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Vienna Insurance Group continues to gain momentum All figures for the first half of 2017 show improvement

- **Premiums rise to almost EUR 5 billion (+0.9 percent)**
- **Profit (before taxes) increases to around EUR 221 million (+9.6 percent)**
- **Combined ratio clearly improved to 96.9 percent (-1 percentage point)**
- **Solvency ratio up to around 225 percent**

“All of the key figures in our 2017 half-year report show an improvement compared to the same period last year. This demonstrates our commitment to being a stable, reliable partner for our stakeholders. We are also working consistently and efficiently on our ‘Agenda 2020’ management programme, which has made significant progress since the last quarter, particularly in the assistance area,” said Elisabeth Stadler, CEO of Vienna Insurance Group, summarising the result at the end of the first half of 2017.

The results for the first half of 2017 continue the upward trend for Vienna Insurance Group (VIG). VIG generated EUR 4.97 billion in Group premiums, representing an increase of around one percent compared to the previous year. Growth continues to be affected by the decrease in single-premium life insurance business (-24.4 percent). Excluding single-premium products, the increase was a satisfactory 5.2 percent.

Profit (before taxes) was EUR 220.5 million, around 10 percent higher than in the first half of 2016.

The Group's combined ratio after reinsurance (not including investment income) improved significantly to 96.9 percent compared to the same period last year (97.9 percent).

The financial result was EUR 488.4 million, a year-on-year increase of around 9 percent.

The Group's investments including cash and cash equivalents were EUR 36.8 billion at the end of the first half of 2017 (EUR 36.2 billion as per 31 December 2016).

The Solvency ratio at the level of stock-listed VIG was up to 224.5 percent for the first half year 2017 after 194.5 percent at year-end 2016.

Lines of business recorded gains

With the exception of single-premium life insurance, clear gains were again achieved in all lines of business. Further premium increases were recorded in the neighbouring countries of the Czech Republic, Slovakia and Hungary. A very satisfactory 7.3 percent increase in premiums was achieved in Poland due to growth in motor, property and health insurance. Georgia, Serbia and Bulgaria recorded double-digit growth rates. In addition to a generally very positive performance, the exceptionally high premium increase in the Baltic States (+132 percent) was due to the first-time consolidation of the acquired company BTA Baltic this year.

Due to the restrictive underwriting policy for single-premium business, Austria recorded an overall 4.3 percent drop in premiums. When adjusted for single-premium business, premiums increased by 1.2 percent.

Positive development of key figures

The Group profit (before taxes) of EUR 220.5 million was significantly higher than the previous year result of EUR 201.3 million. The increase in profit was primarily due to improvements in the combined ratio and financial result. Romania (+62.9 percent) and Poland (+58.4 percent) recorded particularly large profit increases. This was mainly due to the measures taken for long-term improvement in the motor insurance business in both countries. Austria, the Czech Republic, Slovakia and Poland were among the countries making the largest absolute contributions to profit.

The combined ratio was 96.9 percent, one percentage point below the previous year's ratio, primarily due to the positive performance achieved in Austria and Poland. The claims ratio was 65.6 percent and the cost ratio 31.3 percent.

The financial result was EUR 488.4 million, 8.7 percent higher than in the previous year. This was primarily due to increased income from full consolidation of the non-profit housing societies and large profits realised from the sale of shares.

As of 30 June 2017, the solvency ratio was 224.5 percent (31 December 2016: 194.5 percent). A moderate increase in the risk-free yield curve, positive market developments and the issuance of subordinated debt in the first half of the year had a positive effect on the solvency ratio at the level of stock-listed VIG.

Assistance services further expanded

VIG is also promoting the area of assistance in its "Agenda 2020" management programme. VIG is focusing on establishing its own companies in this area. *"Where possible, we prefer to provide the entire value chain, all the way from offering insurance to customers, to claims handling and assistance support. Control of the claims processing process – from initial contact to payment of compensation – allows us to significantly influence and further improve service quality in our companies. In addition, selectively working together with authorised repair shops and eliminating third-party providers offers additional cost advantages,"* explained Elisabeth Stadler.

A new VIG assistance company has just been established in Romania. The assistance company successfully established in Bulgaria in 2015 will now also start to provide travel assistance for VIG Group companies in Macedonia and Serbia from autumn 2017. These services were previously offered by third-party providers in both countries. The services provided by VIG assistance companies are recognised in the market and have received many awards. In some countries, they are already being successfully sold to other financial companies (insurance companies, banks and leasing companies).

The first VIG assistance company was launched in 2013 in the Czech Republic. “Global Assistance” is not just the market leader, it also received the “Assistance Company of the Year” award from the Czech automobile association for the fifth time this year. The company operating in Slovakia since 2015 has been offering legal protection assistance in addition to motor assistance since the beginning of 2017. The Polish service company, “VIG Assistance”, uses its own GPS technology to provide the most modern motor assistance in the Polish market.

