

20 May 2015

VIENNA INSURANCE GROUP WITH A SOLID START INTO 2015

ALL COUNTRIES AND BUSINESS LINES POSITIVE

“In a very challenging market environment, Vienna Insurance Group managed successfully to achieve positive results in all countries and business lines. Our strong regional ties which give us a close relationship with the markets resulted in certain parts in a significant premium growth.”

**Number 1 in core markets
with roughly 19 percent
market share**

Peter Hagen, CEO Vienna Insurance Group

In the first quarter of 2015, Vienna Insurance Group wrote consolidated premiums of about EUR 2.8 billion, representing an increase of 0.9 percent despite the marked decline in single premium policies in life.

**Profit (before taxes)
EUR 130.9 million**

Profit (before taxes) reached EUR 130.9 million in the first quarter of 2015. All countries and business lines contributed positively to this result. The historically low interest rates adversely affected current income in the financial result and also made a precaution for personnel provisions in Austria necessary. In addition, interest expense for the subordinated bond issued in March 2015 was recognised for the first time. Furthermore, notably higher expenses were registered in weather related claims than in the same quarter in the prior year. Overall, this led to a decreased result of 15.2 percent.

The combined ratio improved further and stood at 96.3 percent, a very good level.

**Combined Ratio
at a very good 96.3 percent**

Vienna Insurance Group's investments (including cash and cash equivalents) rose by 4.0 percent and amounted to EUR 32.4 billion as of 31 March 2015. The Group's financial result amounted to EUR 273.4 million.

VIENNA INSURANCE GROUP: Wiener Städtische (AT) • Donau (AT) • s Versicherung Gruppe (AT, CZ, HR, HU, RO, SK) • Intersig (AL) • Sigma Interlbanian (AL) • Bulstrad (BG) • Bulstrad Life (BG) • Wiener Osiguranje (BIH) • Kupala (BY) • Kooperativa (CZ) • CPP (CZ) • VIG RE (CZ) • InterRisk (DE) • Compensa Life (EE, LT, LV) • GPIH (GE) • IRAO (GE) • Wiener osiguranje (HR) • Union Biztosító (HU) • Vienna Life Biztosító (HU) • Vienna-Life (LI) • Donaris (MD) • Wiener Städtische Podgorica (ME) • Winner (MK) • Winner Life (MK) • Makedonija (MK) • Compensa (PL) • InterRisk (PL) • Benefia (PL) • Polisa (PL) • Skandia (PL) • Omnisig (RO) • Asirom (RO) • Wiener Städtische Beograd (RS) • Kooperativa (SK) • Komunálna poisťovňa (SK) • Ray Sigorta (TR) • Kniazha (UA) • Globus (UA) • Jupiter (UA) • UIG (UA)
Zweigniederlassungen: Donau (IT), Wiener Städtische (IT), Wiener Städtische (SI)

All countries and business lines make positive contributions to VIG's result

At the beginning of the financial year 2015, Vienna Insurance Group's strategy of strong regional diversification proved to be successful. All countries and business lines contributed positively to profit (before taxes). Despite the difficult market conditions, the positive earnings performance in Romania, Croatia and Ukraine, among others, should be emphasised. A significant double-digit premium growth was achieved in the Remaining Markets of Vienna Insurance Group.

**Around 65 percent
of profit (before taxes) is generated
in CEE**

Stable development in the Austrian market – VIG number 1

In Austria, the Group companies achieved premiums of EUR 1.3 billion. In property and casualty, the strong growth of Wiener Städtische Versicherung offset the further decline in premiums written by Donau Versicherung in Italy. In life, the single premium business declined, while a slight increase was recorded in regular premiums. Profit (before taxes) amounted to EUR 39.6 million; it was adversely affected by the precaution for personnel provisions due to the low interest rate environment, increased expenses for weather related claims and the high reserve ratio and charges in Italy. The trend in the combined ratio was positive, improving to 98.1 percent.

Highest earnings contribution from the Czech Republic

In the Czech Republic, the Group wrote total premiums of EUR 457.8 million. An increase of 6.6 percent was achieved in motor casco and regular premiums in life grew by 2.7 percent. With profit (before taxes) of EUR 45.8 million, the Group companies in the Czech Republic again made the highest earnings contribution to Vienna Insurance Group in the first quarter of 2015, in spite of increased expenses for weather related claims. The combined ratio stood at an excellent 89.7 percent.

