserves consist of unrealised gains and losses from the measurement of available for sale financial instruments and actuarial gains and losses that are directly recognised in the statement of comprehensive income in accordance with IAS 19. Unrealised gains and losses from the equity measurement of associated companies, and translation differences resulting from currency translation for foreign subsidiaries are also reported in other reserves. In addition, measurement gains or losses from cash flow hedges are also recognised.

Non-controlling interests are also shown as part of shareholders' equity. These consist of shares held by third parties in the equity of consolidated subsidiaries that are not directly or indirectly completely owned by Vienna Insurance Group.

Hybrid bonds

Issue date	Outstanding volume (EUR '000)	Maturity in years	Interest in %	Fair value (EUR '000)
12.6.2008	198,017	unlimited	until 12.9.2018 8% p.a., afterwards variable	212,274

The hybrid bond satisfies the equity capital criteria of IAS 32.16C and .16D, since interest is only payable if the general meeting adopts a dividend payout resolution.

Composition of non-controlling interests	31.12.2015	31.12.2014
in EUR '000		
Unrealised gains and losses	6,185	7,995
Share in the profit of the period including other comprehensive income after taxes	12,110	24,560
Other	179,375	140,468
Total	**197,670**	**173,023**

Disclosure of material non-controlling interests	Neue Heimat Holding 2015	Palais Hansen 2015	PČS 2015	Progress 2015	s Versicherung 2015
in EUR '000					
Percentage of non-controlling interests	12.93%	43.51%	5.08%	40.06%	5.07%
Premiums written	0	0	325,968	0	857,793
Result before taxes	1,792	-3,461	32,464	2,874	45,687
Profit attributed to non-controlling interests	**232**	**-1,506**	**1,649**	**1,151**	**2,316**
OCI	0	0	-871	0	-4,700
Result for the year	1,851	-5,813	26,236	2,983	32,630
Comprehensive income attributed to non-controlling interests	**239**	**-2,529**	**1,289**	**1,195**	**1,416**
Investments	80,652	90,063	1,065,587	41,390	11,658,184
Other assets	2,158	17,152	122,576	11,083	510,781
Underwriting provisions (incl. reinsurance)	0	0	-939,237	0	-11,108,877
Other liabilities	-2,009	-60,081	-96,632	-9,142	-522,723
Shareholders' equity / net assets	80,801	47,134	152,294	43,331	537,365
Share of equity	**10,448**	**20,508**	**7,737**	**17,358**	**27,244**
Cash flow from operating activities	-237	1,812	6,108	-859	24,769
Cash flow from investing activities	2,055	-15	39,012	2,762	-67,254
Cash flow from financing activities	-2,000	-7,914	-24,772	-2,676	18,835
Net change in cash and cash equivalents	-182	-6,117	20,348	-773	-23,650
Dividend to non-controlling interests	**200**	**4,389**	**1,069**	**803**	**2,365**

This table presents the five most important companies for the balance sheet dates shown.

Disclosure of material non-controlling interests	Neue Heimat Holding 2014	Palais Hansen 2014	PČS 2014	PFG GmbH 2014	s Versicherung 2014
in EUR '000					
Percentage of non-controlling interests	10.00%	43.51%	5.08%	18.67%	5.07%
Premiums written	0	0	432,845	0	860,883
Result before taxes	1,974	9,675	28,058	-6,360	53,080
Profit attributed to non-controlling interests	**197**	**4,210**	**1,425**	**-1,187**	**2,693**
OCI	0	0	5,776	0	-52,756
Result for the year	2,019	9,663	22,676	-6,360	51,157
Comprehensive income attributed to non-controlling interests	**202**	**4,204**	**1,445**	**-1,187**	**-81**
Investments	63,328	92,273	1,067,559	195,668	11,509,308
Other assets	2,275	29,942	99,937	12,907	624,532
Underwriting provisions (incl. reinsurance)	0	0	-927,038	0	-11,060,344
Other liabilities	-2,004	-69,269	-94,136	-175,074	-519,131
Shareholders' equity / net assets	63,599	52,946	146,322	33,501	554,365
Share of equity	**6,360**	**23,037**	**7,433**	**6,253**	**28,106**
Cash flow from operating activities	-63	-4,619	51,786	-693	192,764
Cash flow from investing activities	2,055	-12,764	-29,019	-1,004	11,337
Cash flow from financing activities	-965	11,682	-22,782	0	-123,903
Net change in cash and cash equivalents	1,027	-5,701	-15	-1,697	80,198
Dividend to non-controlling interests	**96**	**6,518**	**983**	**0**	**2,635**

This table presents the five most important companies for the balance sheet dates shown.

Earnings per share

Under IAS 33.10, basic earnings per share "shall be calculated by dividing profit or loss attributable to common shareholders of the parent entity (the numerator) by the weighted average number of common shares outstanding (the denominator) during the period".

Earnings per share		2015		2014
Profit of the period	in EUR '000	110,333	in EUR '000	391,360
Profit for the period less non-controlling interests	in EUR '000	98,223	in EUR '000	366,800
Interest expenses for hybrid capital	in EUR '000	13,345	in EUR '000	15,000
Number of shares at closing date	units	128,000,000	units	128,000,000
Earnings per share*	EUR	**0.66**	EUR	**2.75**

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

Since there were no potential dilution effects either in 2014 or in the current reporting period, the undiluted earnings per share equal the diluted earnings per share.

One of the Group's objectives with respect to capital management are to ensure the continued existence of the Company as a going concern in order to continue providing shareholders with earnings and other stakeholders, in particular policyholders, with the payments, to which they are entitled. Another objective is to maintain an optimal capital structure in order to reduce the cost of capital.

In order to maintain or change the capital structure, the Group adjusts dividend payments to shareholders as needed, repays capital to shareholders, issues new shares or sells assets to pay back liabilities.

As is customary in the industry, the Group monitors its capital based on its solvency ratio, calculated as the ratio of Group capital to the capital requirement. The calculation of adjusted capital is performed in accordance with § 86h (5) VAG based on the consolidated financial statements. Group capital is determined in accordance with the provisions of § 73b VAG and consists primarily of consolidated shareholders' equity minus intangible assets. The Group capital requirement is determined in accordance with the provisions of § 73b (1) Annex D VAG.

Starting on 1 January 2016, the solvency ratio will be calculated based on the Solvency II requirements.

Consolidated shareholders' equity

The Company has the share capital of EUR 132,887,468.20. It is divided into 128,000,000 no-par value ordinary bearer shares with voting rights, with each share representing an equal portion of the share capital. As there were no new issues in 2015, the number of shares remained unchanged.

The Managing Board is authorised to increase the Company's share capital by a nominal amount of EUR 66,443,734.10 by issuing 64,000,000 no-par value bearer or registered shares in one or more tranches on or before 2 May 2018 against cash contributions or contributions in kind. The terms of the shares, the exclusion of shareholder pre-emption rights, and other terms and conditions of the share issue are decided by the Managing Board, subject to Supervisory Board approval. Preferred shares without voting rights may also be issued, with rights equivalent to those of existing preferred shares. The issue prices of common and preferred shares may differ.

The general meeting of 3 May 2013 authorised the Managing Board to issue, subject to an approval by the Supervisory Board, one or more tranches of bearer convertible bonds with a total nominal value of up to EUR 2,000,000,000.00 on or before 2 May 2018, with or without exclusion of shareholder pre-emptive rights, and to grant the holders of convertible bonds conversion rights for up to 30,000,000 no-par value bearer shares with voting rights in accordance with the convertible bond terms determined by the Managing Board. The share capital has consequently been raised in accordance with § 159(2) no. 1 of the Austrian Stock Corporation Act (AktG) by a contingent capital increase of up to EUR 31,145,500.36, through the issue of up to 30,000,000 no-par value bearer shares with voting rights. The contingent capital increase will only be implemented to the extent that holders of convertible bonds issued on the basis of the general meeting resolution of 3 May 2013 exercise the subscription or exchange rights they were granted. The Managing Board has not adopted any resolutions to date concerning the issuance of convertible bonds based on the authorisation granted on 3 May 2013.

The general meeting of 3 May 2013 further authorised the Managing Board to issue, subject to Supervisory Board approval, one or more tranches of bearer income bonds with a total nominal value of up to EUR 2,000,000,000.00 on or before 2 May 2018, with or without exclusion of shareholder pre-emptive rights. The Managing Board has not adopted any resolutions to date regarding the issuance of income bonds based on this authorisation.

The Company held none of its own shares as of 31 December 2015.

Income bonds (hybrid bonds) with a total nominal value of EUR 250,000,000.00 (Tranche 1) were issued on 12 June 2008, and income bonds with a total nominal value of EUR 250,000,000.00 (Tranche 2) were issued on 22 April 2009 based on the authorisation granted by the general meeting of 16 April 2008. The Company repurchased Tranche 2 in August 2013. EUR 51,983,000.00 of the nominal value of Tranche 1 was repurchased in March 2015. The income bonds are traded on the Vienna Stock Exchange. The interest rate is 8% p.a. until 12 September 2018 (fixed interest rate), after which the income bonds pay variable interest. The Company has the right to call the bonds each quarter after the start of the variable interest period.

Payout	Per share 2015	Total 2015
in EUR		
Ordinary shares	1.40	179,200,000

Proposed appropriation of profits
VIENNA INSURANCE GROUP AG Wiener Versicherung Gruppe (VIG Holding) ended financial year 2015 with net retained profits of EUR 119,926,396.56. The following appropriation of profits will be proposed at the general meeting:

The 128 million shares shall receive a dividend of EUR 0.60 per share. The payment date for this dividend will be 20 May 2016, the record date 19 May 2016, and the ex-dividend date 18 May 2016.

A total of EUR 76,800,000.00 will therefore be distributed. The net retained profits of EUR 43,126,396.56 remaining for financial year 2015 after distribution of the dividend are to be carried forward.

Adjusted capital
The adjusted capital to be disclosed under § 86h (5) VAG was equal to EUR 4,647,016,000 as of 31 December 2015 (EUR 4,432,427,000), without deduction of equalisation provisions, and to EUR 4,413,856,000 (EUR 4,219,844,000) when reduced by the equalisation provisions. The adjusted capital calculation was performed before taking minority interests into account. Vienna Insurance Group satisfies the solvency requirements in § 86e VAG.

Starting on 1 January 2016, solvency requirements will be determined based on Solvency II. However, based on preliminary calculations for 31 December 2015, considerable excess exists at the VIG Holding level.

15. SUBORDINATED LIABILITIES

Subordinated liabilities relate to supplementary capital loans of the following companies in the Group:

Issuing company	Issue date	Outstanding volume (EUR '000)	Maturity in years	Interest in %	Fair value (EUR '000)
VIENNA INSURANCE GROUP AG Wiener Versicherung Gruppe	12.1.2005	127,635	17	First 12 years: 4,625% p.a.; thereafter variable	135,341
VIENNA INSURANCE GROUP AG Wiener Versicherung Gruppe	12.1.2005	120,000	unlimited[1]	First year: 4.25% p.a.; thereafter variable	118,720
VIENNA INSURANCE GROUP AG Wiener Versicherung Gruppe	9.10.2013	500,000	30[2]	First 10 years: 5.5% p.a.; thereafter variabel	532,231
VIENNA INSURANCE GROUP AG Wiener Versicherung Gruppe	2.3.2015	400,000	31[3]	First 11 years: 3.75% p.a.; thereafter variable	380,154
DONAU Versicherung AG Vienna Insurance Group	15.4.+ 21.5.2004	9,500	unlimited[4]	4.95% p.a.	10,698
DONAU Versicherung AG Vienna Insurance Group	1.7.1999	2,500	unlimited[5]	4.95% p.a.	2,826
Sparkassen Versicherung AG Vienna Insurance Group	1.3.1999	15,810	unlimited[6]	4.90% p.a.	17,753
Sparkassen Versicherung AG Vienna Insurance Group	2.7.2001	19,310	unlimited[7]	6.10% p.a.	22,964
Sparkassen Versicherung AG Vienna Insurance Group	15.11.2003	23,800	unlimited[8]	4.95% p.a.	26,668
Sparkassen Versicherung AG Vienna Insurance Group	30.6.2006	41,400	unlimited[9]	4.75% p.a.	46,366
Kooperativa pojst'ovna, a.s., Vienna Insurance Group	22.12.2010	20,353	unlimited[10]	5.05% p.a.	20,761
Total		**1,280,308**			**1,314,482**

[1] The right to ordinary and extraordinary cancellation by the holder is excluded. Regular cancellation by the issuer is first allowed effective 12 January 2017

[2] The right to ordinary and extraordinary cancellation by the holder is excluded. Regular cancellation by the issuer is first allowed effective 9 January 2023.

[3] The right to ordinary and extraordinary cancellation by the holder is excluded. Regular cancellation by the issuer is first allowed effective 2 March 2026.

[4] This may be terminated, in whole or in part, with 5 years' notice effective as of 1 July 2009 by the holders and by Donau Versicherung, and effective as of 31 December of each following year.

[5] This may be terminated, in whole or in part, with 5 years' notice effective as of 1 July 2009 by the holders and by DONAU, and effective as of 1 July of each following year. EUR 1,000,000 has already been terminated effective as of 1 July 2015 and EUR 1,000,000 has already been terminated effective as of 1 July 2017.

[6] This can only be cancelled subject to not less than 5 years' notice, unless Austrian insurance regulators agree to repayment being made early. Due to cancellations, EUR 3,000,000 will be repaid in 2015 and EUR 2,710,000 thereafter.

[7] This can only be cancelled subject to not less than 5 years' notice, unless Austrian insurance regulators agree to repayment being made early. Due to cancellations, EUR 3,210,000 will be repaid starting with 2017.

[8)] This can only be cancelled subject to not less than 5 years' notice, unless Austrian insurance regulators agree to repayment being made early. Due to cancellations, EUR 4,650,000 will be repaid starting with 2017.

[9] This can only be cancelled subject to not less than 5 years' notice, unless Austrian insurance regulators agree to repayment being made early. Due to cancellations, EUR 6,300,000 will be repaid in 2016 and EUR 400,000 thereafter.

[10] This can only be cancelled subject to not less than five years' notice.

Interest on supplementary capital bonds is only paid out to the extent that the interest is covered by the company's national annual profit. The interest is, however, always included as an expense.

On 12 January 2005, the Company issued supplementary capital bond 2005–2022 with a total nominal value of EUR 180,000,000.00 in accordance with § 73c (2) VAG. The bond pays interest at 4.625% p.a. on its nominal value during the first 12 years of its term (fixed interest rate period), after which the bond pays variable interest. The Company repurchased EUR 7,543,000 of the nominal value in June 2014 and EUR 35,822,500 of the nominal value in March 2015.

On 12 January 2005, the Company also issued supplementary capital bond 2005, with a total nominal value of EUR 120,000,000.00 in accordance with § 73c (2) VAG. This bond does not have a fixed term. The bond paid interest at 4.25% p.a. on its nominal value during the first year of its term, after which the bond pays variable interest. Interest was paid at 2.000% p.a. on the bond's nominal value during the period from 12 January 2015 to 11 January 2016.

On 9 October 2013 the Company issued a subordinated bond with a nominal value of EUR 500,000,000.00 and a term of 30 years. The Company can call the bond in full for the first time on 9 October 2023 and on each following coupon date. The subordinated bond bears interest at a fixed rate of 5.5% p.a. during the first ten years of its term and variable interest after that. The subordinate bond satisfies the Tier 2 requirements of Solvency II. The bonds are traded on the Vienna Stock Exchange.

On 2 March 2015 the Company issued a subordinated bond with a nominal value of EUR 400,000,000.00 and a maturity of 31 years. The Company can call the bond in full for the first time on 2 March 2026 and on each following coupon date. The subordinated bond bears interest at a fixed rate of 3.75% p.a. during the first eleven years of its term and variable interest after that. The subordinate bond satisfies the Tier 2 requirements of Solvency II. The bond is listed on the Luxembourg Stock Exchange.

The financial statements auditor has verified that the requirements under § 73b(2) no. 4 VAG have been satisfied to the extent necessary.

