

VIENNA INSURANCE GROUP 1st TO 3rd QUARTER 2015:

ALL MARKETS PROVIDE POSITIVE OPERATING RESULTS

PROFIT BEFORE TAXES BURDENED BY IMPAIRMENT OF IT SYSTEMS

Premiums (excluding single-premium products) show solid increase of 2.5%	Excellent combined ratio of 96.9%	Operating profit EUR 370.3 million	Profit (before taxes) after impairment EUR 175.3 million
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Vienna Insurance Group continues to focus on developing profitable lines of business. These mainly include property and casualty (+0.9 percent) and regular-premium life insurance products, which recorded significant growth of 5.8 percent. The Group continues to exercise restraint in the single-premium business due to the current interest rate environment. This led to a total decline of 5.2 percent in life insurance. In the first nine months, Vienna Insurance Group generated total premiums of EUR 6.9 billion (-1.8 percent). Without single-premium products, this represents a solid increase of 2.5 percent.

EUR 370.3 million
Operating profit

Once again, all Vienna Insurance Group markets made positive contributions to the result. The Vienna Insurance Group Remaining Markets region earned a record result of EUR 48.6 million, an increase of 10.5 percent.

Vienna Insurance Group further reduced its combined ratio (after reinsurance) to excellent 96.9 percent.

Vienna Insurance Group held EUR 31.6 billion in investments (including cash and cash equivalents) as at 30 September 2015. The Group financial result was EUR 797.3 million (-7.1 percent).

Operating profit was EUR 370.3 million. The decline in the ordinary financial result due to the ongoing low level of interest rates, which also made it necessary to form a precaution for personnel provisions in Austria, as well as the interest expense for the subordinated bond issued in March 2015 affected the result.

Vienna Insurance Group continuously checks its existing IT systems' landscape in the course of the regular evaluation of technical usability and in view of the rapidly changing requirements of the insurance market as well as the accelerating rate of technological change. This review was done with external assistance.

EUR 195 million Impairment of IT systems

The analysis now showed that there is a high probability that certain IT systems respectively 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 sections are therefore being written down by EUR 195 million.

This means that the profit (before taxes) after impairment is EUR 175.3 million.

Highlights from the Group

Austria: **Solid core market**

In **Austria**, Wiener Städtische continued its favourable growth in property and casualty with an increase of 2.8 percent, thereby significantly compensating for the decrease in premiums in Donau's Italian business.

The fall in life insurance premiums (-5.5 percent) was solely due to the restraint exercised in the single-premium business. A total of EUR 3.2 billion in premiums was generated. Profit (before taxes) was EUR 116.9 million. The combined ratio greatly improved to a value of 98.6 percent.

The Group companies in the **Czech Republic** earned a profit (before taxes) of EUR 125.9 million. As a result, the Czech Group companies Kooperativa, ČPP and PČS once again provided the largest contribution to our result. They generated a total of EUR 1.2 billion in premiums. The low interest rate environment also required restraint to be exercised in this market. In spite of rising premiums from regular-premium products (+3.6 percent), a decline was recorded in life insurance. The combined ratio was maintained at an excellent level of 89.4 percent.

The Group companies in **Slovakia** achieved a small increase. Total premiums were EUR 551.8 million. In life insurance, bank distribution through the local Erste Group company proved its value by a plus of 10.3 percent. Profit (before taxes) was EUR 40.4 million. The combined ratio was 96.6 percent.

In **Poland** Vienna Insurance Group generated total premiums of EUR 635.3 million. The Polish insurance market is experiencing a period of intensive price competition for motor insurance, which is causing average premiums and sales to fall in this business segment. The Vienna Insurance Group companies continue to follow a profit-oriented underwriting policy, consciously accepting a loss of premiums (-16.1 percent) in the property and casualty business. Although the combined ratio rose to 97.2 percent, this is still an outstanding value in the current market environment in Poland. The reduction in premiums from the short-term single-premium business caused premiums to decline in life insurance (-27.5 percent). However, a significant increase of 48.0 percent was also achieved in premiums from regular-premium products, in particular from the new consolidation of Skandia. Profit (before taxes) was EUR 38.1 million.