Slovakia – Sustained demand in life insurance

In Slovakia, the Group companies increased premiums to EUR 214.7 million. The success of bank distribution through the local Erste Group subsidiary resulted in a 4.7 percent increase in life premiums. Growth of 2.7 percent was achieved in regular premiums and single premiums increased by 5.8 percent. Profit (before taxes) rose to EUR 9.7 million, while the combined ratio improved to very good 94.5 percent.

Poland – Success in a competitive environment

Vienna Insurance Group's performance in Poland was particularly influenced by the decline in single premiums in life. Without this factor, premium growth of 17.6 percent was achieved. With a plus of 4.3 percent to EUR 16.6 million, profit (before taxes) turned in very encouraging. The combined ratio stood at 98.1 percent.

Positive trends in Romania

The overall improvement in conditions in the Romanian insurance market enabled intensified sales activities for the first time in years. With a strong increase of 21.7 percent, premiums written grew to EUR 100.3 million.

Romania:
Increase in
premiums and profit
(before taxes)

An increase in premiums of 21.8 percent was achieved in property and casualty.

Premiums in life also rose by 21.1 percent to EUR 16.6 million, demonstrating the success of the strong partnership in bank distribution with the local Erste Group subsidiary BCR for unit-linked insurance products.

The restructuring measures in Romania are having an effect and resulted in a profit (before taxes) of EUR 1.8 million. In 2015, we will continue to work on the improvement of the combined ratio which is still above the 100 percent mark.

Remaining Markets – double-digit growth

The Remaining Markets region again proved its sustainable potential in the first quarter of 2015. The positive trend in premiums resulted in a climb in business volume of 15.9 percent.

In property and casualty, premiums increased by 8.5 percent to total of EUR 183.2 million, and in life the Group recorded a 29.4 percent rise in premiums to EUR 169.6 million.

The region showed particularly strong growth for the companies in Serbia (+23.7 percent), Turkey (+23.6 percent) and Albania (+17.8 percent).

Remaining Markets: Premium increase of
15.9 percent to
EUR 357.2 million

Successful bond issue strengthens capital structure

In March, Vienna Insurance Group issued a subordinated bond in the amount of EUR 400 million. In addition, shares of the 1st tranche of the EUR 500 million hybrid bond, issued in 2008, and the supplementary capital bond 2005-2022, issued in January 2005, were repurchased. These measures contributed to the further strengthening of the Group's capital structure.

Consolidated Income Statement (IFRS) 1 January - 31 March 2015

(in EUR mn)	3M 2015	3M 2014	+/- %
Gross premiums written	2,755.9	2,731.1	0.9
Net earned premiums	2,210.6	2,212.6	-0.1
Financial result	273.4	275.8	-0.9
Other income	28.3	27.6	2.6
Expenses for claims and insurance benefits	-1,729.8	-1,833.8	-5.7
Acquisition and administrative expenses	-509.4	-469.7	8.4
Other expenses	-142.1	-58.0	>100
Profit before taxes	130.9	154.4	-15.2
Taxes	-30.5	-32.2	-5.4
Profit for the period	100.4	122.1	-17.8
Non-controlling interests	-1.6	-1.5	9.0
Net profit after non-controlling interests	98.8	120.6	-18.1
Earnings per share in EUR (annualized)	2.94	3.62	-18.6
Combined Ratio (net in %)	96.3	96.4	-0.1pp

Consolidated Balance Sheet (IFRS) 31 March 2015

Assets (in EUR mn)	31.03.2015	31.12.2014	+/- %
A. Intangible assets	2,364	2,370	-0.3
B. Investments	31,413	30,360	3.5
C. Investments of unit- and index-linked life insurance	8,337	7,742	7.7
D. Reinsurers' share in underwriting provisions	1,237	1,106	11.9
E. Receivables	1,694	1,502	12.8
F. Tax receivables and advance payments out of income tax	128	119	7.0
G. Deferred tax assets	144	113	27.2
H. Other assets	342	331	3.3
I. Cash and cash equivalents	975	782	24.7
Total Assets	46,633	44,425	5.0