16. PROVISION FOR UNEARNED PREMIUMS

Composition	31.12.2015	31.12.2014
in EUR '000		
Property/Casualty insurance	1,057,343	1,018,826
Life insurance	114,177	116,729
Health insurance	9,749	7,935
Total	**1,181,269**	**1,143,490**

Development	Property/Casualty 31.12.2015	Life 31.12.2015	Health 31.12.2015	Total 31.12.2015	Total 31.12.2014
in EUR '000					
Book value as of 31.12. of the previous year	**1,018,826**	**116,729**	**7,935**	**1,143,490**	**1,182,084**
Exchange rate changes	-7,868	152	-764	-8,480	-17,285
Book value as of 1.1.	**1,010,958**	**116,881**	**7,171**	**1,135,010**	**1,164,799**
Additions	899,766	73,620	9,996	983,382	1,032,132
Amount used/released	-860,089	-76,324	-7,418	-943,831	-1,056,709
Changes in scope of consolidation	6,708	0	0	6,708	3,268
Book value as of 31.12.	**1,057,343**	**114,177**	**9,749**	**1,181,269**	**1,143,490**

Maturity structure	31.12.2015	31.12.2014
in EUR '000		
up to one year	1,033,075	985,369
more than one year up to five years	129,930	139,549
more than five years up to ten years	18,264	18,572
Total	**1,181,269**	**1,143,490**

17. ACTUARIAL RESERVE

Composition	31.12.2015	31.12.2014
in EUR '000		
Property/Casualty insurance	121	127
Life insurance	19,919,057	19,772,240
for guaranteed policy benefits	18,155,086	17,728,654
for allocated and committed profit shares	932,810	1,045,350
for deferred actuarial reserve	831,161	998,236
Health insurance	1,149,207	1,082,468
Total	**21,068,385**	**20,854,835**

Development	Property/Casualty 31.12.2015	Life 31.12.2015	Health 31.12.2015	Total 31.12.2015	Total 31.12.2014
in EUR '000					
Book value as of 31.12. of the previous year	**127**	**19,772,240**	**1,082,468**	**20,854,835**	**19,327,154**
Exchange rate changes	3	47,966	0	47,969	-31,238
Book value as of 1.1.	**130**	**19,820,206**	**1,082,468**	**20,902,804**	**19,295,916**
Additions	3	1,684,578	71,379	1,755,960	3,208,070
Amount used/released	-12	-1,640,839	-4,640	-1,645,491	-1,737,354
Transfer from provisions for premium refunds	0	55,112	0	55,112	72,930
Changes in scope of consolidation	0	0	0	0	15,273
Book value as of 31.12.	**121**	**19,919,057**	**1,149,207**	**21,068,385**	**20,854,835**

Maturity structure	31.12.2015	31.12.2014
in EUR '000		
up to one year	1,880,715	2,290,007
more than one year up to five years	5,628,947	5,581,751
more than five years up to ten years	4,427,303	4,353,768
more than ten years	9,131,420	8,629,309
Total	**21,068,385**	**20,854,835**

Life insurance mathematical reserve	31.12.2015	31.12.2014
in EUR '000		
Direct business	19,787,630	19,695,665
Policy benefits	18,023,659	17,652,079
Allocated profit share	916,885	1,028,408
Committed profit shares	15,925	16,942
Deferred actuarial reserve	831,161	998,236
Indirect business	131,427	76,575
Policy benefits	131,427	76,575
Total	**19,919,057**	**19,772,240**

Health insurance mathematical reserve	31.12.2015	31.12.2014
in EUR '000		
Direct business	1,149,207	1,082,468
Individual insurance	846,194	803,560
Group insurance	303,013	278,908
Total	**1,149,207**	**1,082,468**

18. PROVISION FOR OUTSTANDING CLAIMS

Composition	31.12.2015	31.12.2014
in EUR '000		
Property/Casualty insurance	4,168,624	4,103,529
Life insurance	383,704	334,220
Health insurance	51,320	51,195
Total	**4,603,648**	**4,488,944**

Development Property/Casualty insurance	31.12.2015	31.12.2014
in EUR '000		
Book value as of 31.12. of the previous year	**4,103,529**	**3,894,771**
Exchange rate changes	3,595	-28,737
Book value as of 1.1.	**4,107,124**	**3,866,034**
Changes in scope of consolidation	7,401	5,234
Allocation of provisions for outstanding claims	2,360,953	2,444,781
for claims paid occurred in the reporting period	2,076,263	2,124,725
for claims paid occurred in previous periods	284,690	320,056
Use/release of provision	-2,306,854	-2,212,520
for claims paid occurred in the reporting period	-971,631	-1,075,712
for claims paid occurred in previous periods	-1,335,223	-1,136,808
Book value as of 31.12.	**4,168,624**	**4,103,529**

Maturity structure	31.12.2015	31.12.2014
in EUR '000		
up to one year	2,093,215	1,766,758
more than one year up to five years	1,499,433	1,328,257
more than five years up to ten years	495,659	404,280
more than ten years	515,341	989,649
Total	**4,603,648**	**4,488,944**

EUR 78,612,000 (EUR 105,732,000) in recourse claims was deducted from the provision for outstanding claims.

A detailed presentation of the gross loss reserve is provided under a heading with this name in the "Financial instruments and risk management" section on page 106.

19. PROVISION FOR PREMIUM REFUNDS

Composition	31.12.2015	31.12.2014
in EUR '000		
Property/Casualty insurance	35,517	34,034
thereof profit-related	*197*	*197*
thereof profit-unrelated	*35,320*	*33,837*
Life insurance	1,187,765	1,281,042
thereof profit-related	*1,182,215*	*1,277,599*
thereof profit-unrelated	*5,550*	*3,443*
Health insurance	15,410	15,080
thereof profit-related	*220*	*0*
thereof profit-unrelated	*15,190*	*15,080*
Total	**1,238,692**	**1,330,156**
thereof life insurance deferred profit participation	**925,519**	**1,045,563**
Recognised through profit and loss	*165,345*	*139,258*
Recognised directly in equity	*760,174*	*906,305*

Development of life insurance	31.12.2015	31.12.2014
in EUR '000		
Provision for premium refunds		
Book value as of 31.12. of the previous year	**235,479**	**247,479**
Exchange rate changes	370	-301
Book value as of 1.1.	**235,849**	**247,178**
Addition/release	81,509	60,742
Changes in scope of consolidation	0	489
Transfer to mathematical reserve	-55,112	-72,930
Total	**262,246**	**235,479**
Deferred profit participation		
Book value as of 31.12. of the previous year	**1,045,563**	**849,785**
Exchange rate changes	18	-225
Book value as of 1.1.	**1,045,581**	**849,560**
Changes in scope of consolidation	0	1,352
Unrealised gains and losses on financial instruments available for sale	-151,108	225,190
Underwriting gains and losses from provisions for employee benefits	4,977	-27,895
Revaluations recognised through profit and loss	26,069	-2,644
Book value as of 31.12.	**925,519**	**1,045,563**
Provision for premium refunds incl. deferred profit participation	**1,187,765**	**1,281,042**

Development health insurance	31.12.2015	31.12.2014
in EUR '000		
Provision for premium refunds		
Book value as of 31.12. of the previous year	**15,080**	**15,120**
Book value as of 1.1.	**15,080**	**15,120**
Addition/release	330	-40
Total	**15,410**	**15,080**

Maturity structure for profit-related premium refunds	31.12.2015	31.12.2014
in EUR '000		
up to one year	703,959	773,146
more than one year up to five years	273,934	277,198
more than five years up to ten years	120,442	120,619
more than ten years	84,297	106,833
Total	**1,182,632**	**1,277,796**

Maturity structure for profit-unrelated premium refunds	31.12.2015	31.12.2014
in EUR '000		
up to one year	55,400	52,175
more than one year up to five years	277	85
more than five years up to ten years	239	58
more than ten years	144	42
Total	**56,060**	**52,360**

20. OTHER UNDERWRITING PROVISIONS

Composition	31.12.2015	31.12.2014
in EUR '000		
Property/Casualty insurance	46,704	68,017
Life insurance	6,151	4,058
Health insurance	274	452
Total	**53,129**	**72,527**

Other underwriting provisions are primarily provisions for prior losses and cancellations.

Development	Property/Casualty 31.12.2015	Life 31.12.2015	Health 31.12.2015	Total 31.12.2015	Total 31.12.2014
in EUR '000					
Book value as of 31.12. of the previous year	**68,017**	**4,058**	**452**	**72,527**	**70,583**
Exchange rate changes	986	-47	0	939	-793
Book value as of 1.1.	**69,003**	**4,011**	**452**	**73,466**	**69,790**
Additions	21,855	3,975	131	25,961	31,581
Amount used/released	-44,154	-1,835	-309	-46,298	-30,221
Changes in scope of consolidation	0	0	0	0	1,377
Book value as of 31.12.	**46,704**	**6,151**	**274**	**53,129**	**72,527**

Maturity structure	31.12.2015	31.12.2014
in EUR '000		
up to one year	18,019	31,636
more than one year up to five years	66	54
more than five years up to ten years	0	148
more than ten years	35,044	40,689
Total	**53,129**	**72,527**

21. UNDERWRITING PROVISIONS FOR UNIT-LINKED AND INDEX-LINKED LIFE INSURANCE

Composition	31.12.2015	31.12.2014
in EUR '000		
Unit-linked life insurance	5,693,162	5,297,302
Index-linked life insurance	2,083,440	2,095,115
Total	**7,776,602**	**7,392,417**

Development	31.12.2015	31.12.2014
in EUR '000		
Book value as of 31.12. of the previous year	**7,392,417**	**6,489,366**
Exchange rate changes	78,021	-17,914
Book value as of 1.1.	**7,470,438**	**6,471,452**
Additions	660,893	1,022,727
Amount used/released	-354,729	-615,103
Change in scope of consolidation	0	513,341
Book value as of 31.12.	**7,776,602**	**7,392,417**

The change in exchange rate effects compared to the previous year was mainly caused by larger currency fluctuations, which were due to the Swiss franc being unpegged from the euro. This exchange rate effect is neutral with respect to the Group result, since an offsetting change takes place in the underwriting result.

Maturity structure	31.12.2015	31.12.2014
in EUR '000		
up to one year	195,449	178,730
more than one year up to five years	1,572,362	1,051,962
more than five years up to ten years	1,606,726	2,191,409
more than ten years	4,402,065	3,970,316
Total	**7,776,602**	**7,392,417**

22. PROVISIONS FOR PENSIONS AND SIMILAR OBLIGATIONS

Composition	31.12.2015	31.12.2014
in EUR '000		
Provision for pension obligations	298,988	357,526
Provision for severance obligations	88,209	87,398
Total	**387,197**	**444,924**

Pension obligations

Development of DBO	31.12.2015	31.12.2014
in EUR '000		
Present value of obligation (DBO) as of 1.1.	**732,325**	**672,134**
Transfer to other VIG companies	0	-1,129
Current service costs	9,637	9,506
Past service costs	14	48
Interest expense	14,448	19,247
Remeasurement	**3,296**	**73,756**
Transfer to other VIG companies	0	-231
Actuarial gain/loss demographic	21	9
Actuarial gain/loss financial	30	78,239
Experience adjustment	3,245	-4,261
F/X differences	18	-14
Payment on settlement	-5	0
Benefits paid	-32,724	-32,558
Change in scope of consolidation	3	-8,665
Present value of the obligation (DBO) as of 31.12.	**727,012**	**732,325**
thereof DBO employees	*227,124*	*223,316*
thereof DBO retirees	*499,888*	*509,009*

Development of plan assets of pension obligations	31.12.2015	31.12.2014
in EUR '000		
Plan assets as of 1.1.	**374,799**	**379,374**
Interest income	7,816	11,120
Remeasurement	**13,444**	**480**
Net return on assets	13,444	480
Contributions	58,564	10,877
Payment on settlement	-1	1
Benefits paid	-26,598	-25,819
Change in scope of consolidation	0	-1,234
Plan assets as of 31.12.	**428,024**	**374,799**

Development of provisions of pension obligations	31.12.2015	31.12.2014
in EUR '000		
Book value as of 1.1.	**357,526**	**292,760**
Transfer to other VIG companies	0	-1,129
Current service costs	9,637	9,506
Past service costs	14	48
Interest expense	6,632	8,127
Remeasurement	**-10,148**	**73,276**
Net return on assets	-13,444	-480
Transfer to other VIG companies	0	-231
Actuarial gain/loss demographic	21	9
Actuarial gain/loss financial	30	78,239
Experience adjustment	3,245	-4,261
F/X differences	18	-14
Contributions	-58,564	-10,877
Payment on settlement	-4	-1
Benefits paid	-6,126	-6,739
Change in scope of consolidation	3	-7,431
Book value as of 31.12.	**298,988**	**357,526**

The plan assets consist of the following:

Structure of investments in the actuarial reserve for occupational group insurance	in %
Wiener Städtische Versicherung & Vienna Insurance Group	
Fixed-interest securities	86.31%
Loan	5.60%
Bank deposits	8.09%
Total	**100.00%**
Donau Versicherung	
Fixed-interest securities	100.00%
Total	**100.00%**

The asset allocation of the actuarial reserve for occupational group insurance is structured according to the maturity of the liabilities.

Pension contributions are expected to be EUR 24,126,000 in financial year 2016 (ACTUAL in 2015: EUR 52,188,000 incl. transfers).

Severance obligations

Development of DBO	31.12.2015	31.12.2014
in EUR '000		
Present value of obligation (DBO) as of 1.1.	**162,300**	**149,517**
Current service costs	6,654	7,023
Past service costs	-6	40
Interest expense	3,130	4,351
Remeasurement	**-3,921**	**12,568**
Actuarial gain/loss demographic	-149	0
Actuarial gain/loss financial	337	13,055
Experience adjustment	-4,109	-487
F/X differences	-95	19
Payment on settlement	-1	5
Benefits paid	-4,440	-8,145
Change in scope of consolidation	-36	-3,078
Present value of the obligation (DBO) as of 31.12.	**163,585**	**162,300**

Development of plan assets of severance obligations	31.12.2015	31.12.2014
in EUR '000		
Plan assets as of 1.1.	**74,902**	**70,795**
Interest income	1,485	2,057
Remeasurement	**292**	**5,442**
Net return on assets	292	5,442
Contributions	1,151	2,149
Payment on settlement	-1	0
Benefits paid	-2,453	-4,990
Change in scope of consolidation	0	-551
Plan assets as of 31.12.	**75,376**	**74,902**

Development of provisions of severance obligations	31.12.2015	31.12.2014
in EUR '000		
Book value as of 1.1.	**87,398**	**78,722**
Transfer to other VIG companies	0	0
Current service costs	6,654	7,023
Past service costs	-6	40
Interest expense	1,645	2,294
Remeasurement	**-4,213**	**7,126**
Net return on assets	-292	-5,442
Actuarial gain/loss demographic	-149	0
Actuarial gain/loss financial	337	13,055
Experience adjustment	-4,109	-487
F/X differences	-95	19
Contributions	-1,151	-2,149
Payment on settlement	0	5
Benefits paid	-1,987	-3,155
Change in scope of consolidation	-36	-2,527
Book value as of 31.12.	**88,209**	**87,398**

The plan assets consist of the following:

Structure of investment for outsourced severance payments	in %
Wiener Städtische Versicherung & Vienna Insurance Group	
Index-linked life insurance	75.33%
Pension funds	24.67%
Total	**100.00%**

Part of the severance obligations of Wiener Städtische and Vienna Insurance Group Holding was outsourced to an insurance company.

Severance payment contributions are expected to be EUR 1,467,000 in financial year 2016 (ACTUAL in 2015: EUR 1,151,000).

