

20 May 2020

Vienna Insurance Group premiums increase in the first quarter of 2020 Effects of the COVID-19 pandemic expected starting in Q2 2020, in spite of the good start of the year

- **Premiums rise to EUR 3.1 billion (+7.2%)**
- **Profit (before taxes) decreases to EUR 121.9 million (-4.4%)**
- **Net result increases to EUR 85.8 million (+2.8%)**
- **Combined ratio 95.1% (-1.7 percentage points)**

Vienna Insurance Group (Wiener Versicherung Gruppe) achieved a positive business development in the first quarter of 2020. *“We recorded a very good start into the year, with a significant increase in premiums. This was due to strong performance in the months of January and February 2020 that significantly compensated for the initial effects of the restrictions implemented starting in the middle of March in the battle against COVID-19. Premium losses due to a decrease in new business will primarily be noticeable starting in the second quarter of 2020 and are expected to continue for the remainder of the financial year,”* explained CEO Elisabeth Stadler. Branch offices in the countries where the VIG Group operates gradually began to re-open starting in the beginning of May. Service locations are once again available to customers with no restrictions, subject to compliance with appropriate safety measures.

Increase in premiums

Total premium volume reached EUR 3.1 billion in the first three months of 2020. This corresponds to an increase of 7.2% compared to the first quarter of 2019. Premium increases were achieved in all lines of business in the first quarter of this year. Single premium in life insurance recorded double-digit growth (+29.8%). The Austria and Poland segments recorded the highest absolute premium increases.

Stable result

The first quarter of 2020 closed on a positive note, with a somewhat lower profit (before taxes) of EUR 121.9 million (-4.4%) and a slightly higher net profit (after taxes and non-controlling interests) of EUR 85.8 million (+2.8%), despite initial dampening effects of the COVID-19 pandemic.

Combined ratio improves by 1.7 percentage points

The claims ratio was significantly lower year-on-year in the first quarter of 2020, leading to a combined ratio of 95.1% (Q1 2019: 96.8%). The Baltic states, Slovakia and Turkey/Georgia segments showed major improvements in the combined ratios.

The financial result (excl. the result from at-equity consolidated companies) amounted to EUR 136 million in the first quarter of 2020, 25% less than the same period in the previous year. This was primarily due to deconsolidation of the non-profit housing societies on 31 July 2019, and increased impairment of investments. Group investments including cash and cash equivalents were EUR 34.7 billion as of 31 March 2020.

VIG Group gradually returning to the “new normal”

In May, a gradual start was made, taking into account the locally applicable provisions and requirements, to enable limited office operations again for the employees, most of whom work in home offices. The main focus is on providing customer service while observing strict health and safety regulations. Furthermore, a regular exchange on the current situation in the VIG countries takes place with the local management of the VIG Group companies. Capital market developments are also being closely monitored. The coronavirus crisis is mainly affecting the VIG Group due to its effects on capital market performance. There have also been some decreases in new business that could not be compensated by a simultaneous increase in online business.

Consolidated Income Statement (IFRS)

(in EUR mn)	3M 2020	3M 2019	+/- %
Gross premiums written	3,118.2	2,908.2	7.2
Net earned premiums	2,488.3	2,303.0	8.0
Financial result incl. at equity consolidated companies	140.8	186.6	-24.6
Other income	86.2	65.1	32.3
Expenses for claims and insurance benefits	-1,883.6	-1,756.6	7.2
Acquisition and administrative expenses	-609.0	-575.5	5.8
Other expenses	-100.7	-95.2	5.8
Result before taxes	121.9	127.5	-4.4
Taxes	-33.1	-26.2	26.4
Result of the period	88.8	101.3	-12.3
Non-controlling interests	-2.9	-17.8	-83.5
Net result after non-controlling interests	85.8	83.5	2.8
Earnings per share in EUR (annualized)	2.68	2.61	2.8
Combined Ratio (net in %)	95.1	96.8	-1.7pp

Consolidated Balance Sheet (IFRS)

Assets (in EUR mn)	31.03.2020	31.12.2019	+/- %
A. Intangible assets (incl. Right-of-Use Assets)	2,068	2,137	-3.2
B. Investments	33,264	34,456	-3.5
C. Investments of unit- and index-linked life insurance	7,479	8,620	-13.2
D. Reinsurers' share in underwriting provisions	1,348	1,283	5.0
E. Receivables	1,803	1,717	5.0
F. Tax receivables and advance payments out of income tax	215	227	-5.4
G. Deferred tax assets	170	69	>100
H. Other assets	378	392	-3.5
I. Cash and cash equivalents	1,442	1,443	-0.1
Total Assets	48,167	50,345	-4.3