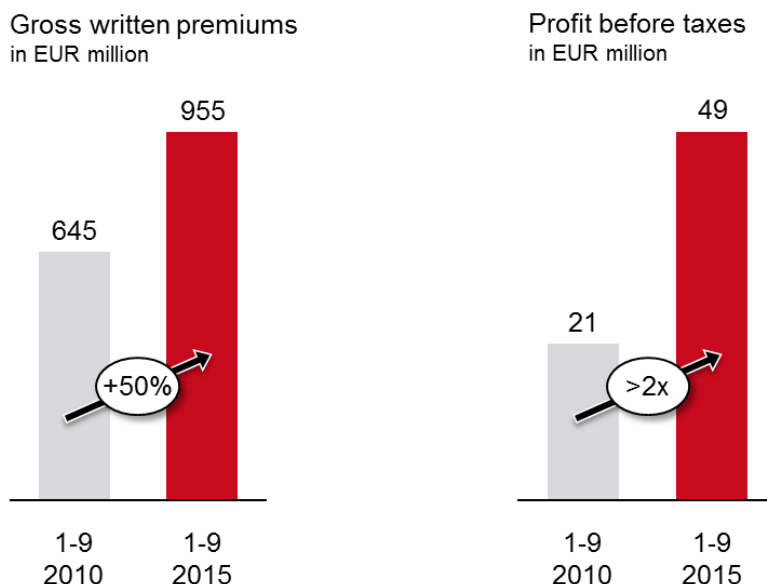
The change in insurance market conditions in **Romania**, and the measures taken by the Group to restructure the business continue to have positive effects. This led to a profit (before taxes) of EUR 5.5 million. Premiums grew strongly by 23.3 percent to a total of EUR 300.6 million. In property and casualty, the Vienna Insurance Group companies recorded growth of 15.9 percent and, in life insurance, a significant increase of 66.8 percent, driven by successful sales of unit-linked products through the local Erste Group subsidiary. The combined ratio improved considerably, but still remained slightly above the 100 percent mark.

Remaining Markets: Double-digit increase in premiums and profits

Vienna Insurance Group used expansion and effective sales measures to raise premiums written in the Remaining Markets region by around 50 percent since 2010 to EUR 955 million. A year-on-year premium increase of 14.6 percent shows that the Remaining Markets are also providing outstanding performance in the first three quarters. Life insurance recorded significant growth of 24.1 percent, and premiums rose 7.8 percent in the property and casualty business.

The increases in Serbia and the Baltic States (around 17 percent each), and Turkey and Bulgaria (around 14 percent each) are particularly noteworthy. The profit (before taxes) in the Remaining Markets region also increased 10.5 percent to EUR 48.6 million. The combined ratio improved to 95.6 percent.

The Remaining Markets region includes Albania, Bosnia-Herzegovina, Bulgaria, Croatia, Estonia, Georgia, Germany, Hungary, Latvia, Liechtenstein, Lithuania, Macedonia, Moldova, Serbia, Turkey and Ukraine.



Consolidated Income Statement (IFRS)

(in EUR mn)	9M 2015	9M 2014	+/- %
Gross premiums written	6,912.4	7,038.6	-1.8
Net earned premiums	6,147.3	6,326.7	-2.8
Financial result	797.3	858.6	-7.1
Other income	78.3	81.8	-4.3
Expenses for claims and insurance benefits	-5,021.2	-5,297.4	-5.2
Acquisition and administrative expenses	-1,395.5	-1,374.3	1.5
Other expenses	-430.8	-154.9	>100
Profit before taxes	175.3	440.5	-60.2
Taxes	-23.9	-91.7	-74.0
Profit for the period	151.4	348.8	-56.6
Non-controlling interests	-8.3	-12.0	-31.4
Net profit after non-controlling interests	143.2	336.7	-57.5
Earnings per share in EUR (annualized)	1.36	3.35	-59.4
Combined Ratio (net in %)	96.9	97.2	-0.2pp

Consolidated Balance Sheet (IFRS)

Assets (in EUR mn)	30.09.2015	31.12.2014	+/- %
A. Intangible assets	2,169	2,370	-8.5
B. Investments	30,347	30,360	0.0
C. Investments of unit- and index-linked life insurance	7,888	7,742	1.9
D. Reinsurers' share in underwriting provisions	1,161	1,106	5.0
E. Receivables	1,439	1,502	-4.2
F. Tax receivables and advance payments out of income tax	173	119	45.2
G. Deferred tax assets	112	113	-0.7
H. Other assets	340	331	2.7
I. Cash and cash equivalents	1,209	782	54.6
Total Assets	44,840	44,425	0.9