Pension sensitivity analysis	Variation	DBO	Change
	%	in EUR '000	%
Base parameters		**727,012**	
Interest rate	+0.5	677,567	-6.8
	-0.5	782,788	7.7
Future salary increases	+0.5	735,542	1.2
	-0.5	718,936	-1.1
Future pension increases	+0.5	772,832	6.3
	-0.5	685,185	-5.8
Employee turnover	+2.5	698,598	-4.0
	-2.5	732,235	0.7
Mortality	+5.0	714,523	-1.7
	-5.0	740,257	1.8

Severance payment sensitivity analysis	Variation	DBO	Change
	%	in EUR '000	%
Base parameters		**163,585**	
Discount rate	+0.5	156,830	-4.1
	-0.5	170,827	4.4
Future salary increases	+0.5	170,657	4.3
	-0.5	156,923	-4.1
Employee turnover	+2.5	149,518	-8.6
	-2.5	172,155	5.2
Mortality	+5.0	163,531	0.0
	-5.0	163,629	0.0

Method for performing sensitivity analysis

Calculate parameter variations. Mortality is increased or decreased proportionally.

Pension cash flow	Expected payments
year/s	in EUR '000
1	33,109
2	32,947
3	32,920
4	33,111
5	33,400
6–10	166,943
11–15	162,850
16–20	151,134
21–30	241,865
31–40	154,784
41+	108,101

Severance payment cash flow	Expected payments
year/s	in EUR '000
1	12,996
2	9,569
3	10,053
4	12,088
5	11,761
6–10	59,020
11–15	49,717
16–20	28,324
21–30	25,224
31–40	4,692
41+	389

23. OTHER PROVISIONS

Composition	Property/ Casualty 31.12.2015	Life 31.12.2015	Health 31.12.2015	Total 31.12.2015	Total 31.12.2014
in EUR '000					
Provision for anniversary benefits	10,429	9,246	1,877	21,552	19,599
Other personnel provisions	5,517	1,911	0	7,428	6,688
Provision for customer support and marketing	42,221	1,545	0	43,766	45,174
Provision for litigation	6,747	21,937	0	28,684	32,950
Provision for renewal commissions	0	1,339	0	1,339	1,365
Other provisions	152,461	20,969	0	173,430	158,121
Total	**217,375**	**56,947**	**1,877**	**276,199**	**263,897**

Development	Book value as of 1.1.	Changes in scope of console-dation	Exchange rate changes	Amount used	Release	Reclassifi-cation	Additions	Book value as of 31.12.
in EUR '000								
Provision for anniversary benefits	19,599	0	6	-1,178	-3,303	0	6,428	21,552
Other personnel provisions	6,688	226	101	-4,215	-315	0	4,943	7,428
Provision for customer support and marketing	45,174	0	-7	-5,567	-6,286	13	10,439	43,766
Provision for litigation	32,950	0	63	-8,082	-415	-893	5,061	28,684
Provision for renewal commissions	1,365	0	6	-1,228	-125	0	1,321	1,339
Other provisions	158,121	0	90	-33,841	-51,823	32	100,851	173,430
Total	**263,897**	**226**	**259**	**-54,111**	**-62,267**	**-848**	**129,043**	**276,199**

Other provisions consist primarily of provisions for government obligations of EUR 0 (EUR 15,957,000), provisions for IT expenses of EUR 15,043,000 (EUR 38,350,000), provisions for advertising and sponsoring of EUR 2,320,000 (EUR 765,000), provisions for pension fund guaranteed minimum interest of EUR 14,277,000 (EUR 13,072,000) and a risk provision related to Donau Versicherung's Italian business of EUR 25,500,000 (EUR 28,500,000).

An amount of EUR 48,000,000 has also been recognised under other provisions to cover potential charges arising under maintenance agreements.

Maturity structure	31.12.2015	31.12.2014
in EUR '000		
up to one year	171,363	185,361
more than one year up to five years	47,766	27,197
more than five years up to ten years	22,063	17,418
more than ten years	35,007	33,921
Total	**276,199**	**263,897**

Other provisions with maturities greater than 10 years primarily concern a non-discounted provision of EUR 14,277,000 for guaranteed interest for pension funds and provisions for employee anniversaries with an interest effect of EUR 359,000.

24. LIABILITIES

Composition	Property/Casualty 31.12.2015	Life 31.12.2015	Health 31.12.2015	Total 31.12.2015	Total 31.12.2014
in EUR '000					
Underwriting	**554,523**	**371,701**	**6,904**	**933,128**	**867,486**
Liabilities from direct business	424,140	294,143	4,549	722,832	663,250
to policyholders	283,255	237,656	3,038	523,949	463,979
to insurance intermediaries	104,045	55,206	1,055	160,306	152,384
to insurance companies	36,840	1,281	456	38,577	46,197
arising from financial insurance policies	0	0	0	0	690
Liabilities from reinsurance business	123,504	10,897	61	134,462	121,190
Deposits from ceded reinsurance business	6,879	66,661	2,294	75,834	83,046
Non-underwriting	**457,086**	**237,667**	**6,698**	**701,451**	**811,869**
Liabilities to financial institutions	207,172	76,577	25	283,774	420,504
Other liabilities	249,914	161,090	6,673	417,677	391,365
Total	**1,011,609**	**609,368**	**13,602**	**1,634,579**	**1,679,355**

Composition Other liabilities	Property/Casualty 31.12.2015	Life 31.12.2015	Health 31.12.2015	Total 31.12.2015	Total 31.12.2014
in EUR '000					
Tax liabilities (excl. income taxes)	64,239	18,169	304	82,712	77,191
Liabilities for social security	11,652	2,187	0	13,839	13,894
Liabilities to facility managers	3,617	2,378	567	6,562	5,775
Liabilities to employees	11,850	4,610	1,851	18,311	15,487
Bond liabilities	194	1,575	0	1,769	1,776
Liability for unused vacation entitlements	15,953	6,377	0	22,330	22,572
Liability for variable salary components	22,293	12,946	151	35,390	33,365
Liability for legal and consulting fees	6,977	1,682	0	8,659	4,484
Liability for unpaid incoming invoices	56,003	13,817	79	69,899	69,548
Liabilities for derivatives	5,628	8,742	29	14,399	21,758
Leasing liabilities	54	5	0	59	26
Liabilities from sureties	3,831	901	0	4,732	5,018
Liabilities from fees	16,126	636	0	16,762	17,105
Liabilities from construction projects	761	152	40	953	797
Liabilities from funding of housing projects	9,506	35,303	0	44,809	40,457
Liabilities from public funding	1	117	0	118	180
Liabilities from property transactions	55	0	0	55	0
Liabilities from purchase of capital investments	736	5,178	0	5,914	3,795
Other liabilities	20,438	46,315	3,652	70,405	58,137
Total	**249,914**	**161,090**	**6,673**	**417,677**	**391,365**

Other liabilities primarily relate to liabilities of EUR 33,594,000 from intracompany charges for services (EUR 18,995,000), and interest and dividend liabilities of EUR 19,294,000 (EUR 9,012,000).

Maturity structure	Underwriting 31.12.2015	Non-underwriting 31.12.2015	Total 31.12.2015	Total 31.12.2014
in EUR '000				
up to one year	883,507	274,213	1,157,720	1,463,676
more than one year up to five years	27,763	291,148	318,911	142,174
more than five years up to ten years	5,934	108,937	114,871	23,899
more than ten years	15,924	27,153	43,077	49,606
Total	**933,128**	**701,451**	**1,634,579**	**1,679,355**

Fair value of derivative liabilities	31.12.2015	31.12.2014
in EUR '000		
Options	7,097	8,455
Swaps	6,613	9,238
Futures	579	0
Other structured products	110	4,065
Total	**14,399**	**21,758**

Maturity structure	Nominal value	
Derivatives (liabilities side)	31.12.2015	31.12.2014
in EUR '000		
up to one year	131,329	240,761
more than one year up to five years	123,992	125,788
more than five years up to ten years	608	609
Total	**255,929**	**367,158**

The values shown in this table are the nominal values of the underlying transactions.

Composition of derivative liabilities by risk type	Fair value	
	31.12.2015	31.12.2014
in EUR '000		
Interest risk	5,440	7,763
traded on stock exchange	1,767	635
over the counter	3,673	7,128
Currency risk	1,876	5,541
over the counter	1,876	5,541
Share and index risk	7,083	8,454
over the counter	7,083	8,454
Total	**14,399**	**21,758**

25. TAX LIABILITIES OUT OF INCOME TAX

Composition	31.12.2015	31.12.2014
in EUR '000		
Property/Casualty insurance	89,531	48,944
Life insurance	30,574	33,398
Health insurance	1,696	1,739
Total	**121,801**	**84,081**

Maturity structure	31.12.2015	31.12.2014
in EUR '000		
up to one year	16,325	51,399
more than one year up to five years	105,476	32,682
Total	**121,801**	**84,081**

26. OTHER LIABILITIES

Composition	Property/Casualty 31.12.2015	Life 31.12.2015	Health 31.12.2015	Total 31.12.2015	Total 31.12.2014
in EUR '000					
Deferred income	46,088	118,089	450	164,627	171,930
Other liabilities	6,963	1,146	738	8,847	8,637
Total	**53,051**	**119,235**	**1,188**	**173,474**	**180,567**

27. CONTINGENT LIABILITIES AND RECEIVABLES

Litigation

Vienna Insurance Group and its Group companies are involved in a number of legal actions arising out of the normal course of business. Taking into account the provisions formed for these legal actions, the management of Vienna Insurance Group is of the opinion that they will not have a significant effect on the business or consolidated financial position of the Vienna Insurance Group.

Litigation relating to coverage

In their capacity as insurance companies, the companies of Vienna Insurance Group are involved in a number of court proceedings as defendants or have been threatened with litigation. In addition, there are proceedings, in which the companies of Vienna Insurance Group are not involved as parties, but may be affected by the outcome of such lawsuits due to agreements with other insurers concerning participation in claims. In the opinion of Vienna Insurance Group, adequate provisions proportionate to the amount in dispute have been established for all claims in accordance with the law.

Off-balance sheet claims

The following table shows off-balance sheet claims as of 31 December 2015 and 2014.

Reporting period as of 31.12.	2015	2014
in EUR '000		
Contingent receivables	10,717	12,192

The off-balance sheet claims for the individual financial years were primarily related to guarantees from agencies.

Off-balance sheet commitments

The following table shows the off-balance sheet commitments as of 31 December 2015 and 2014.

Reporting period as of 31.12.	2015	2014
in EUR '000		
Liabilities and assumed liabilities	20,245	17,925
Letters of comfort	0	799
Guarantee bond	14,868	14,047

The off-balance sheet commitments for the individual financial years were primarily related to loans of participations and unresolved court cases due to personal injury.

No off-balance sheet financing structures via special purpose vehicles (SPVs) or other similar corporate structures exist.

NOTES TO THE CONSOLIDATED INCOME STATEMENT

28. NET EARNED PREMIUMS

Premiums written and net earned premiums in the 2015 reporting period and the 2014 comparative period are broken down by segment as follows:

Premiums written	Property/Casualty 2015	Life 2015	Health 2015	Total 2015
in EUR '000				
GROSS				
Direct business	4,492,324	4,009,888	397,860	8,900,072
Austria	1,825,643	1,843,525	381,078	4,050,246
Czech Republic	819,547	716,673	0	1,536,220
Slovakia	318,466	379,541	0	698,007
Poland	471,748	364,370	0	836,118
Romania	346,049	82,199	0	428,248
Remaining Markets	630,059	623,580	16,782	1,270,421
Central Functions	80,812	0	0	80,812
Indirect business	1,214,061	23,186	112	1,237,359
Subtotal	**5,706,385**	**4,033,074**	**397,972**	**10,137,431**
Consolidation	-1,107,350	-10,322	0	-1,117,672
Premiums written	**4,599,035**	**4,022,752**	**397,972**	**9,019,759**

Net earned premiums	Property/Casualty 2015	Life 2015	Health 2015	Total 2015
in EUR '000				
GROSS				
Direct business	4,440,694	4,012,022	395,460	8,848,176
Indirect business	119,772	13,476	112	133,360
Net earned premiums	**4,560,466**	**4,025,498**	**395,572**	**8,981,536**
REINSURERS' SHARE	-760,764	-39,361	-876	-801,001
Net earned premiums – retention	**3,799,702**	**3,986,137**	**394,696**	**8,180,535**

Premiums written	Property/Casualty 2014	Life 2014	Health 2014	Total 2014
in EUR '000				
GROSS				
Direct business	4,453,407	4,185,846	386,222	9,025,475
Austria	1,833,469	1,870,240	368,088	4,071,797
Czech Republic	807,709	856,751	0	1,664,460
Slovakia	322,516	395,889	0	718,405
Poland	553,192	480,194	0	1,033,386
Romania	284,964	54,360	0	339,324
Remaining Markets	591,899	528,412	18,134	1,138,445
Central Functions	59,658	0	0	59,658
Indirect business	1,237,338	43,704	73	1,281,115
Subtotal	**5,690,745**	**4,229,550**	**386,295**	**10,306,590**
Consolidation	-1,130,353	-30,509	0	-1,160,862
Premiums written	**4,560,392**	**4,199,041**	**386,295**	**9,145,728**

Net earned premiums	Property/Casualty 2014	Life 2014	Health 2014	Total 2014
in EUR '000				
GROSS				
Direct business	4,438,913	4,190,484	396,910	9,026,307
Indirect business	118,276	13,715	73	132,064
Net earned premiums	**4,557,189**	**4,204,199**	**396,983**	**9,158,371**
REINSURERS' SHARE	-765,867	-38,010	-752	-804,629
Net earned premiums – retention	**3,791,322**	**4,166,189**	**396,231**	**8,353,742**

Premiums written Property/Casualty insurance	Gross 2015	Reinsurers' share 2015	Retention 2015	Gross 2014
in EUR '000				
Direct business				
Casualty insurance	341,056	-4,190	336,866	345,395
Health insurance	46,803	-17,825	28,978	46,806
Land vehicle own-damage insurance	879,124	-28,673	850,451	863,748
Rail vehicle own-damage	4,114	-2,389	1,725	4,482
Aircraft own-damage insurance	6,565	-3,381	3,184	4,061
Sea, lake and river shipping own-damage insurance	7,090	-3,887	3,203	9,089
Transport insurance	48,706	-21,107	27,599	48,025
Fire explosion, other natural risks, nuclear energy	903,310	-256,586	646,724	860,701
Other property	459,250	-85,512	373,738	454,759
Carrier liability insurance	13,270	-2,767	10,503	8,881
Aircraft liability insurance	4,742	-2,608	2,134	3,183
Sea, lake and river shipping liability insurance	3,349	-1,081	2,268	2,524
General liability insurance	380,887	-69,906	310,981	412,231
Liability insurance for land vehicles having their own drive train	1,147,568	-10,800	1,136,768	1,127,280
Credit insurance	18,394	-110	18,284	1,201
Guarantee insurance	26,465	-7,954	18,511	24,680
Insurance for miscellaneous financial losses	71,754	-43,481	28,273	118,196
Legal expenses insurance	53,908	-494	53,414	52,748
Assistance insurance, travel health insurance	61,926	-2,170	59,756	52,786
Subtotal	**4,478,281**	**-564,921**	**3,913,360**	**4,440,776**
Indirect business				
Marine, aviation and transport insurance	10,648	-5,779	4,869	9,850
Other insurance	88,504	-187,111	-98,607	93,823
Health insurance	21,602	-1	21,601	15,943
Subtotal	**120,754**	**-192,891**	**-72,137**	**119,616**
Total Written premiums in Property and Casualty	**4,599,035**	**-757,812**	**3,841,223**	**4,560,392**

A portion of the net earned premiums of EUR 3,303,000 (EUR 3,196,000) from indirect property/casualty insurance business had been deferred one year before being recognised in the income statement. Of the EUR 324,000 (EUR 437,000) in net earned premiums from indirect life insurance business, EUR 254,000 (EUR 301,000) was deferred for one year before being shown in the income statement.