Liabilities and Shareholders' Equity (in EUR mn)	31.03.2020	31.12.2019	+/- %
A. Shareholders' equity	4,701	5,191	-9.4
B. Subordinated liabilities	1,463	1,465	-0.1
C. Underwriting provisions	31,281	31,886	-1.9
D. Unit- and index-linked underwriting provisions	7,008	8,116	-13.7
E. Non-underwriting provisions	917	932	-1.6
F. Liabilities	2,160	2,095	3.1
G. Tax liabilities out of income tax	339	251	35.3
H. Deferred tax liabilities	154	262	-41.3
I. Other liabilities	144	148	-2.9
Total Liabilities and Shareholders' Equity	48,167	50,345	-4.3

Segment Reporting (IFRS)

in EUR mn	Austria			Czech Republic			Slovakia		
	3M 2020	3M 2019	+/- %	3M 2020	3M 2019	+/- %	3M 2020	3M 2019	+/- %
Gross premiums written Total	1,364.8	1,278.8	6.7	465.8	454.9	2.4	219.7	209.6	4.8
Result before taxes	41.4	45.4	-8.9	45.5	41.5	9.6	13.0	10.6	23.4
Combined Ratio (net in %)	95.5	96.6	-1.1pp	94.6	95.6	-1pp	91.3	96.4	-5.1pp

in EUR mn	Poland			Romania			The Baltic		
	3M 2020	3M 2019	+/- %	3M 2020	3M 2019	+/- %	3M 2020	3M 2019	+/- %
Gross premiums written Total	313.5	250.4	25.2	125.9	115.9	8.6	131.0	133.3	-1.7
Result before taxes	13.6	12.3	10.8	2.1	2.0	4.1	3.1	0.1	>100
Combined Ratio (net in %)	93.8	95.1	-1.3pp	100.1	101.6	-1.5pp	92.1	99.9	-7.8pp

in EUR mn	Hungary			Bulgaria			Turkey/Georgia		
	3M 2020	3M 2019	+/- %	3M 2020	3M 2019	+/- %	3M 2020	3M 2019	+/- %
Gross premiums written Total	98.7	81.2	21.6	62.2	66.5	-6.5	71.7	56.8	26.3
Result before taxes	2.2	2.2	3.8	5.4	4.3	26.0	2.4	2.3	2.8
Combined Ratio (net in %)	97.6	98.0	-0.4pp	91.4	95.1	-3.7pp	93.7	101.1	-7.4pp

in EUR mn	Remaining CEE			Other Markets			Central Functions		
	3M 2020	3M 2019	+/- %	3M 2020	3M 2019	+/- %	3M 2020	3M 2019	+/- %
Gross premiums written Total	126.8	107.6	17.9	77.4	79.1	-2.2	483.9	453.1	6.8
Result before taxes	8.2	7.2	13.7	8.1	7.5	8.8	-26.2	-8.8	>100
Combined Ratio (net in %)	100.2	94.1	6.1pp	76.0	78.9	-2.9pp	-	-	-

in EUR mn	Consolidation			Total		
	3M 2020	3M 2019	+/- %	3M 2020	3M 2019	+/- %
Gross premiums written Total	-423.2	-379.1	11.6	3,118.2	2,908.2	7.2
Result before taxes	3.1	1.2	>100	121.9	127.5	-4.4
Combined Ratio (net in %)	-	-	-	95.1	96.8	-1.7pp
Net result after non-controlling interests	-	-	-	85.8	83.5	2.8

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

Information on reporting

Vienna Insurance Group (Wiener Versicherung Gruppe) has modified its reporting in response to a change in the rules for the prime market segment of the Vienna Stock Exchange. No changes will be made to the annual and half-year financial reports. Starting in 2019, interim reports in accordance with IAS 34 will no longer be prepared for the 1st and 3rd quarters. The quarterly figures for net assets, financial position and results of operations for the 1st and 3rd quarters were prepared in accordance with the International Financial Reporting Standards (IFRS).

IR news and a results presentation are available at www.vig.com/events

Vienna Insurance Group (Wiener Versicherung Gruppe) is the leading insurance group in Austria and Central and Eastern Europe (CEE). Around 50 insurance companies in 30 countries form a Group with a long-standing tradition, strong brands and close customer relations. The more than 25,000 employees in the Vienna Insurance Group (Wiener Versicherung Gruppe) take care of the day-to-day needs of more than 22 million customers. VIG shares have been listed on the Vienna Stock Exchange since 1994 and were awarded an A+ rating with stable outlook by the internationally recognised rating agency Standard & Poor's. That is the best rating of all companies in the ATX, the leading index of the Vienna Stock Exchange. Vienna Insurance Group (Wiener Versicherung Gruppe) cooperates closely with the Erste Group, the largest retail bank in Central and Eastern Europe.

Disclaimer

This release contains forward-looking statements that concern future developments in Vienna Insurance Group (Wiener Versicherung Gruppe). These statements are based on current assumptions and forecasts made by the management of Vienna Insurance Group (Wiener Versicherung Gruppe). Changes in general economic developments, future market conditions, capital markets and other circumstances could result in actual events or results differing significantly from these forward-looking statements. The Vienna Insurance Group AG Wiener Versicherung Gruppe assumes no obligation to update these forward-looking statements or modify them based on future events or developments.

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