Consolidated Income Statement (IFRS)

(in EUR mn)	6M 2017	6M 2016	+/- %
Gross premiums written	4,972.4	4,928.1	0.9
Net earned premiums	4,219.0	4,191.6	0.7
Financial result incl. at equity consolidated companies	488.4	449.5	8.7
Other income	59.8	103.9	-42.4
Expenses for claims and insurance benefits	-3,394.7	-3,467.0	-2.1
Acquisition and administrative expenses	-1,030.8	-973.3	5.9
Other expenses	-121.2	-103.4	17.3
Profit before taxes	220.5	201.3	9.6
Taxes	-48.3	-46.3	4.3
Profit for the period	172.2	155.0	11.1
Non-controlling interests	-25.7	-2.3	>100
Net profit after non-controlling interests	146.6	152.7	-4.0
Earnings per share in EUR (annualized)	2.20	2.26	-2.7
Combined Ratio (net in %)	96.9	97.9	-1pp

Consolidated Income Statement (IFRS) - Quarterly Data

(in EUR mn)	Q2 2017	Q2 2016	+/- %
Gross premiums written	2,252.9	2,222.3	1.4
Net earned premiums	2,066.2	2,053.8	0.6
Financial result incl. at equity consolidated companies	240.6	225.4	6.8
Other income	30.3	67.0	-54.7
Expenses for claims and insurance benefits	-1,653.3	-1,716.5	-3.7
Acquisition and administrative expenses	-512.6	-471.0	8.8
Other expenses	-60.4	-46.9	28.6
Profit before taxes	110.9	111.7	-0.7
Taxes	-26.3	-25.4	3.6
Profit for the period	84.6	86.3	-2.0
Non-controlling interests	-7.1	-0.9	>100
Net profit after non-controlling interests	77.5	85.4	-9.3
Earnings per share in EUR (annualized)	2.33	2.55	-8.6
Combined Ratio (net in %)	97.0	98.0	-1pp

Consolidated Balance Sheet (IFRS)

Assets (in EUR mn)	30.06.2017	31.12.2016	+/- %
A. Intangible assets	2,056	2,054	0.1
B. Investments	35,081	34,646	1.3
C. Investments of unit- and index-linked life insurance	8,825	8,550	3.2
D. Reinsurers' share in underwriting provisions	1,149	985	16.6
E. Receivables	1,618	1,460	10.8
F. Tax receivables and advance payments out of income tax	245	237	3.6
G. Deferred tax assets	77	138	-43.9
H. Other assets	366	348	5.2
I. Cash and cash equivalents	1,734	1,590	9.1
Total Assets	51,151	50,008	2.3

Liabilities and Shareholders' Equity (in EUR mn)	30.06.2017	31.12.2016	+/- %
A. Shareholders' equity	5,776	5,711	1.1
B. Subordinated liabilities	1,467	1,265	16.0
C. Underwriting provisions	29,990	29,220	2.6
D. Unit- and index-linked underwriting provisions	8,407	8,130	3.4
E. Non-underwriting provisions	784	815	-3.8
F. Liabilities	4,130	4,203	-1.7
G. Tax liabilities out of income tax	209	181	15.0
H. Deferred tax liabilities	242	325	-25.5
I. Other liabilities	146	158	-7.1
Total Liabilities and Shareholders' Equity	51,151	50,008	2.3

Segment Reporting (IFRS)

in EUR mn	Austria			Czech Republic			Slovakia		
	6M 2017	6M 2016	+/- %	6M 2017	6M 2016	+/- %	6M 2017	6M 2016	+/- %
Gross premiums written Total	2,167.0	2,264.9	-4.3	822.2	791.9	3.8	399.2	374.1	6.7
Profit before Taxes	77.5	75.2	3.1	76.6	77.6	-1.3	25.9	25.9	0.0
Combined Ratio (net in %)	95.8	99.3	-3.5pp	96.5	92.8	3.7pp	95.2	96.5	-1.3pp

in EUR mn	Poland			Romania			The Baltic		
	6M 2017	6M 2016	+/- %	6M 2017	6M 2016	+/- %	6M 2017	6M 2016	+/- %
Gross premiums written Total	445.0	414.5	7.3	258.5	266.7	-3.1	162.7	70.2	>100
Profit before Taxes	22.0	13.9	58.4	5.8	3.6	62.9	-4.6	-6.3	-26.3
Combined Ratio (net in %)	94.8	99.7	-4.9pp	99.3	101.0	-1.7pp	104.2	131.1	-26.9pp

in EUR mn	Hungary			Bulgaria			Turkey/Georgia		
	6M 2017	6M 2016	+/- %	6M 2017	6M 2016	+/- %	6M 2017	6M 2016	+/- %
Gross premiums written Total	123.1	116.8	5.4	82.5	75.0	10.0	114.1	113.0	1.0
Profit before Taxes	2.4	1.7	40.7	4.3	3.8	13.8	4.3	3.9	8.2
Combined Ratio (net in %)	98.4	105.0	-6.6pp	98.3	99.0	-0.7pp	99.1	97.0	2.1pp

in EUR mn	Remaining CEE			Other Markets			Central Functions		
	6M 2017	6M 2016	+/- %	6M 2017	6M 2016	+/- %	6M 2017	6M 2016	+/- %
Gross premiums written Total	181.0	165.8	9.2	137.9	202.3	-31.8	738.2	699.6	5.5
Profit before Taxes	8.4	8.7	-3.4	11.8	10.5	12.8	-13.5	-16.7	-19.3
Combined Ratio (net in %)	99.1	99.5	-0.4pp	83.5	84.4	-0.9pp			

in EUR mn	Consolidation			Total		
	6M 2017	6M 2016	+/- %	6M 2017	6M 2016	+/- %
Gross premiums written Total	-659.0	-626.7	5.1	4,972.4	4,928.1	0.9
Profit before Taxes	-0.3	-0.4	-25.0	220.5	201.3	9.6
Combined Ratio (net in %)				96.9	97.9	-1pp
Net profit after non-controlling interests				146.6	152.7	-4.0

Calculation differences may arise when rounded amounts and percentages are summed automatically.

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 more than 24,000 employees, Vienna Insurance Group is the clear market leader in its Austrian and CEE 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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