Premiums written – Direct life insurance business	2015	2014
in EUR '000		
Regular premiums	2,455,094	2,341,252
Annuity insurance	293,092	281,022
Whole life insurance	89,345	82,596
Mixed life insurance	491,550	509,644
Pure endowment insurance	124,469	124,805
Term life insurance	254,177	228,797
Fixed-term insurance	42,601	44,543
Unit-linked insurance	801,067	713,312
Index-linked insurance	10,715	11,170
Government sponsored pension plans	348,078	345,363
Single premium policies	1,554,794	1,844,594
Annuity insurance	189,580	228,459
Whole life insurance	43,627	45,963
Mixed life insurance	525,594	659,593
Pure endowment insurance	103,419	190,068
Term life insurance	73,037	103,320
Fixed-term insurance	120	111
Unit-linked insurance	577,157	549,048
Index-linked insurance	39,565	55,967
Government sponsored pension plans	2,695	12,065
Total Written premiums direct in Life	**4,009,888**	**4,185,846**
thereof:		
Policies with profit participation	*1,806,399*	*1,797,023*
Policies without profit participation	*424,213*	*701,898*
Unit-linked life insurance policies	*1,728,995*	*1,619,788*
Index-linked life insurance policies	*50,281*	*67,137*

Please refer to the respective separate financial statements for information on investments for unit-linked and index-linked life insurance.

Premiums written – Health insurance (gross)	2015	2014
in EUR '000		
Direct business	397,860	386,222
Individual insurances	270,765	261,610
Group insurance	127,095	124,612
Indirect business	112	73
Group insurance	112	73
Total Written premiums in Health	**397,972**	**386,295**

29. FINANCIAL RESULT

Composition Income	Property/Casualty 2015	Life 2015	Health 2015	Total 2015
in EUR '000				
Current income	239,172	890,751	42,001	1,171,924
Income from appreciation	9,715	11,065	286	21,066
of which a reduction in impairment	*2,371*	*3,618*	*0*	*5,989*
Gains from disposal of investments	130,027	126,455	3,435	259,917
Total	**378,914**	**1,028,271**	**45,722**	**1,452,907**

Composition Income	Property/Casualty 2014	Life 2014	Health 2014	Total 2014
in EUR '000				
Current income	261,918	908,640	51,272	1,221,830
Income from appreciation	62,595	17,759	808	81,162
of which a reduction in impairment	*25,550*	*6,044*	*0*	*31,594*
Gains from disposal of investments	84,571	129,269	990	214,830
Total	**409,084**	**1,055,668**	**53,070**	**1,517,822**

Composition Income	Current income 2015	Income from appreciations 2015	Gains from disposal of investments 2015	Total 2015
in EUR '000				
Self-used land and buildings	19,708	1,934	2,405	24,047
Third-party used land and buildings	83,415	1,810	1,307	86,532
Loans	49,999	5	0	50,004
Reclassified loans	24,102	0	1,760	25,862
Bonds classified as loans	52,670	0	10,916	63,586
Financial instruments held to maturity	83,769	0	85	83,854
Government bonds	72,967	0	84	73,051
Covered bonds	7,721	0	0	7,721
Corporate bonds	2,323	0	0	2,323
Bonds from banks	753	0	0	753
Subordinated bonds	5	0	1	6
Financial instruments reclassified as held to maturity	38,667	0	0	38,667
Government bonds	35,139	0	0	35,139
Covered bonds	2,886	0	0	2,886
Bonds from banks	642	0	0	642
Financial instruments available for sale	655,712	2,240	216,443	874,395
Bonds	583,415	2,240	95,140	680,795
Government bonds	279,733	0	51,945	331,678
Covered bonds	49,484	0	6,429	55,913
Corporate bonds	102,740	0	3,872	106,612
Bonds from banks	110,664	0	32,426	143,090
Subordinated bonds	40,794	2,240	468	43,502
Shares and other participations	21,526	0	85,380	106,906
Investment funds	50,771	0	35,923	86,694
Financial instruments held for trading	2,781	6,750	19,897	29,428
Bonds	2,056	2,551	781	5,388
Government bonds	1,760	2,457	385	4,602
Bonds from banks	160	3	248	411
Subordinated bonds	136	91	148	375
Shares and other non-fixed-interest securities	712	1,829	727	3,268
Investment funds	13	1,208	354	1,575
Derivatives	0	1,162	18,035	19,197
Financial instruments recognised at fair value through profit and loss	3,920	8,327	7,082	19,329
Bonds	3,279	6,041	194	9,514
Government bonds	1,177	1,351	25	2,553
Covered bonds	30	0	77	107
Corporate bonds	45	43	11	99
Bonds from banks	1,730	3,983	81	5,794
Subordinated bonds	297	664	0	961
Shares and other non-fixed-interest securities	5	889	6,380	7,274
Investment funds	606	1,397	508	2,511
Others	30	0	0	30
Other investments	115,552	0	22	115,574
Unit-linked and index-linked life insurance	41,629	0	0	41,629
Total	**1,171,924**	**21,066**	**259,917**	**1,452,907**
thereof participations	*4,886*		*55,866*	*60,752*

Please see Note 2 “Land and buildings” on page 128 for information on operating expenses for investment property.

Composition Income	Current income 2014	Income from appreciations 2014	Gains from disposal of investments 2014	Total 2014
in EUR '000				
Self-used land and buildings	19,618	0	259	19,877
Third-party used land and buildings	70,284	11,200	39,430	120,914
Loans	50,128	3,916	0	54,044
Reclassified loans	26,790	0	7,331	34,121
Bonds classified as loans	66,420	0	23,409	89,829
Financial instruments held to maturity	85,006	0	286	85,292
Government bonds	74,511	0	269	74,780
Covered bonds	7,763	0	0	7,763
Corporate bonds	1,880	0	0	1,880
Bonds from banks	834	0	15	849
Subordinated bonds	18	0	2	20
Financial instruments reclassified as held to maturity	40,816	0	0	40,816
Government bonds	36,494	0	0	36,494
Covered bonds	3,326	0	0	3,326
Bonds from banks	996	0	0	996
Financial instruments available for sale	686,747	16,478	128,634	831,859
Bonds	616,068	16,478	79,909	712,455
Government bonds	292,521	4,878	45,300	342,699
Covered bonds	52,808	0	1,636	54,444
Corporate bonds	93,667	0	3,802	97,469
Bonds from banks	126,566	11,600	26,427	164,593
Subordinated bonds	50,506	0	2,744	53,250
Shares and other participations	29,465	0	25,065	54,530
Investment funds	41,206	0	23,660	64,866
Other securities	8	0	0	8
Financial instruments held for trading	4,022	34,712	7,578	46,312
Bonds	2,872	2,287	2,217	7,376
Government bonds	2,360	2,145	1,891	6,396
Bonds from banks	358	80	325	763
Subordinated bonds	154	62	1	217
Shares and other non-fixed-interest securities	1,140	1,807	892	3,839
Investment funds	10	2,580	543	3,133
Derivatives	0	28,038	3,926	31,964
Financial instruments recognised at fair value through profit and loss	3,984	14,845	7,881	26,710
Bonds	3,412	13,064	7,179	23,655
Government bonds	1,388	2,518	3	3,909
Corporate bonds	12	50	0	62
Bonds from banks	1,680	9,944	3,120	14,744
Subordinated bonds	332	552	4,056	4,940
Shares and other non-fixed-interest securities	6	386	289	681
Investment funds	566	1,395	413	2,374
Other investments	131,505	11	22	131,538
Unit-linked and index-linked life insurance	36,510	0	0	36,510
Total	**1,221,830**	**81,162**	**214,830**	**1,517,822**
thereof participations	*5,746*		*56*	*5,802*

Composition Expenses	**Property/Casualty 2015**	**Life 2015**	**Health 2015**	**Total 2015**
in EUR '000				
Depreciation of investments	81,335	49,194	5,324	135,853
of which impairment of investments	*42,586*	*10,906*	*2,507*	*55,999*
Exchange rate changes	-8,690	-2,968	-934	-12,592
Losses from disposal of investments	25,931	32,292	1,691	59,914
Interest expenses	66,211	15,680	724	82,615
Personnel provisions	4,236	3,607	614	8,457
Interest on borrowings	61,975	12,073	110	74,158
Other expenses	125,697	57,943	3,490	187,130
Total	**290,484**	**152,141**	**10,295**	**452,920**

Other expenses consisted of managed portfolio fees of EUR 10,073,000 (EUR 10,472,000), asset management expenses of EUR 155,739,000 (EUR 140,409,000) and other expenses of EUR 21,318,000 (EUR 28,793,000).

The impairment of investments includes the EUR 0 (EUR 79,363,000) write-down of HETA loans and bonds.

Composition Expenses	**Property/Casualty 2014**	**Life 2014**	**Health 2014**	**Total 2014**
in EUR '000				
Depreciation of investments	44,907	128,004	13,165	186,076
of which impairment of investments	*12,901*	*94,629*	*10,589*	*118,119*
Exchange rate changes	-2,876	-18,829	-779	-22,484
Losses from disposal of investments	16,196	26,729	461	43,386
Interest expenses	58,496	19,466	905	78,867
Personnel provisions	5,239	4,717	797	10,753
Interest on borrowings	53,257	14,749	108	68,114
Other expenses	99,794	74,062	5,818	179,674
Total	**216,517**	**229,432**	**19,570**	**465,519**

Composition Expenses	Depreciation of investments 2015	Exchange rate changes 2015	Losses from disposal of investments 2015	Total 2015
in EUR '000				
Self-used land and buildings	22,649	0	2	22,651
Third-party used land and buildings	61,864	0	62	61,926
Loans	11,098	-294	0	10,804
Reclassified loans	533	0	258	791
Bonds classified as loans	0	0	592	592
Financial instruments held to maturity	571	-482	27	116
Government bonds	0	-474	27	-447
Covered bonds	249	-9	0	240
Bonds from banks	322	0	0	322
Subordinated bonds	0	1	0	1
Financial instruments reclassified as held to maturity	0	185	0	185
Government bonds	0	185	0	185
Financial instruments available for sale	18,445	-7,862	22,741	33,324
Bonds	2,250	-2,418	3,686	3,518
Government bonds	0	-2,256	2,537	281
Covered bonds	0	42	132	174
Corporate bonds	1,152	-315	720	1,557
Bonds from banks	963	13	292	1,268
Subordinated bonds	135	98	5	238
Shares and other participations	10,479	-14	3,728	14,193
Investment funds	5,716	-5,430	15,327	15,613
Financial instruments held for trading	10,736	2,502	33,126	46,364
Bonds	3,264	-152	378	3,490
Government bonds	3,234	-16	365	3,583
Bonds from banks	30	-136	13	-93
Shares and other non-fixed-interest securities	4,366	0	1,287	5,653
Investment funds	1,298	15	95	1,408
Derivatives	1,808	2,639	31,366	35,813
Financial instruments recognised at fair value through profit and loss	9,236	-1,133	3,021	11,124
Bonds	7,639	-1,164	1,002	7,477
Government bonds	4,019	0	1	4,020
Covered bonds	89	-8	0	81
Corporate bonds	51	0	0	51
Bonds from banks	3,292	-1,156	1,001	3,137
Subordinated bonds	188	0	0	188
Shares and other non-fixed-interest securities	5	0	690	695
Investment funds	1,592	31	1,300	2,923
Other securities	0	0	29	29
Other investments	721	-5,508	85	-4,702
Total	**135,853**	**-12,592**	**59,914**	**183,175**
thereof impairments	*55,999*			*55,999*
thereof participations	*7,007*		*694*	*7,701*

Interest expenses and other expenses result from items on the liabilities side of the balance sheet or from business operations and therefore cannot be directly allocated to an investment class.

Composition Expenses	Depreciation of investments 2014	Exchange rate changes 2014	Losses from disposal of investments 2014	Total 2014
in EUR '000				
Self-used land and buildings	16,395	0	0	16,395
Third-party used land and buildings	51,530	0	43	51,573
Loans	47,359	-690	1	46,670
Reclassified loans	0	0	5	5
Bonds classified as loans	10,000	0	822	10,822
Financial instruments held to maturity	590	-1,624	0	-1,034
Government bonds	363	-1,568	0	-1,205
Covered bonds	0	0	0	0
Corporate bonds	227	-56	0	171
Financial instruments reclassified as held to maturity	0	-166	0	-166
Government bonds	0	-166	0	-166
Financial instruments available for sale	48,553	-25,359	12,434	35,628
Bonds	35,702	-17,386	6,393	24,709
Government bonds	0	-14,380	4,683	-9,697
Covered bonds	0	-144	18	-126
Corporate bonds	566	-528	1,095	1,133
Bonds from banks	35,000	-2,327	390	33,063
Subordinated bonds	136	-7	207	336
Shares and other participations	10,239	0	4,237	14,476
Investment funds	2,612	-7,973	1,804	-3,557
Financial instruments held for trading	6,022	1,802	23,352	31,176
Bonds	868	-231	392	1,029
Government bonds	839	-124	389	1,104
Bonds from banks	29	-99	3	-67
Subordinated bonds	0	-8	0	-8
Shares and other non-fixed-interest securities	1,786	0	983	2,769
Investment funds	283	-219	61	125
Derivatives	3,085	2,252	21,916	27,253
Financial instruments recognised at fair value through profit and loss	4,580	-1,280	6,687	9,987
Bonds	2,782	-1,237	6,371	7,916
Government bonds	763	-20	26	769
Corporate bonds	48	0	0	48
Bonds from banks	1,518	-1,217	2,205	2,506
Subordinated bonds	453	0	4,140	4,593
Shares and other non-fixed-interest securities	314	0	0	314
Investment funds	1,484	-43	316	1,757
Other investments	1,047	4,833	42	5,922
Total	**186,076**	**-22,484**	**43,386**	**206,978**
thereof impairments	*118,119*			*118,119*
thereof participations	*1,773*		*9*	*1,782*

30. RESULT FROM AT EQUITY CONSOLIDATED COMPANIES

Composition	Property/Casualty 2015	Life 2015	Health 2015	Total 2015
in EUR '000				
Income				
Current result	64,546	10,641	0	75,187
Subtotal	**64,546**	**10,641**	**0**	**75,187**
Expenses				
Losses from disposal of investments	-276	0	0	-276
Subtotal	**-276**	**0**	**0**	**-276**
Total	**64,270**	**10,641**	**0**	**74,911**

Composition	Property/Casualty 2014	Life 2014	Health 2014	Total 2014
in EUR '000				
Income				
Current result	55,801	9,596	0	65,397
Gains from disposal of investments	2,149	0	0	2,149
Subtotal	**57,950**	**9,596**	**0**	**67,546**
Expenses				
Losses from disposal of investments	-2,989	0	0	-2,989
Subtotal	**-2,989**	**0**	**0**	**-2,989**
Total	**54,961**	**9,596**	**0**	**64,557**

31. OTHER INCOME

Composition	Property/Casualty 2015	Life 2015	Health 2015	Total 2015
in EUR '000				
Other underwriting income	54,726	39,983	210	94,919
Other non-underwriting income	37,723	17,507	58	55,288
Total	**92,449**	**57,490**	**268**	**150,207**

Other income consists primarily of EUR 10,817,000 (EUR 10,261,000) in compensation for services performed, EUR 29,372,000 (EUR 15,750,000) from the release of other provisions, EUR 5,982,000 (EUR 10,113,000) from fees of all kinds, EUR 22,556,000 (EUR 20,023,000) from exchange rate gains, EUR 39,522,000 (EUR 33,989,000) from the reversal of allowances for receivables and receipt of payment for written-off receivables, and EUR 6,886,000 (EUR 6,320,000) in commission income.