Liabilities and Shareholders' Equity (in EUR mn)	31.03.2015	31.12.2014	+/- %
A. Shareholders' equity	5,480	5,283	3.7
B. Subordinated liabilities	1,284	920	39.6
C. Underwriting provisions	28,863	27,890	3.5
D. Unit- and index-linked underwriting provisions	8,000	7,392	8.2
E. Non-underwriting provisions	681	709	-3.9
F. Liabilities	1,699	1,679	1.1
G. Tax liabilities out of income tax	92	84	9.9
H. Deferred tax liabilities	362	287	26.1
I. Other liabilities	173	181	-4.3
Total Liabilities and Shareholders' Equity	46,633	44,425	5.0

Segment Reporting (IFRS) 1 January - 31 March 2015

Split by lines of business:

in EUR mn	Property&Casualty			Life			Health		
	3M 2015	3M 2014	+/- %	3M 2015	3M 2014	+/- %	3M 2015	3M 2014	+/- %
Gross premiums written	1,495.7	1,474.4	1.4	1,158.5	1,154.1	0.4	101.7	102.6	-0.8
Profit before Taxes	78.6	94.0	-16.4	39.9	48.4	-17.6	12.5	12.0	3.9

Split by regions:

in EUR mn	Austria			Czech Republic			Slovakia		
	3M 2015	3M 2014	+/- %	3M 2015	3M 2014	+/- %	3M 2015	3M 2014	+/- %
Gross premiums written Property&Casualty	722.9	721.6	0.2	234.5	235.8	-0.5	103.5	106.9	-3.2
Gross premiums written Life	520.7	559.4	-6.9	223.2	230.6	-3.2	111.2	106.3	4.7
Gross premiums written Health	97.4	94.3	3.2						
Gross premiums written Total	1,341.0	1,375.4	-2.5	457.8	466.4	-1.8	214.7	213.2	0.7
Profit before Taxes	39.6	57.7	-31.4	45.8	51.0	-10.2	9.7	9.4	2.6
Combined Ratio (net in %)	98.1	99.8	-1.8pp	89.7	85.4	4.3pp	94.5	95.1	-0.6pp

in EUR mn	Poland			Romania			Remaining		
	3M 2015	3M 2014	+/- %	3M 2015	3M 2014	+/- %	3M 2015	3M 2014	+/- %
Gross premiums written Property&Casualty	123.4	148.4	-16.8	83.7	68.7	21.8	183.2	168.8	8.5
Gross premiums written Life	114.7	109.3	4.9	16.6	13.7	21.1	169.6	131.1	29.4
Gross premiums written Health							4.4	8.2	-47.1
Gross premiums written Total	238.1	257.7	-7.6	100.3	82.4	21.7	357.2	308.2	15.9
Profit before Taxes	16.6	15.9	4.3	1.8	0.5	>100	17.0	16.8	1.4
Combined Ratio (net in %)	98.1	97.8	0.4pp	104.8	105.8	-0.9pp	97.1	94.7	2.3pp

in EUR mn	Central Functions			Consolidation			Total		
	3M 2015	3M 2014	+/- %	3M 2015	3M 2014	+/- %	3M 2015	3M 2014	+/- %
Gross premiums written Total	371.0	359.2	3.3	-324.3	-331.4	-2.1	2,755.9	2,731.1	0.9
Profit before Taxes	0.9	2.7	-65.2	-0.5	0.3	n.a.	130.9	154.4	-15.2
Net profit after non-controlling interests							98.8	120.6	-18.1

Calculation differences may arise when rounded amounts and percentages are summed automatically.
The figures for 2014 have been restated due to changes in the scope of consolidation.

Vienna Insurance Group (VIG) is the leading insurance specialist in Austria as well as in Central and Eastern Europe. About 50 companies in 25 countries form a Group with a long-standing tradition, strong brands and close customer relations. VIG looks back on 190 years of experience in the insurance business. With about 23,000 employees, Vienna Insurance Group is the clear market leader in its core markets. It is therefore excellently positioned to take advantage of the long-term growth opportunities in a region with 180 million people. The listed Vienna Insurance Group is the best-rated company of ATX, the leading index of Vienna Stock Exchange; its share is also listed on the Prague Stock Exchange.

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