Liabilities and Shareholders' Equity (in EUR mn)	30.09.2015	31.12.2014	+/- %
A. Shareholders' equity	5,091	5,283	-3.6
B. Subordinated liabilities	1,282	920	39.4
C. Underwriting provisions	28,165	27,890	1.0
D. Unit- and index-linked underwriting provisions	7,536	7,392	1.9
E. Non-underwriting provisions	634	709	-10.6
F. Liabilities	1,612	1,679	-4.0
G. Tax liabilities out of income tax	88	84	4.8
H. Deferred tax liabilities	259	287	-9.8
I. Other liabilities	173	181	-4.0
Total Liabilities and Shareholders' Equity	44,840	44,425	0.9

Segment Reporting (IFRS)

Split by lines of business:

in EUR mn	Property&Casualty			Life			Health		
	9M 2015	9M 2014	+/- %	9M 2015	9M 2014	+/- %	9M 2015	9M 2014	+/- %
Gross premiums written	3,594.5	3,563.5	0.9	3,018.5	3,184.0	-5.2	299.4	291.1	2.9
Profit before Taxes	-4.8	235.9	n.a.	141.3	157.8	-10.4	38.8	46.8	-17.0

Split by regions:

in EUR mn	Austria			Czech Republic			Slovakia		
	9M 2015	9M 2014	+/- %	9M 2015	9M 2014	+/- %	9M 2015	9M 2014	+/- %
Gross premiums written Property&Casualty	1,493.5	1,490.0	0.2	637.7	635.2	0.4	254.2	252.3	0.8
Gross premiums written Life	1,376.9	1,457.4	-5.5	555.5	645.4	-13.9	297.6	296.7	0.3
Gross premiums written Health	283.8	274.8	3.3						
Gross premiums written Total	3,154.2	3,222.3	-2.1	1193.2	1,280.6	-6.8	551.8	549.0	0.5
Profit before Taxes	116.9	166.3	-29.7	125.9	127.6	-1.3	40.4	43.1	-6.1
Combined Ratio (net in %)	98.6	100.8	-2.2pp	89.4	88.8	0.6pp	96.6	93.1	3.5pp

in EUR mn	Poland			Romania			Remaining		
	9M 2015	9M 2014	+/- %	9M 2015	9M 2014	+/- %	9M 2015	9M 2014	+/- %
Gross premiums written Property&Casualty	357.9	426.7	-16.1	241.8	208.6	15.9	494.6	458.9	7.8
Gross premiums written Life	277.4	382.6	-27.5	58.8	35.3	66.8	444.9	358.6	24.1
Gross premiums written Health							15.7	16.3	-3.7
Gross premiums written Total	635.3	809.2	-21.5	300.6	243.8	23.3	955.2	833.7	14.6
Profit before Taxes	38.1	48.7	-21.8	5.5	2.6	>100	48.6	44.0	10.5
Combined Ratio (net in %)	97.2	94.6	2.6pp	102.2	109.3	-7.1pp	95.6	96.8	-1.2pp

in EUR mn	Central Functions			Consolidation			Total		
	9M 2015	9M 2014	+/- %	9M 2015	9M 2014	+/- %	9M 2015	9M 2014	+/- %
Gross premiums written Total	968.6	989.6	-2.1	-846.4	-889.8	-4.9	6,912.4	7,038.6	-1.8
Profit before Taxes	-199.6	7.9	n.a.	-0.6	0.3	n.a.	175.3	440.5	-60.2
Net profit after non-controlling interests							143.2	336.7	-57.5

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.

The following securities of VIG are admitted for trading on a regulated market:

Issue title	ISIN	Trading segment
Aktie	AT0000908504	Vienna and Prague Stock Exchange, Official Market
VIG nachrang. Anl. 15	AT0000A1D5E1	Luxembourg Stock Exchange, Second Regulated Market
VIG nachrang. Schuldv.13-43	AT0000A12GN0	Vienna Stock Exchange, Second Regulated Market
Wr.Staedt. Hybridkap-Anl. 08	AT0000A09SA8	Vienna Stock Exchange, Second Regulated Market
Wr.Staedt.Vers. EK-Anl. 05-22	AT0000342696	Vienna Stock Exchange, Official Market
Wr.Staedt.Vers. var EK-Anl. 05	AT0000342704	Vienna Stock Exchange, Official Market

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