Composition	Property/Casualty 2014	Life 2014	Health 2014	Total 2014
in EUR '000				
Other underwriting income	47,613	33,384	114	81,111
Other non-underwriting income	31,743	12,589	15	44,347
Total	**79,356**	**45,973**	**129**	**125,458**

32. EXPENSES FOR CLAIMS AND INSURANCE BENEFITS

Composition	Gross 2015	Reinsurers' share 2015	Retention 2015
in EUR '000			
Property/Casualty insurance			
Expenses for claims and insurance benefits			
Payments for claims and insurance benefits	2,776,951	-375,878	2,401,073
Changes in provision for outstanding claims	80,083	35,249	115,332
Subtotal	**2,857,034**	**-340,629**	**2,516,405**
Change in mathematical reserve	-8	-2	-10
Change in other underwriting provisions	-6,839	106	-6,733
Expenses for profit-unrelated premium refunds	26,413	-1,458	24,955
Total expenses	**2,876,600**	**-341,983**	**2,534,617**
Life insurance			
Expenses for claims and insurance benefits			
Payments for claims and insurance benefits	3,378,505	-20,554	3,357,951
Changes in provision for outstanding claims	44,438	-523	43,915
Subtotal	**3,422,943**	**-21,077**	**3,401,866**
Change in mathematical reserve	363,640	5,054	368,694
Change in other underwriting provisions	2,353	-12	2,341
Expenses for profit-related and profit-unrelated premium refunds	114,692	0	114,692
Total expenses	**3,903,628**	**-16,035**	**3,887,593**
Health insurance			
Expenses for claims and insurance benefits			
Payments for claims and insurance benefits	247,270	-597	246,673
Changes in provision for outstanding claims	564	-8	556
Subtotal	**247,834**	**-605**	**247,229**
Change in mathematical reserve	66,739	-74	66,665
Expenses for profit-related and profit-unrelated premium refunds	12,770	0	12,770
Total expenses	**327,343**	**-679**	**326,664**
Total	**7,107,571**	**-358,697**	**6,748,874**

Composition	Gross 2014	Reinsurers' share 2014	Retention 2014
in EUR '000			
Property/Casualty insurance			
Expenses for claims and insurance benefits			
Payments for claims and insurance benefits	2,691,655	-307,448	2,384,207
Changes in provision for outstanding claims	234,523	-129,936	104,587
Subtotal	**2,926,178**	**-437,384**	**2,488,794**
Change in mathematical reserve	-11	-3	-14
Change in other underwriting provisions	-15,400	991	-14,409
Expenses for profit-unrelated premium refunds	23,049	-2,152	20,897
Total expenses	**2,933,816**	**-438,548**	**2,495,268**
Life insurance			
Expenses for claims and insurance benefits			
Payments for claims and insurance benefits	3,585,593	-23,313	3,562,280
Changes in provision for outstanding claims	19,999	1,851	21,850
Subtotal	**3,605,592**	**-21,462**	**3,584,130**
Change in mathematical reserve	430,192	12,543	442,735
Change in other underwriting provisions	130	23	153
Expenses for profit-related and profit-unrelated premium refunds	67,378	0	67,378
Total expenses	**4,103,292**	**-8,896**	**4,094,396**
Health insurance			
Expenses for claims and insurance benefits			
Payments for claims and insurance benefits	253,036	-519	252,517
Changes in provision for outstanding claims	3,207	-17	3,190
Subtotal	**256,243**	**-536**	**255,707**
Change in mathematical reserve	62,657	-143	62,514
Expenses for profit-unrelated premium refunds	12,048	0	12,048
Total expenses	**330,948**	**-679**	**330,269**
Total	**7,368,056**	**-448,123**	**6,919,933**

33. ACQUISITION AND ADMINISTRATIVE EXPENSES

Composition	Property/Casualty 2015	Life 2015	Health 2015	Total 2015
in EUR '000				
Acquisition expenses				
Commission expenses	725,706	382,283	10,965	1,118,954
Pro rata personnel expenses	171,990	85,967	16,049	274,006
Pro rata material expenses	126,810	76,710	8,721	212,241
Subtotal	**1,024,506**	**544,960**	**35,735**	**1,605,201**
Administrative expenses				
Pro rata personnel expenses	88,242	64,662	4,351	157,255
Pro rata material expenses	113,940	84,960	8,543	207,443
Subtotal	**202,182**	**149,622**	**12,894**	**364,698**
Received reinsurance commissions	-110,844	-11,355	-133	-122,332
Total	**1,115,844**	**683,227**	**48,496**	**1,847,567**

Composition	Property/Casualty 2014	Life 2014	Health 2014	Total 2014
in EUR '000				
Acquisition expenses				
Commission expenses	743,302	396,862	9,948	1,150,112
Pro rata personnel expenses	179,618	93,896	17,968	291,482
Pro rata material expenses	130,509	83,016	7,413	220,938
Subtotal	**1,053,429**	**573,774**	**35,329**	**1,662,532**
Administrative expenses				
Pro rata personnel expenses	91,897	58,493	8,739	159,129
Pro rata material expenses	97,624	81,510	7,196	186,330
Subtotal	**189,521**	**140,003**	**15,935**	**345,459**
Received reinsurance commissions	-122,490	-10,594	-134	-133,218
Total	**1,120,460**	**703,183**	**51,130**	**1,874,773**

34. OTHER EXPENSES

Composition	Property/Casualty 2015	Life 2015	Health 2015	Total 2015
in EUR '000				
Other underwriting expenses	102,400	148,332	214	250,946
Other non-underwriting expenses	333,295	48,327	4,533	386,155
Total	**435,695**	**196,659**	**4,747**	**637,101**

Other expenses consist primarily of EUR 59,497,000 (EUR 64,571,000) for valuation allowances (not including investments), EUR 32,287,000 (EUR 14,498,000) in write-downs of the insurance portfolio and customer base, EUR 21,796,000 (EUR 22,032,000) in brokering expenses, EUR 26,120,000 (EUR 22,306,000) in underwriting taxes, EUR 92,786,000 (EUR 28,903,000) in exchange rate losses, EUR 8,573,000 (EUR 6,510,000) in other contributions and fees, EUR 0 (EUR 6,100,000) for a risk provision related to Donau Versicherung's Italian business, EUR 195,000,000 (EUR 50,000,000) in write-downs of IT projects, EUR 23,299,000 (EUR 19,973,000) in expenses for government-imposed contributions and EUR 66,223,000 (EUR 0) in impairment of goodwill for Romania property and casualty, Hungary, Albania, Bosnia-Herzegovina and Moldova.

The increase in exchange rate losses over the previous year was mainly caused by larger currency fluctuations, which were due to the Swiss franc being unpegged from the euro. This exchange rate effect is neutral with respect to the Group result, since an offsetting change takes place in the underwriting result.

Composition	Property/Casualty 2014	Life 2014	Health 2014	Total 2014
in EUR '000				
Other underwriting expenses	99,036	66,831	166	166,033
Other non-underwriting expenses	93,807	22,010	1,138	116,955
Total	**192,843**	**88,841**	**1,304**	**282,988**

35. TAX EXPENSES

Composition	2015	2014
in EUR '000		
Actual taxes	57,986	74,932
Actual taxes related to other periods	-21,450	7,200
Total actual taxes	**36,536**	**82,132**
Deferred taxes		
Change of deferred taxes in the current year	15,373	41,514
deferred taxes out of temporary differences relating to other periods	11,146	2,652
deferred taxes out of loss carry forwards relating to other periods	-1,290	708
Sum of deferred tax	**25,229**	**44,874**
Total	**61,765**	**127,006**

Reconciliation	2015	2014
in EUR '000		
Expected income tax rate in %	25%	25%
Profit before taxes	172,098	518,366
Expected tax expenses	**43,025**	**129,592**
Adjusted for tax effects due to:		
Different local tax rate	-14,496	-20,010
changes of tax rates	31,176	18,312
Non-deductible expenses*	37,375	21,316
Income not subject to tax	-35,967	-29,391
Taxes from previous years	-11,595	10,560
Non-recognition/reduction of deferred tax assets due to temporary differences	-10,967	-3,891
Non-recognition/reduction of deferred tax assets due to loss carry forwards	-6,152	2,401
Effects due to Group taxation/profit transfers	6,852	-9,700
Tax effects due to deferred profit participation	17,675	2,500
Other	4,839	5,317
Effective income tax expenses	**61,765**	**127,006**
Effective income tax rate in %	**35.9%**	**24.5%**

* Includes first-time accounting for different tax rates due to application of deferred profit participation based on temporary differences according to local law

The income tax rate of the parent company VIG Holding is used as the Group tax rate.

ADDITIONAL DISCLOSURES

36. 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.

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	2015				
	Book value	Level 1	Level 2	Level 3	Fair value
in EUR '000					
FINANCIAL ASSETS					
Land and buildings*	**1,907,737**	**0**	**61,302**	**2,793,870**	**2,855,172**
Self-used land and buildings	434,306	0	40,847	579,177	620,024
Investment property**	1,473,431	0	20,455	2,214,693	2,235,148
Shares in at equity consolidated companies	**886,892**				**886,892**
Loans	**1,335,993**	**0**	**1,420,411**	**22,156**	**1,442,567**
Reclassified loans	**439,980**	**297,560**	**193,395**	**0**	**490,955**
Bonds classified as loans	**1,104,361**	**202,652**	**1,055,281**	**19,125**	**1,277,058**
Other securities	**24,116,380**	**21,092,333**	**3,468,166**	**209,851**	**24,770,350**
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 instruments available for sale	20,649,481	17,750,295	2,763,552	135,634	20,649,481
Trading assets	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
Other investments	**917,882**				**917,882**
Investments for unit-linked and index-linked life insurance	**8,144,135**	**8,144,135**	**0**	**0**	**8,144,135**
FINANCIAL LIABILITIES					
Subordinated liabilities	**1,280,308**	**0**	**1,293,721**	**20,761**	**1,314,482**
Liabilities to financial institutions	**283,774**	**0**	**100**	**283,674**	**283,774**
Liabilities from funding of housing projects	**44,809**	**209**	**348**	**44,252**	**44,809**
Derivative financial instruments (included in other liabilities)	**14,399**	**1,767**	**12,591**	**41**	**14,399**

* The market values are based on internal and external appraisal reports.

** Fair values evaluated by independent experts: 32%

Fair value and book value of financial instruments			2014		
	Book value	Level 1	Level 2	Level 3	Fair value
in EUR '000					
FINANCIAL ASSETS					
Land and buildings*	**1,851,219**	**0**	**0**	**2,684,638**	**2,684,638**
Self-used land and buildings	427,384	0	0	600,976	600,976
Investment property**	1,423,835	0	0	2,083,662	2,083,662
Shares in at equity consolidated companies	**806,641**				**806,641**
Loans	**1,396,296**	**0**	**1,485,934**	**26,782**	**1,512,716**
Reclassified loans	**490,221**	**336,945**	**237,890**	**0**	**574,835**
Bonds classified as loans	**1,220,336**	**223,448**	**1,201,464**	**19,337**	**1,444,249**
Other securities	**23,646,606**	**20,073,640**	**3,990,065**	**229,636**	**24,293,341**
Financial instruments held to maturity	2,145,322	2,142,911	455,492	3,319	2,601,722
Financial instruments reclassified as held to maturity	900,613	973,650	117,298	0	1,090,948
Financial instruments available for sale	20,134,501	16,765,424	3,224,929	144,148	20,134,501
Trading assets	194,883	135,592	1,793	57,498	194,883
Financial instruments recognised at fair value through profit and loss	271,287	56,063	190,553	24,671	271,287
Other investments	**948,224**				**948,224**
Investments for unit-linked and index-linked life insurance	**7,742,181**	**7,742,181**	**0**	**0**	**7,742,181**
FINANCIAL LIABILITIES					
Subordinated liabilities	**919,678**	**829,766**	**152,154**	**0**	**981,920**
Liabilities to financial institutions	**420,504**	**0**	**1,392**	**419,112**	**420,504**
Liabilities from funding of housing projects	**40,457**	**274**	**349**	**39,834**	**40,457**
Derivative financial instruments (included in other liabilities)	**21,758**	**635**	**21,123**	**0**	**21,758**

* The market values are based on internal and external appraisal reports.

** Fair values evaluated by independent experts: 34%

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

Measurement process

The measurement process aims to determine fair value using price quotations that are publicly available in active markets or valuations based on recognised economic models using observable inputs. If public price quotations and observable market data are not available for a financial asset, the asset is generally measured using valuation reports prepared by appraisers (e.g. expert reports). The organisational units responsible for valuing investments are independent of the units that assume the risk exposure of the investments, thereby ensuring separation of functions and responsibilities.

As a rule, the aim is to use the same price throughout the Group to value a particular security on each valuation date. In practice, however, situations occur when the cost of actually doing so would be inordinately large. For example, the local provisions in some countries (in which the Group operates) require the insurance companies there to use prices on the local stock exchange to value certain investments. In this case, if the same security is held by other Group companies, these companies might use another price source for valuation.

Institutional funds are another example where uniform valuation can only be achieved at an inordinately high cost. The Austrian companies hold varying amounts of institutional funds that are required under the IFRS to be included in consolidation for the consolidated financial statements. However, the valuation logic of an institutional fund requires the fund value (NAV) on a particular date to be calculated using the (in general, closing) prices of the previous day. In these cases, a security that is held both in an institutional Fund and directly will be valued using different prices.

The following items are measured at fair value:
- Financial instruments available for sale,
- Financial instruments recognised at fair value affecting net income (incl. trading assets)
- Derivative financial instruments (assets/liabilities) and
- Investments for unit-linked and index-linked life insurance.

Balance sheet items that are not reported at fair value are subject to non-recurring measurement at fair value. These items are measured at fair value when events occur that indicate that the book value might no longer be recoverable ("impairment"). The following items are not reported at fair value:

- Securities held to maturity
- Shares in at equity consolidated companies
- Shares in non-consolidated companies
- Land and buildings (self-used and investment property)
- Loans and
- receivables.

REAL ESTATE VALUATION

The following valuation methods are used to calculate the fair value of real estate in the Group:

- the asset value method,
- the capitalised earnings method and
- the discounted cash flow method.

Each time valuation is performed, the methods are checked to determine, which one allows the fair value of a property to be calculated. The VIG Group mainly uses the asset value method and capitalised earnings method. In rare cases, the discounted cash flow method is also used, provided it can be used to determine the highest and best use value for the property type.

Asset value method

The asset value method is comprised of the land value, building value, the value of outdoor facilities and the value of existing annexes. This method is generally used to calculate the value of developed properties when the property is not primarily being used to earn income and the replacement costs of the individual parts of the property are important to a prospective buyer.

Capitalised earnings method

In this method, the value of a property is determined by using an appropriate interest rate to capitalise expected or received future gross profits over the expected useful life. Net operating income is calculated by deducting actual operating, maintenance and administrative expenses (management expenses). An allowance for lost rental income and any liquidation proceeds and costs are also taken into account. The rate used to calculate capitalised earnings is based on the achievable return on investment. Net operating income minus the return on the land is capitalised at this rate over the remaining useful life to calculate the capitalised earnings value of the physical facilities. This is added to the land value to calculate the total capitalised earnings value of the property.

Discounted cash flow method

The discounted cash flow method is a valuation method that discounts cash flows during the forecast phase (phase I) back to the valuation date. Discounting is performed using a rate for a comparable risky investment with property- and market-specific premiums. The gross profit for the year plus vacancy rental (at current market rent) minus non-allocatable management costs equals the net operating income for the year. The method allows precise analysis of the individual years of the initial forecast phase so that investments and vacancies to be assigned to individual years and accounted for in advance. In phase II, the proceeds from a fictitious disposal at the end of the forecast phase (max. 10 years) are calculated by capitalising future cash flows. The interest rate used for this calculation is the rate for a comparable high-risk investment plus market- and property-specific premiums, minus the expected increase in value.

OTHER DISCLOSURES ABOUT THE VALUATION PROCESS

The fair value of shares with a book value of EUR 140,096,000 (31 December 2014: EUR 154,363,000) could not be reliably estimated as of 31 December 2015. The shares are mainly invested in companies that are not listed on any stock exchange.

The use of different pricing models and assumptions can lead to differing results for fair value. Changes in the estimates and assumptions used to determine the fair value of assets in cases where no market price quotations are available may necessitate a write-up or write-down of the book value of the assets in question and recognition of the corresponding income or expense on the income statement.

