**INVESTOR INFORMATION**

VIG
VIENNA INSURANCE GROUP

17 March 2016

# VIENNA INSURANCE GROUP HAS AN APPETITE FOR MORE

## ALL VIG MARKETS ARE BEING EXAMINED FOR POTENTIAL

- **Strategic cornerstones are kept**
- **Clear commitment to growth**
- **Strategy refinement for individual markets**
- **Outlook for 2016: Expected profit of up to EUR 400 million**
- **Solvency II ratio of around 200 percent**

Vienna Insurance Group (VIG) will be examining its markets from the Baltics to the Black Sea in coming months for further growth potential. Vienna Insurance Group aims to increase market share to at least 10 percent in Poland, Hungary, Croatia and Serbia over the medium term. The health insurance line of business will be promoted. VIG continues to maintain its cornerstones. Vienna Insurance Group's solid capital structure forms a foundation for its strategy. At Group level, stock exchange listed VIG has a Solvency II ratio of around 200 percent.

**Strategic cornerstones maintained**
*"We still have an appetite for further growth"*, announced Elisabeth Stadler, Chairwoman of the Managing Board of Vienna Insurance Group at a press conference in the Vienna Ringturm on 17 March (a recording of the press conference will be available in the afternoon of 17 March at www.vig.com). Together with the VIG Managing Board team the Chairwoman used the first few weeks in her new position to carefully analyse the current strategy and market conditions.

VIG is the largest insurance group in Austria and the leading insurer in Central and Eastern Europe (CEE). *"We now earn around half our premiums in the CEE region, and in terms of profits this even rises significantly higher than 50 percent. VIG management is therefore maintaining its business focus on Central and Eastern Europe and the cornerstones of its strategy"*, stressed Ms Stadler. VIG's management principles are: a multi-brand strategy, local entrepreneurship, multi-channel distribution and conservative investments and reinsurance policies.

**Profitable growth as proven maxim**
VIG will carefully examine its 25 markets for growth potential in coming months. *"The quality of life is improving steadily in CEE markets, and this also generates an increasing demand for insurance solutions. We aim to take advantage of this potential. In some of these markets we recorded double-digit growth in the previous year,"* explains Ms Stadler.

Based on data from the International Monetary Fund from October 2015, GDP growth over the last five years was 55 percent higher in the CEE countries than in Austria, after adjusting for purchasing power parity. The forecasts for 2020 predict a further increase of more than 60 percent compared to Austria. Insurance density rose 64 percent in the CEE region from 2004 to 2014, while rising 25 percent in the EUR-15 area. „*Profitability naturally plays a major role in all our considerations. If it is unprofitable, it is taboo for us*," added Ms Stadler.

**Strategy refinement**
VIG aims to grow both organically and through acquisitions. *"Acquisitions will be made where it appears to make economic sense for us and to enable us to achieve the desired market position quicker,"* clarified Ms Stadler. Countries in which VIG has top market shares will be consolidated. These include the Czech Republic and Slovakia, each with a market share of significantly more than 30 percent, and Austria with close to 24 percent. VIG wants to increase its market share to at least 10 percent over the medium term respectively in Poland, Hungary, Croatia and Serbia.

With respect to products and services, a new focus will be placed on digitisation. *"We already have many innovative products and services in our Group. We are checking to see whether and how this potential can be used by multiple companies or transferred to multiple markets."* Many countries are discussing their health care systems and the ability to fund them. VIG will therefore place a stronger focus on health insurance in the future.

**Sound capitalisation and a strong awareness of costs**
VIG is the only insurance group in Austria with a "partial internal model" for calculating Solvency II capital adequacy that has been approved by the Austrian Financial Market Authority.
A Solvency II ratio of around 200 percent is expected for 2015. Ms Stadler: *"Our capital resources therefore continue to be in the forefront of internationally active insurance groups."*

Although the Group is aiming for growth, cost-efficiency remains a focus. *"Maintaining a continuous focus on costs has helped VIG avoid major cost cutting programs. To this end, we want to examine where consolidation might make sense and where we can combine services and processes for multiple companies"*, stated Ms Stadler.

**Preliminary Results for 2015 and Outlook for 2016*)**
In the financial year 2015, a solid premium volume of preliminary EUR 9 billion was recorded. Increases were registered in the segments of property and casualty with 0.8 percent, health with 3.0 percent and life insurance with regular premiums of 4.9 percent. Due to the low-interest rate environment, a deliberately restrictive single-premium policy was pursued in life insurance, which has led to a decline in premiums in this segment of 15.7 percent. This resulted in a total slight decrease of 1.4 percent compared to the previous year.

The preliminary profit (before taxes) for the financial year 2015 amounts to around EUR 172 million. In addition to the extraordinary depreciation, announced in November 2015, further measures were included in the results: In Romania, the management made a more cautious estimate regarding the development of claims despite the improving market environment. In Poland the existing insurance portfolios were written off due to changes in taxation for banks and insurance companies. The reorganisation of the managing board led to a revised allocation of country responsibilities. In this context, the previously defined Cash Generating Units will, as of 1 January 2016, be shown at country level. This resulted in a depreciation requirement in some countries, which was included in the results for 2015.

Although VIG will in 2016 continue to operate in a results-depressing low-interest environment, the management aims to at least double the profit (before taxes) up to EUR 400 million.

The dividend policy that has been pursued since 2005 with a minimum distribution of 30 percent of the net group profit (after minority interests) also remains untouched. For the financial year 2015, the managing board will propose a dividend of 60 Cent per share to the statutory bodies. This corresponds to a dividend payout ratio well above 30 percent of approximately 78 percent.

The combined ratio amounted to preliminary 97.3 percent in 2015 and was only marginally above the previous year's value of 96.7 percent. In the medium term, VIG aims for an improvement of the combined ratio towards 95 percent.

***) Notice**
The information in this press release for financial year 2015 is based on preliminary unaudited data. The final audited information for financial year 2015 will be published in a press release on 7 April 2016.

**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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