Certain investments whose fair value is normally not measured repeatedly, are measured a single time at fair value when events or changes in circumstances indicate that the book value might no longer be recoverable. If financial assets are measured at fair value when impairment is recognised or fair value minus selling costs is used as a measurement basis in accordance with IFRS 5, a disclosure to this effect is included in Note 29 “Financial result” or Note 34 “Other expenses”.

Reclassification of financial instruments

Reclassifications between level 1 and 2 primarily occur when the liquidity of the financial instrument in question changes. For example, the market maker for a security changes frequently, with corresponding changes on liquidity. A similar example is when shares are included in (or removed from) an index that acts as a benchmark for many funds. The classification can also change in this case. As a result of the decentralised organisation of the Group, the classifications are generally reviewed by the local companies at the end of the period. Any reclassifications are presented as if they had taken place at the end of the period.

As a rule, financial assets and liabilities are reclassified between level 1 and level 2 if liquidity, trading frequency and trading activity once again, or no longer allow one to conclude that an active market exists.

A total of 95 reclassifications took place between level 1 and level 2 in financial year 2015. These were mainly due to the reason mentioned above, another reason was harmonisation of the measurement hierarchy due to the introduction of Solvency II.

There were also 58 reclassifications into and out of level 3 as a result of the reassessment of the measurement hierarchy. 52 of these transactions were from level 3 to level 1 or 2 and 6 were transactions into level 3.

A new system for managing assets was implemented in Romania during the 2014 reporting period. The source of prices for some financial assets was changed as a result, leading to a number of reclassifications between level 1 and level 2 and to level 3 as well. Other reasons for reclassification include, for example, changes in liquidity conditions on the local capital markets concerned.

Hierarchy for financial instruments measured at fair value

The tables below show the hierarchy for financial instruments measured at fair value as of 31 December 2015 and 31 December 2014.

Measurement hierarchy for financial instruments measured at fair value	Level 1		Level 2		Level 3	
	31.12.2015	31.12.2014	31.12.2015	31.12.2014	31.12.2015	31.12.2014
in EUR '000						
FINANCIAL ASSETS						
Financial instruments available for sale	**17,750,295**	**16,765,424**	**2,763,552**	**3,224,929**	**135,634**	**144,148**
Bonds	15,597,056	15,006,430	2,503,150	2,920,716	79,710	83,963
Shares and other participations	428,385	463,453	184,174	198,175	50,947	55,144
Investment funds	1,724,854	1,295,541	76,228	106,038	4,977	5,041
Other securities	0	0	0	0	0	0
Trading assets	**117,560**	**135,592**	**1,955**	**1,793**	**51,895**	**57,498**
Bonds	46,304	50,253	0	0	4,013	2,191
Shares and other non-fixed-interest securities	23,291	17,059	52	187	0	5,699
Investment funds	45,822	66,076	186	210	0	0
Derivatives	2,143	2,204	1,717	1,396	47,882	49,608
Other securities	0	0	0	0	0	0
Financial instruments recognised at fair value through profit and loss	**54,331**	**56,063**	**160,142**	**190,553**	**14,901**	**24,671**
Bonds	41,515	24,824	146,781	172,401	13,791	24,671
Shares and other non-fixed-interest securities	94	99	13,361	15,198	0	0
Investment funds	12,722	31,140	0	0	1,110	0
Other securities	0	0	0	2,954	0	0
Investments for unit-linked and index-linked life insurance	**8,144,135**	**7,742,181**	**0**	**0**	**0**	**0**
Sum Financial Assets	**26,066,321**	**24,699,260**	**2,925,649**	**3,417,275**	**202,430**	**226,317**
FINANCIAL LIABILITIES						
Derivative financial instruments (included in other liabilities)	**1,767**	**635**	**12,591**	**21,123**	**41**	**0**

The level 3 financial instruments still in the portfolio had an effect on the result (net profit or loss) of EUR 3,420,000 (EUR 33,729,000) during the reporting period.

Unobservable input factors

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

Sensitivities

A present value method is used to determine the fair value of certain corporate bonds that are generally measured at fair value. An issuer-specific risk premium is the primary input for this method, and may not be observable on the market. A significant increase in this spread, which might be derived based on a sector or rating category, has a large negative maturity-dependent effect on fair value, while a decrease in the spread raises the fair value of such 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 bp increase in the discount rate leads to a 34% increase in option value; a 100 bp decrease leads to a 50% 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.

sensitivities - real estate	market value
in EUR million	
Fair value as of 31.12.2015	2,855.17
rental income -5%	2,750.49
rental income +5%	2,960.03
Capitalisation rate -50bp	3,001.39
Capitalisation rate +50bp	2,729.86
Land prices -5%	2,824.20
Land prices +5%	2,885.84

Carry-over of financial assets and liabilities

Development of financial instruments by level	Financial instruments available for sale					
	31.12.2015			31.12.2014		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
in EUR '000						
Book value as of 31.12. of the previous year	**16,765,424**	**3,224,929**	**144,148**	**14,244,179**	**3,312,536**	**124,669**
Exchange rate changes	27,190	907	-1,245	-3,813	-2,835	-536
Book value as of 1.1.	**16,792,614**	**3,225,836**	**142,903**	**14,240,366**	**3,309,701**	**124,133**
Reclassification between securities categories	-2,738	-2,391	-182	-11,149	10,746	1,193
Reclassification to level	235,239	72,054	750	0	0	8,466
Reclassification from level	-72,054	-226,577	-9,412	-3,147	-5,319	0
Additions	4,831,191	157,684	13,337	4,222,458	242,222	61,836
Disposals	-3,704,598	-400,772	-5,160	-3,087,332	-514,611	-53,818
Change in scope of consolidation	0	-12,420	0	24,301	-7,088	497
Changes in value recognised in profit and loss	0	2,240	0	4,848	11,629	0
Changes recognised directly in equity	-325,497	-38,204	-5,917	1,392,406	208,086	2,629
Impairments	-3,862	-13,898	-685	-17,327	-30,437	-788
Book value as of 31.12.	**17,750,295**	**2,763,552**	**135,634**	**16,765,424**	**3,224,929**	**144,148**

Development of financial instruments by level	Financial instruments recognised at fair value through profit and loss					
	31.12.2015			31.12.2014		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
in EUR '000						
Book value as of 31.12. of the previous year	**56,063**	**190,553**	**24,671**	**63,664**	**255,227**	**24,528**
Exchange rate changes	581	1,500	112	-16	1,075	-39
Book value as of 1.1.	**56,644**	**192,053**	**24,783**	**63,648**	**256,302**	**24,489**
Reclassification between securities categories	896	1	0	1563	-235	0
Reclassification to level	0	0	302	0	0	0
Reclassification from level	-302	0	0	0	0	0
Additions	73,412	6,946	8,066	88,160	7,365	4,804
Disposals	-91,430	-37,781	-18,583	-87,030	-81,076	-6,013
Change in scope of consolidation	15,276	0	0	-11,073	118	0
Changes in value recognised in profit and loss	-165	-1,077	333	795	8,079	1,391
Changes recognised directly in equity	0	0	0	0	0	0
Book value as of 31.12.	**54,331**	**160,142**	**14,901**	**56,063**	**190,553**	**24,671**

Development of financial instruments by level	Trading assets					
	31.12.2015			31.12.2014		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
in EUR '000						
Book value as of 31.12. of the previous year	**135,592**	**1,793**	**57,498**	**243,501**	**1,528**	**37,535**
Exchange rate changes	-235	-2,635	39	-4,720	-1,371	-218
Book value as of 1.1.	**135,357**	**-842**	**57,537**	**238,781**	**157**	**37,317**
Reclassification between securities categories	2,912	0	0	7,431	0	3,553
Reclassification to level	7,610	0	1,899	0	15	0
Reclassification from level	-1,899	0	-7,610	-15	0	0
Additions	106,534	0	17,209	459,834	2,424	5,955
Disposals	-129,660	1,857	-15,508	-572,949	-323	-15,987
Change in scope of consolidation	0	0	0	-526	526	0
Changes in value recognised in profit and loss	-3,294	940	-1,632	3,036	-1,006	26,660
Changes recognised directly in equity	0	0	0	0	0	0
Book value as of 31.12.	**117,560**	**1,955**	**51,895**	**135,592**	**1,793**	**57,498**

Please refer to Note 29 “Financial result” on page 180 for information on the effects of changes in value affecting net income.

Development of financial instruments assigned to level 3	Subordinated liabilities		Liabilities to financial institutions		Financing liabilities		Derivative financial instruments (included in other liabilities)	
	31.12.2015	31.12.2014	31.12.2015	31.12.2014	31.12.2015	31.12.2014	31.12.2015	31.12.2014
in EUR '000								
Book value as of 31.12. of the previous year	**0**	**0**	**419,112**	**752,772**	**39,834**	**443,456**	**0**	**0**
F/X differences	0	0	0	0	0	0	0	0
Book value as of 1.1.	**0**	**0**	**419,112**	**752,772**	**39,834**	**443,456**	**0**	**0**
Reclassification to level 3	20,761	0	0	0	0	0	0	0
Additions	0	0	35,380	57,759	5,053	14,647	41	0
Disposals	0	0	-170,818	-37,329	-635	-142	0	0
Changes in scope of consolidation	0	0	0	-354,090	0	-418,127	0	0
Book value as of 31.12.	**20,761**	**0**	**283,674**	**419,112**	**44,252**	**39,834**	**41**	**0**

37. NUMBER OF EMPLOYEES AND PERSONNEL EXPENSES

Employee statistics	2015	2014
Austria	**5,133**	**5,202**
Field staff	2,771	2,817
Office employees	2,362	2,385
Czech Republic	**4,758**	**4,802**
Field staff	2,953	2,985
Office employees	1,805	1,817
Slovakia	**1,580**	**1,579**
Field staff	790	800
Office employees	790	779
Poland	**1,723**	**1,825**
Field staff	838	911
Office employees	885	914
Romania	**2,106**	**2,351**
Field staff	1,236	1,355
Office employees	870	996
Remaining Markets	**7,258**	**7,168**
Field staff	4,203	4,266
Office employees	3,055	2,902
Central Functions	**437**	**433**
Office employees	437	433
Total	**22,995**	**23,360**

Personnel expenses	2015	2014
in EUR '000		
Wages and salaries	419,387	419,298
Expenses for severance payments and payments to company pension plans	10,311	10,490
Expenses for retirement provision	15,864	13,133
Mandatory social security contributions and expenses	132,398	134,683
Other social security expenses	15,343	14,857
Total	**593,303**	**592,461**
thereof field staff	*269,088*	*278,465*
thereof office staff	*324,215*	*313,996*

Supervisory Board and Managing Board compensation (gross)	2015	2014
in EUR '000		
Compensation paid to Supervisory Board members	414	419
Total payments to former members of the Managing Board or their survivors	490	561
Provision for future pension obligations for Managing Board members	1,064	1,035
Compensation paid to active Managing Board members	3,459	2,432

The members of the Managing Board received EUR 3,459,000 (EUR 2,432,000) in remuneration for their services to the Company during the reporting period. Members of the Managing Board are provided a company car for both business and personal use.

The members of the Managing Board received EUR 377,000 (EUR 392,000) from subsidiaries during the reporting period.

Former members of the Managing Board received EUR 490,000 (EUR 561,000). Former members of the Managing Board received EUR 89,000 (EUR 110,000) from subsidiaries during the reporting period.

The Managing Board consisted of four members in 2015.

The average number of employees in the fully consolidated companies was 22,995 (23,360). Of these, 12,791 (13,134) were active in sales, resulting in personnel expenses of EUR 269,088,000 (EUR 278,465,000), and 10,204 (10,226) were in operations, resulting in personnel expenses of EUR 324,315,000 (EUR 313,996,000).

38. AUDITING FEES AND AUDITING SERVICES

Auditing fees were EUR 1,113,000 (EUR 928,000) and were broken down into the following areas:

Composition	2015	2014
in EUR '000		
Audit of consolidated financial statements	130	130
Audit of financial statements of parent company	38	38
Other audit services	630	351
Tax fees	93	99
All other fees	222	310
Total	**1,113**	**928**

39. RELATED PARTIES

Related parties
Related parties are the affiliated companies, joint ventures and associated companies listed in Note 4 “Participations – Details” on page 133. In addition, the members of the Managing Board and Supervisory Board of Vienna Insurance Group and their families also qualify as related parties. Wiener Städtische Versicherungsverein holds a majority of the voting rights of Vienna Insurance Group. Based on this controlling interest, it is therefore also a related party.

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

Likewise, no loans or guarantees existed as of 31 December 2015 or 31 December 2014.

Transactions with related parties
The Group charges Wiener Städtische Versicherungsverein for office space. Other services (e.g. accounting services) are also provided by the Group.

Due to the loss of control and the related passing of control to Wiener Städtische Versicherungsverein, transactions with the non-profit housing societies are included under related party transactions. The loss of control was the result of contractual provisions between Wiener Städtische Versicherungsverein and the non-profit housing societies.

Transactions with non-consolidated affiliated and associated companies mainly relate to financing and intra-company charges for services.

Open entries with related companies at the end of the reporting period	31.12.2015	31.12.2014
in EUR '000		
Receivables	218,455	173,577
thereof parent company	*207,502*	*159,396*
Liabilities	72,995	39,492
thereof parent company	*54,717*	*20,983*
Loans	154,812	164,656
thereof parent company	*76,841*	*107,305*

Transaction volumes with related companies	2015	2014
in EUR '000		
Receivables	81,434	89,277
thereof parent company	*70,528*	*77,757*
Liabilities	127,716	103,771
thereof parent company	*37,307*	*1,547*
Loans	60,895	68,041
thereof parent company	*30,464*	*16,048*

Open entries with related persons at the end of the reporting period	31.12.2015	31.12.2014
in EUR '000		
Receivables	1	1
Liabilities	908	877
Loans	48	55

Transaction volumes with related companies	2015	2014
in EUR '000		
Receivables	101	48
Liabilities	1,616	1,527
Loans	47	51

Profit and Loss related transactions to related persons	2015	2014
in EUR '000		
Compensation paid to Supervisory Board members	1,578	1,652
Insurance premiums received	400	354
Other payments (incl. Dividends paid)	432	825

40. OBLIGATIONS UNDER OPERATING LEASES

Vienna Insurance Group's lease obligations are primarily due to leases of company vehicles and buildings.

Future cumulative minimum lease payments under operating leases are shown in the following table according to maturity:

Maturity structure of payments	31.12.2015	31.12.2014
in EUR '000		
up to one year	19,404	21,200
more than one year up to five years	6,901	9,825
more than five years	7	7
Total	**26,312**	**31,032**

41. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

On 21 January 2016, the Carinthian Compensation Payment Fund published an offer on its website in accordance with § 2a of the Austrian Financial Market Stability Act (FinStaG). A rate of 75% was offered for senior bonds and 30% for subordinated bonds. VIG considers the offer by the state of Carinthia to be a non-adjusting event and therefore did not adjust the values recognised for senior bonds and subordinated bonds. Senior bonds are valued at 50% of par value and subordinated bonds at 0% of par value in the consolidated financial statements.

On 10 March 2016, the ECB reduced its key interest rate, at which banks can borrow short-term from 0.05% to the current level of 0.0%. At the same time, it expanded its bond buying programme, which has been running since March 2015. Instead of the previous EUR 60 billion per month, starting in April the ECB will have EUR 80 billion available for this purpose. The ECB will mainly continue to purchase government bonds from Eurozone countries, but in addition will now also purchase corporate bonds from non-banks, provided they have been issued in euros. Furthermore, for the first time the ECB is making it possible for private banks to borrow at negative interest rates. This negative interest rate can fall to a maximum of minus 0.4%.

42. EXECUTIVE BOARDS OF THE COMPANY AND FURTHER INFORMATION

The Supervisory Board had the following members in financial year 2015:

Chairman:
Günter Geyer

Deputy Chairman:
Karl Skyba

Members:
Bernhard Backovsky
Martina Dobringer
Rudolf Ertl
Maria Kubitschek
Heinz Öhler
Reinhard Ortner
Georg Riedl
Gertrude Tumpel-Gugerell

Members of the Managing Board and Supervisory Board received no advances or loans in financial year 2015. There were no loans outstanding to members of the Managing Board or Supervisory Board as of 31 December 2015.

No guarantees were outstanding for members of the Managing Board or Supervisory Board as of 31 December 2015.

The Managing Board has the following members:

Chairperson:
Elisabeth Stadler (since 1 January 2016)
Peter Hagen (until 31 December 2015)

Members:
Franz Fuchs
Roland Gröll (since 1 January 2016)
Judit Havasi (since 1 January 2016)
Peter Höfinger
Martin Simhandl

Compensation plan for members of the Managing Board

Managing Board compensation takes into account the importance of the Group and the responsibility that goes with it, the economic situation of the Company, and the market environment.

The variable portion of the compensation emphasises the need for sustainability in a number of ways. Its achievement depends to a large extent on satisfying performance criteria that extend beyond a single financial year.

The performance-related compensation is limited. The maximum performance-related compensation that the Managing Board can receive by overachieving all of its classical targets in financial year 2015 is approximately 86% of its fixed salary. The awarding of such compensation requires that consideration be given to the sustainable development of the Company and the Group; non-financial factors, in particular those based on the Company's commitment to social responsibility and recognition of the importance of employees in terms of their contribution of performance, innovation and expertise, are also taken into account when target achievement is assessed. Bonus compensation can also be earned for appropriate target achievement. As a result, total variable compensation of around 125% of the fixed salary can be earned. The Managing Board is not entitled to the performance-related component of compensation if performance fails to meet certain thresholds. Even if the performance target is met in a financial year, because of the focus on sustainability, the full variable compensation is only awarded if satisfactory performance is also reported in the following year.

The key performance criteria for variable compensation in 2015 are the combined ratio, premium growth and profit before taxes for the years 2015 and 2016, and for bonus compensation, they are country-specific targets and IT-related targets, in both cases for 2015 and 2016.

Managing Board compensation does not include stock options or similar instruments.

The standard employment contract for a member of the Managing Board of the Company includes a pension equal to a maximum of 40% of the measurement basis if the member remains on the Managing Board until the age of 65 (the measurement basis is equal to the standard fixed salary).

A pension is standardly received only if a Managing Board member's position is not extended and the member is not at fault for the lack of extension, or the Managing Board member retires due to illness or age.

In cases where the provisions of the Austrian Employee and Self-Employment Provisions Act (Mitarbeiter- und Selbstständigen-Vorsorgegesetz) are not applicable by law, the Company's Managing Board contracts provide for a severance payment entitlement structured in accordance with the provisions of the Austrian Employee Act (Angestelltengesetz), as amended in 2003, in combination with applicable sector-specific provisions. This allows Managing Board members to receive a severance payment equal to two to twelve months' compensation, depending on the period of service, with a supplement of 50% if the member retires or leaves after a long-term illness. A Managing Board member who leaves of his or her own volition before retirement is possible, or leaves due to a fault of his or her own, is not entitled to a severance payment.

Members of the Managing Board are provided a company car for both business and personal use.

The members of the Managing Board received EUR 3,459,000 (EUR 2,432,000) in remuneration for their services to the Company during the reporting period. The members of the Managing Board received EUR 377,000 (EUR 392,000) from subsidiaries during the reporting period.

Former members of the Managing Board received EUR 490,000 (EUR 561,000) from the Company. Former members of the Managing Board received EUR 89,000 (EUR 110,000) from subsidiaries.

DECLARATION BY THE MANAGING BOARD

We declare to the best of our knowledge that the consolidated 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 Group management report presents the business development, result and position of the Group so as to give a true and fair view of its net assets, financial position and results of operations, and the Group management report provides a description of the principal risks and uncertainties, to which the Group is exposed.

The declaration for the annual financial statements of VIENNA INSURANCE GROUP AG Wiener Versicherung Gruppe is issued in the annual report of this company.

The consolidated financial statements for financial year 2015 were approved for publication by a resolution of the Managing Board on 23 March 2016.

Vienna, 23 March 2016

The Managing Board:

Elisabeth Stadler
General Manager,
Chairwoman 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 Höfinger
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, people management, business development; country responsibilities: Austria, Czech Republic

Franz Fuchs: Performance management personal insurance, performance management motor insurance, asset risk management; Country responsibilities: Baltic States, 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 Höfinger: Corporate and large customer business, Vienna International Underwriters (VIU), reinsurance, business development; Country responsibilities: Albania (incl. Kosovo), Bulgaria, Montenegro, Serbia, Hungary, Belarus

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

AUDITOR'S REPORT

Report on the consolidated financial statements

We have audited the accompanying consolidated financial statements of

VIENNA INSURANCE GROUP AG
Wiener Versicherung Gruppe, Vienna,

for the fiscal year from 1 January 2015 to 31 December 2015. These consolidated financial statements comprise the consolidated balance sheet as of 31 December 2015, the consolidated income statement, consolidated statement of comprehensive income, the consolidated statement of cash flows and the consolidated statement of changes in equity for the fiscal year 2015 and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Consolidated Financial Statements
The Company's management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the EU, and the additional requirements pursuant to § 245a UGB (Austrian Commercial Code) and § 80b VAG (Austrian Insurance Supervision Act) and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility
Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Austrian Standards on Auditing. Those standards require that we comply with International Standards on Auditing – ISA. In accordance with International Standards on Auditing, we are required to comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Group's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
Our audit did not give rise to any objections. In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Group as of 31 December 2015 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) as adopted by the EU and other legal or regulatory requirements.

Report on the Management Report for the Group

Pursuant to statutory provisions, the management report for the Group is to be audited as to whether it is consistent with the consolidated financial statements and as to whether the other disclosures are not misleading with respect to the Company's position. The auditor's report also has to contain a statement as to whether the management report for the Group is consistent with the consolidated financial statements and whether the disclosures pursuant to Section 243a UGB (Austrian Commercial Code) are appropriate.

In our opinion, the management report for the Group is consistent with the consolidated financial statements. The disclosures pursuant to Section 243a UGB (Austrian Commercial Code) are appropriate.

Vienna, 23 March 2016

KPMG Austria GmbH
Wirtschaftsprüfungs- und Steuerberatungsgesellschaft

Michael Schlenk
Auditor

The consolidated financial statements together with our auditor's opinion may only be published if the consolidated financial statements and the management report are identical with the audited version attached to this report. Section 281 paragraph 2 UGB (Austrian Commercial Code) applies.

List of abbreviations

Abbreviation	Full company name
Alpenländische Heimstätte GmbH	Alpenländische Heimstätte gemeinnützige Wohnungsbau- und Siedlungsgesellschaft m.b.H., Innsbruck
Anif-Residenz KG	Anif-Residenz GmbH & Co KG, Anif
Asirom	ASIGURAREA ROMANEASCA - ASIROM VIENNA INSURANCE GROUP S.A., Bucharest
Baltikums	"Baltikums Vienna Insurance Group" AAS, Riga
BČR Non-Life	S.C. BČR Asigurări Vienna Insurance Group S.A., Bucharest
BČR Life	BČR Asigurări de Viață Vienna Insurance Group S.A., Bucharest
Beteiligungs- und Immobilien GmbH	Beteiligungs- und Immobilien GmbH, Linz
Beteiligungs- und Wohnungsanlagen GmbH	Beteiligungs- und Wohnungsanlagen GmbH, Linz
BIAC	Business Insurance Application Consulting GmbH, Vienna
BTA Baltic	BTA Baltic Insurance Company AAS, Riga
Bulgarski Imoti Non-Life	Bulgarski Imoti Non-Life Insurance Company AD, Sofia
Bulstrad Life	BULSTRAD LIFE VIENNA INSURANCE GROUP JOINT STOCK COMPANY, Sofia
Bulstrad Non-Life	INSURANCE JOINT-STOCK COMPANY "BULSTRAD VIENNA INSURANCE GROUP", Sofia
Central Point	Central Point Insurance IT-Solutions GmbH, Vienna
Compensa Life (Estonia)[1]	Compensa Life Vienna Insurance Group SE, Tallinn
Compensa Life (Poland)[1]	Compensa Towarzystwo Ubezpieczeń Na Życie S.A. Vienna Insurance Group, Warsaw
Compensa Life Distribution	Compensa Life Distribution, UAB, Vilnius
Compensa Non-Life (Lithuania)[1]	Compensa Towarzystwo Ubezpieczeń S.A. Vienna Insurance Group, Vilnius
Compensa Non-Life (Poland)[1]	Compensa Towarzystwo Ubezpieczeń S.A. Vienna Insurance Group, Warsaw
ČPP	Česká podnikatelská pojišťovna, a.s., Vienna Insurance Group, Prague
DBLV GmbH & Co KG	DBLV Immobesitz GmbH & Co KG, Vienna
DBLV Immobesitz	DBLV Immobesitz GmbH, Vienna
Donaris	Compania de Asigurari "Donaris Vienna Insurance Group" SA, Chisinau
Donau Versicherung	DONAU Versicherung AG Vienna Insurance Group, Vienna
Doverie	Pension Insurance Company Doverie AD, Sofia
ELVP	ELVP Beteiligungen GmbH, Vienna
Erste Biztosító	ERSTE Vienna Insurance Group Biztosító Zrt., Budapest
Erste Heimstätte GmbH	Erste gemeinnützige Wohnungsgesellschaft Heimstätte Gesellschaft m.b.H., Vienna
Erste Osiguranje	Erste Osiguranje Vienna Insurance Group d.d., Zagreb
Gemeinnützige Industrie-Wohnungsaktiengesellschaft	Gemeinnützige Industrie-Wohnungsaktiengesellschaft, Leonding
Gemeinnützige Mürz-Ybbs Siedlungsanlagen-GmbH	Gemeinnützige Mürz-Ybbs Siedlungsanlagen-GmbH, Kapfenberg
GLOBAL ASSISTANCE	GLOBAL ASSISTANCE, a.s., Prague
Globus	CAL ICAL "Globus", Kiev
GPIH	Joint Stock Company Insurance Company GPI Holding, Tiflis
Interalbanian	Interalbanian Vienna Insurance Group Sh.a, Tirana
InterRisk	InterRisk Towarzystwo Ubezpieczeń S.A. Vienna Insurance Group, Warsaw
InterRisk Life	InterRisk Lebensversicherungs-AG Vienna Insurance Group, Wiesbaden
InterRisk Non-Life	InterRisk Versicherungs-AG Vienna Insurance Group, Wiesbaden
Intersig	INTERSIG VIENNA INSURANCE GROUP Sh.A., Tirana
IRAO	International Insurance Company "Irao" LTD, Tiflis
Jupiter	Private Joint-Stock Company "JUPITER LIFE INSURANCE VIENNA INSURANCE GROUP", Kiev
Kaiserstraße 113	Kaiserstraße 113 GmbH, Vienna
Kniazha	PRIVATE JOINT-STOCK COMPANY "UKRAINIAN INSURANCE COMPANY "KNIAZHA VIENNA INSURANCE GROUP"; Kiev
Komunálna	KOMUNÁLNA poisťovňa, a.s. Vienna Insurance Group, Bratislava
Kooperativa (Slovakia)[1]	KOOPERATIVA poisťovňa, a.s. Vienna Insurance Group, Bratislava
Kooperativa (Czech Republic)[1]	Kooperativa pojišťovna, a.s., Vienna Insurance Group, Prague
LVP Holding	LVP Holding GmbH, Vienna
Makedonija Osiguruvanje	Joint Stock Company for Insurance and Reinsurance Makedonija Skopje - Vienna Insurance Group, Skopje
Neue Heimat Holding	NEUE HEIMAT Oberösterreich Holding GmbH, Vienna
Neue Heimat Oberösterreich GmbH	NEUE HEIMAT Oberösterreich Gemeinnützige Wohnungs-und SiedlungsgesmbH, Linz
Neuland GmbH	Neuland gemeinnützige Wohnbau-Gesellschaft m.b.H., Vienna
Nova	Insurance Company Nova Ins EAD, Sofia

Abbreviation	Full company name
Omniasig	OMNIASIG VIENNA INSURANCE GROUP S.A., Bukarest
Österreichisches Verkehrsbüro	Österreichisches Verkehrsbüro Aktiengesellschaft, Vienna
Palais Hansen	Palais Hansen Immobilienentwicklung GmbH, Vienna
PČS	Pojišťovna České spořitelny, a.s., Vienna Insurance Group, Pardubice
Polisa	POLISA-ZYCIE Towarzystwo Ubezpieczen Spolka Akcyjna Vienna Insurance Group, Warsaw
Progress	PROGRESS Beteiligungsges.m.b.H., Vienna
Property/casualty	Property and casualty insurance
PSLSP	Poisťovňa Slovenskej sporiteľne, a.s. Vienna Insurance Group, Bratislava
Rathstraße 8	Rathstraße 8 Liegenschaftsverwertungs GmbH, Vienna
Ray Sigorta	Ray Sigorta A.Ş., Istanbul
S-budovy	S - budovy, a.s., Prague
S-správa nemovitostí	S-správa nemovitosti, a.s., Prague
s Versicherung	Sparkassen Versicherung AG Vienna Insurance Group, Vienna
Schulring 21 GmbH	Schulring 21 Bürohaus Errichtungs- und Vermietungs GmbH, Vienna
Schulring 21 KG	Schulring 21 Bürohaus Errichtungs- und Vermietungs GmbH & Co KG, Vienna
Schwarzatal GmbH	"Schwarzatal" Gemeinnützige Wohnungs- und Siedlungsanlagen-GmbH, Vienna
Sigma	SIGMA VIENNA INSURANCE GROUP Sh.A., Tirana
S IMMO AG	S IMMO AG, Vienna (Consolidated financial statements)
Skandia Poland	SKANDIA Życie Towarzystwo Ubezpieczeń S.A, Warsaw
Sozialbau AG	Sozialbau gemeinnützige Wohnungsaktiengesellschaft, Vienna
SURPMO	SURPMO, a.s., Prague
TBIH	TBIH Financial Services Group N.V., Amsterdam
UIG	Private Joint-Stock Company "Insurance company" Ukrainian insurance group", Kiev
Union Biztosító	UNION Vienna Insurance Group Biztosító Zrt., Budapest
Untere Donaulände 40 KG	Untere Donaulände 40 GmbH & Co KG, Vienna
Urbanbau GmbH	Urbanbau Gemeinnützige Bau-, Wohnungs- und Stadterneuerungsgesellschaft m.b.H., Vienna
VBV - Betriebliche Altersvorsorge	VBV - Betriebliche Altersvorsorge AG, Vienna
Vienibas Investments	Vienibas Gatve Investment OÜ, Talinn
Vienibas Properties	Vienibas Gatve Properties SIA, Riga
Vienna Insurance Group or VIG[2]	VIENNA INSURANCE GROUP AG Wiener Versicherung Gruppe, Vienna
VIG Holding[3)]	VIENNA INSURANCE GROUP AG Wiener Versicherung Gruppe, Vienna
VIG Fund	VIG FUND uzavreny investicni fond, a.s, Prague (Consolidated financial statements)
Vienna-Life	Vienna-Life Lebensversicherungs AG Vienna Insurance Group, Bendern
Vienna Life Biztosító	Vienna Life Vienna Insurance Group Biztosító Zrt. Zártkörüen Müködö Részvénytársaság, Budapest
VIG Re	VIG RE zajišťovna, a.s., Prague
Vienna International Underwriters or VIU	Vienna International Underwriters GmbH, Vienna
WGPV Holding GmbH	WGPV Holding GmbH, Vienna
Wiener Städtische	WIENER STÄDTISCHE Versicherung AG Vienna Insurance Group, Vienna
Wiener Städtische Osiguranje (Montenegro)[1]	Akcionarsko društvo za životno osiguranje Wiener Städtische Podgorica a.d., Podgorica
Wiener Städtische Osiguranje (Serbia)[1]	"WIENER STÄDTISCHE OSIGURANJE" akcionarsko društvo za osiguranje, Belgrade
Wiener Städtische Versicherungsverein	Wiener Städtische Wechselseitiger Versicherungsverein - Vermögensverwaltung - Vienna Insurance Group, Vienna
Wiener Osiguranje	Wiener osiguranje Vienna Insurance Group dioničko društvo za osiguranje, Zagreb
Winner Life	Joint Stock Insurance Company WINNER LIFE - Vienna Insurance Group, Skopje
Winner Non-Life	Joint Stock Insurance company WINNER - Vienna Insurance Group, Skopje
WSBV Beteiligungsverwaltung GmbH & Co KG	WSBV Beteiligungsverwaltung GmbH & Co KG, Vienna

[1] Country names in parentheses are added if there is more than one company with the same abbreviated name and it is not clear from the context which one is intended. The context is assumed to be clear, for example, if the name is used in the description of activities taking place within a country.

[2] Used when referring to VIG Group.

[3] Used when referring to the individual company.

Glossary

Actuarial reserve
A reserve calculated according to mathematical principles for future insurance payments in the life and health insurance areas. In the health insurance area, this is also referred to as an ageing reserve.

Administrative expenses
Administrative expenses for retained insurance business are broken down into acquisition expenses, and other administrative expenses, less reinsurance commissions and profit commissions for reinsurance cessions. Expenses for claims investigation, loss prevention, and claims processing (claims handling expenses) or for making insurance payments (settlement costs) are shown in the expenses for insurance benefits item.

Affiliated companies
The parent company and its subsidiaries are considered to be affiliated companies if the parent company is able to exert control over the business policies of the subsidiary. Examples of this are where the parent company directly or indirectly holds more than half of all voting rights, a controlling agreement exists, or it is possible to appoint the majority of the members of the Managing Board or other executive bodies of the subsidiary (§ 244 UGB).

ALM (Asset and Liability Management)
ALM refers to taking both assets and liabilities into account when implementing strategic decisions in order to achieve optimal company results and is therefore needed for determining and managing the risk capital required, matching assets and liabilities (duration, cash flow and income matching) and optimising investments and reinsurance.

Cash flow
A key figure used in the analysis of shares and companies. It represents the inflow and outflow of liquid assets during a specific accounting period. Cash flow is essentially calculated by adding together the profit for the year, depreciation, changes in long-term provisions, and income taxes.

Cash flow statement
A presentation of the changes in cash and cash equivalents during a financial year, broken down into the three areas of ordinary activities, investing activities, and financing activities. The aim is to provide information on the financial strength of the company.

Ceded reinsurance premiums
Share of the premiums to which the reinsurer is entitled in return for reinsuring certain risks.

CEE (Central and Eastern Europe)
The Vienna Insurance Group defines the “CEE” region as all the growth markets in Central and Eastern Europe in which the Group operates. This includes the Czech Republic, Slovakia, Poland, Romania, Albania, Belarus, Bosnia-Herzegovina, Bulgaria, Croatia, Estonia, Georgia, Hungary, Latvia, Lithuania, Macedonia, Montenegro, Moldova, Serbia, Slovenia, Turkey and Ukraine. Note that differences may exist between this definition and the definition of CEE used by other companies, financial institutions (e.g. IMF, OECD, WIFO, IHS), etc.

Claims incurred but not reported
Losses that are reported in the current financial year but occurred in the previous year. Each year as of the balance sheet date, a reserve (= incurred but not reported reserve, IBNR) is formed for losses that relate to the financial statement year but are not reported until the following year.

Combined ratio (net)
When the total of all items in the income statement that contribute to the profit before taxes, except for income from capital assets, other non-underwriting income and expenses and the value of gross earned premiums itself, is divided by gross earned premiums, the result is called the combined ratio. If this ratio is less than 100%, the company is earning a profit from the underwriting portion of the business. This ratio is only calculated for property and casualty insurance. Since the reinsurers’ share is taken into account in the calculation, the result is a net combined ratio.

Consolidation
The financial statements of the parent company and those of the subsidiaries are combined when the consolidated financial statements are prepared by the parent company. During this process, intragroup equity interests, interim results, receivables and payables, and income and expenses are eliminated.

Core markets
Collective term for the ten VIG markets Austria, Czech Republic, Slovakia, Poland, Romania, Bulgaria, Croatia, Hungary, Serbia, and Ukraine.

Deposits on assumed and ceded reinsurance business
A claim by the reinsuring company against the ceding company for deposits that it retains. When business is assumed, the reinsurer's share of premiums and claims are retained as security by the ceding insurance company. The deposits on ceded reinsurance item is analogous.

Derivative financial instruments (derivatives)
Financial contracts whose value depends on the price of an underlying asset. Derivatives can be classified systematically according to the nature of the underlying asset (interest rates, share prices, currency rates, or commodity prices). Options, futures, forwards and swaps are important examples of derivative financial instruments.

Direct business
Insurance business where an immediate legal relationship exists between the insurer and policyholder.

Earnings per share (basic/diluted)
The ratio of consolidated annual profit (less interest on hybrid capital) divided by the average number of shares outstanding. The diluted earnings per share include convertible securities that have been exercised, or are still available for exercise, in the calculation of the number of shares and net income. The convertible securities consist of convertible bonds and stock options.

Enterprise Risk Management (ERM)
Risk and opportunity management. The responsibilities of ERM are identification, assessment, analysis and control of opportunities and risks.

Erste Group
An abbreviated version of the company name of Erste Group Bank AG.

Equity method
Shares in associated companies are recognised using this method. As a rule, the value recognised corresponds to the Group's proportional share of the equity in these companies. In the case of shares in companies that prepare their own consolidated financial statements, the consolidated equity is recognised instead. For current valuation, the value recognised is adjusted using a proportional share of changes to equity, with the shares in net income being allocated to consolidated net income and disbursed profit distributions deducted.

Expenses for claims and insurance benefits
These are comprised of the payments for insurance claims, payments for claims investigation, claims settlement, and claims prevention, and from the change in the associated reserves.

Fair value
Value for security calculated using a theoretical pricing model that takes into account factors on which the price depends.

Financial instruments available for sale
Available for sale securities include securities that were not acquired with the intention of being held-to-maturity, or for short-term trading purposes. They are recognised at market value as of the balance sheet date.

Financial result
Income and expenses for capital assets and interest. This includes, for example, income from securities, loans, real estate and equity interests, as well as bank interest, and expenses incurred in the financial area, such as scheduled depreciation on owned real estate, unscheduled writedowns of securities to listed market prices, bank fees, etc.

Gross domestic product (GDP)
A measure of a country's economic production. All goods and services produced or provided within a country (by citizens or foreigners) during a specified period, valued at current prices (market prices) or constant prices (prices in a certain base year). By using a constant price level in the calculations, price increases can be eliminated so that the figures presented over time are independent of inflation. GDP at constant prices is also known as real GDP.

Gross/net
In insurance terminology, "gross/net" means before or after reinsurance has been deducted ("net" is also used to mean "for own account" or "retention"). In connection with income from equity interests, the term "net" is used when related expenses have already been deducted from income (e.g., write-offs and losses from disposal). Therefore, (net) income from equity interests equals the profit or loss from these interests.

IAS
International Accounting Standards

IFRS
International Financial Reporting Standards. Since 2002, the designation IFRS has stood for the overall framework of all standards adopted by the International Accounting Standards Board. Previously adopted standards continue to be referred to as International Accounting Standards (IAS).

Income from capital assets and interest income
Income from capital assets and other interest income is comprised of income from equity interests (from associated companies), income from land and buildings, income from other capital assets, income from write-ups, gains from the disposal of capital assets, and other income from capital assets and interest income.

Indirect business
Insurance business where the company acts as a reinsurer.

Insurance density
Annual per capita insurance premiums, used as an indicator for the state of development of a country's insurance sector.

Insurance payments (net)
Expenses (after deducting reinsurance) for insurance claims.

Insurance supervisory authority
The Austrian insurance supervisory authority is a part of the Austrian Financial Market Authority (FMA) that was established as an independent authority in April 2002. Its supervision extends to private-sector insurance companies with registered offices in Austria.

KPMG
KPMG Austria AG Wirtschaftsprüfungs- und Steuerberatungsgesellschaft changed its legal form from a stock corporation (Aktiengesellschaft) to a limited liability company (GmbH). As a result, when the change was registered in the commercial register on 22 August 2014, the name of the company changed from KPMG Austria AG Wirtschaftsprüfungs- und Steuerberatungsgesellschaft to KPMG Austria GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft.

Loss reserve
A reserve for losses that have already been incurred but have not yet been settled. Claims and claims settlement expenses can be divided into two categories: reserves for reported but not yet settled claims ("RBNS"), and reserves for claims that have been incurred but have not yet been reported, or the correct amount has not been reported ("IBNR", "IBNER").

Market capitalisation
Stock exchange value or market capitalisation means the value of a stock corporation calculated by multiplying the current stock exchange price by the total number of shares issued.

Market value
The value of an asset on the balance sheet that can be realised by selling it in the market to a third party.

Net earned premiums
The portion of premiums written that is allocated to the current financial year.

Non-life
Non-life insurance includes the property and casualty insurance and health insurance segments.

Options
Derivative financial instruments which entitle, but do not obligate, the buyer to purchase (call option) or sell (put option) an underlying asset at a future point in time for a specified price. In contrast, the seller of the option is obligated to deliver or purchase the asset and receives a premium for providing the option.

Organic growth
Organic growth means the growth of a company resulting from the company's own financial strength. Such growth is therefore not the result of purchasing other companies.

Personal insurance
Comprised of life, health and casualty insurance.

Present value
Current value of a cash amount to be received in the future, calculated by discounting with a known discount rate.

Profit participation
See premium refund (profit-dependent).

Premium
Agreed fee paid in exchange for assumption of risk by an insurance company.

Premium refund (profit-dependent)
The policyholder's profit participation in the profit of the insurance class in question (mandatory for traditional life insurance).

Premium refund (profit-independent)
Contractually accorded refund of premiums to the policyholder.

Premiums written
Direct business premiums written are comprised of set premiums, not including premium or fire service taxes, plus policyholder collateral payments, reduced by premiums cancelled during the financial year. In indirect business, the premiums written correspond to the premiums that the ceding insurer has indicated for offset. In co-insurance business, the premiums written by each co-insurer correspond to the share of premiums allotted to it.

Price-earnings ratio
A financial ratio for evaluating shares. The price-earnings ratio (P/E ratio) shows the price of the share in relation to the earnings per share in a comparative period or future period. If the comparative period is defined as one year, the price-earnings ratio is the end-of-year price divided by the earnings per share for the year.

Provision for unearned premiums

The portion of premiums written that were specified for the period following the balance sheet date and are therefore not included in the income for the financial year. These premiums are used to cover obligations arising after the balance sheet date.

Return on equity (RoE)

Profit before taxes divided by average shareholders' equity (less revaluation reserve), calculated using values at the beginning and end of the year.

Retained earnings

Retained earnings are the profits generated by the company that have not been distributed as dividends.

Rating

A rating is an evaluation of the creditworthiness of a debtor (countries, companies and so on) often carried out by a specialised rating agency. The evaluation is expressed as a kind of grading. It is very similar to a school grading system. The rating systems of the agencies use different grading steps and their own symbols.

Reinsurance

Reinsurance is when an insurance company insures a portion of its risk with another insurance company.

Securities held to maturity

Held-to-maturity securities comprise debt securities that are intended to be held to maturity, and can be held to maturity. They are measured at cost upon initial recognition. Subsequent measurement is at amortised cost. A write-down is recognised in profit or loss in the case of permanent impairment.

Segment reporting

Presentation of the consolidated financial statements broken down according to the property and casualty insurance, life insurance, and health insurance lines of business, and according to regions.

Single premium

A special type of premium payment used for life insurance. A (high) amount is paid as a single premium at the start of the policy.

Solvency II

Solvency II is a fundamental reform of insurance supervisory law in Europe, particularly solvency regulations relating to the capital adequacy of insurance companies. Solvency II is intended to create methods for the risk-based management of the total solvency of insurance companies. The current static system for determining capital adequacy is replaced by a risk-based system, which goes beyond the current capital adequacy provisions of the Austrian Insurance Supervision Act to also take into account, in particular, qualitative factors (e.g. internal risk management).

Standard & Poor's

Standard & Poor's is an internationally recognised rating agency. It analyses and evaluates companies, countries and bonds, among other things. It uses its own rating scale, which ranges from AAA for the highest category to CC for the lowest when rating the financial strength of insurance companies. The ratings can be modified by adding a plus or minus sign.

Stress test

Stress tests are a special form of scenario analysis. The objective is to arrive at a quantitative assessment of the potential losses incurred by portfolios in the event of extreme market fluctuations.

UGB

Austrian Commercial Code as of 1 January 2007 (Unternehmensgesetzbuch; Handelsgesetzbuch (HGB) until 31 December 2006).

Underwriter
Underwriters are responsible for evaluating risks in the insurance industry, and have the authority to underwrite risks. An underwriter estimates the probability and size of a loss as precisely as possible, calculates insurance premiums and establishes policy terms.

Underwriting provisions
These consist of the provision for outstanding claims, actuarial reserve, unearned premiums, provisions for profit-dependent and profit-independent premium refunds, the equalisation provision, and other underwriting reserves.

Unit-linked and index-linked life insurance
Insurance policies where the investment is made at the policyholder's risk. The investments in this area are valued at fair value, with the underwriting reserves shown at the value of the capital assets.

VAG
The Austrian Insurance Supervision Act (Versicherungsaufsichtsgesetz) includes provisions governing the organization and supervision of insurance companies.

Value-at-risk (VaR)
Value-at-risk is a procedure used to calculate potential losses arising from price changes affecting the trading position. This loss potential is expressed using a specific confidence limit (e.g. 98%), and is calculated based on market-related price changes.

Vienna Insurance Group (VIG)
When Vienna Insurance Group (VIG) is mentioned, generally the Group as a whole is meant. If a statement refers only to the activities of the Group holding company, the word "Holding" is added at the end of the name.

Volatility
Fluctuations in security prices, currency rates, and interest rates.

Addresses of Group companies

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AUSTRIA			
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Donau Versicherung	A-1010 Vienna Schottenring 15	+43 (0) 50 330 70000	donau@donauversicherung.at www.donauversicherung.at
s Versicherung	A-1010 Vienna Wipplingerstraße 36-38	+43 (0) 50100 75400	sag@s-versicherung.at www.s-versicherung.at
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Donau Versicherung	I-20139 Milan Via Bernardo Quaranta 45	+39 (0) 2 897569 1	info@donauassicurazioni.it www.donauassicurazioni.it
Slovenia (branch)			
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PČS	CZ-530 02 Pardubice Nám. Republiky 115	+420 956 777 222	info@pojistovnacs.cz www.pojistovnacs.cz
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CROATIA			
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Erste Osiguranje	HR-10000 Zagreb Slovenska ulica 24	+385 (0) 72 37 2700	kontakt@erste-osiguranje.hr www.erste-osiguranje.hr
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Address • Notes • Information

NOTICE

This annual 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. Disclosures using the words “expected”, “target” or similar formulations are an indication of 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 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 annual report was prepared with great care to ensure that all information was complete and accurate. The possibility of rounding, type-setting or printing errors, however, cannot be ruled out completely.

Our goal was to make the annual report quick and easy to read. For this reason we have not used phrasing such as “he/she”, “his/her”, etc. It should be understood that the text always refers to women and men equally without discrimination.

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Website – online report

The annual report is available in German and English on our Internet website (www.vig.com) under Investor Relations, and can also be downloaded in both languages as a PDF file.

Service tip | **Online annual report**

The Vienna Insurance Group website provides an online version of the annual report that is optimised for both the Internet and mobile devices. All sections may be downloaded in PDF form. You can also download the most important tables as Excel files. Other features, such as links within the report and a comparison with the previous year create transparency and take you directly to the information being sought. The online version of the report also allows you to perform a full-text search quickly and easily. The search results are presented on an overview page, sorted by relevance. The term being searched for is highlighted in colour on this page and on the page in the report.

In case of doubt, the German version is authoritative.

Editorial deadline: 17 March 2016

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