VIENNA INSURANCE GROUP

TWOTHOUSANDAND
SAFE

Group Annual Report 2014 Vienna Insurance Group

VIG
VIENNA INSURANCE GROUP

Get informed and be on

THE SAFE SIDE

If a VIG newspaper is not included, simply send an email to info@vig.com and we will send you your own personal copy.


THE SAFE SIDE
46%
Together we are stronger and better

THE SAFE SIDE

Everything, it's safe to say, you should know about VIG.

GROUP ANNUAL REPORT 2014

Whether it is two thousand and fourteen or the future, at Vienna Insurance Group the clocks are always at

TWOTHOUSANDAND SAFE

INSURANCE COMPANIES OFFER SECURITY. BUT YOU RECEIVE EVEN MORE FROM VIENNA INSURANCE GROUP: RELIABILITY, STABILITY AND TRUSTWORTHINESS.

Our employees fill these words with life in 25 markets in Austria and Central and Eastern Europe. For the benefit of our customers.

It is not merely chance that Vienna Insurance Group (VIG) is number 1 in its core markets. This leading position is the result of carefully thought-out strategies, hard work and motivated employees. This is the only way we can be a safe partner for our customers. Day after day.

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THE SAFE SIDE

46%

Together we are stronger and better
Vienna Insurance Group – securely one step ahead

VIG

SUPPLEMENT TO THE GROUP ANNUAL REPORT 2014

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THE SAFE SIDE

Everything, it's safe to say, you should know about VIG.

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SERVICE

An online version of the Annual Report is available at www.vig.com/AR2014

VIG's IR app is available for iPad users at www.vig.com/iPad

Please note: Our goal is to make the annual report quick and easy to read. For this reason we have not used phrasing such as "he/she", "his/her", etc. It should be understood that the text always refers to women and men equally without discrimination.

"Wiener for Serbia"
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HIGHLIGHTS 2014

Group premiums EUR 9.1 billion
Close to the same level as the previous year, in spite of negative factors (in particular, exchange rate effects, Poland, Italy), around 54.8% of all premiums generated outside Austria. **Page 29**

No. 1 in the core markets
VIG expands its market share in core markets to a total of 19%. **Page 10**

Profit before taxes EUR 518.4 million
Result improves significantly by 46.0% over previous year – all lines of business and regions provide positive contributions. Earnings per share rose even more strongly by 75.5% to EUR 2.75. **Page 30 and 31**

Planned dividend per share EUR 1.40
VIG maintains dividend policy with an increase of EUR 0.10.

96.7% net combined ratio
Underwriting result improves in spite of numerous natural disasters. The programme and measures for improving efficiency and profitability will be systematically continued. **Page 31**

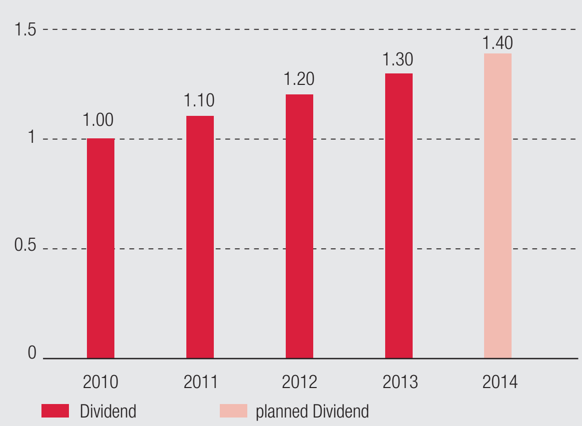
Optimally prepared for Solvency II
Due to effective Group-wide preparations, VIG is optimally prepared for this reform of capital requirements. **Page 26**

A+ with a stable outlook
Confirmed by Standard & Poor's again. VIG has the best rating in the ATX Index.

Entry into the Moldovan market
VIG's acquisition of the Moldovan insurer Donaris extends its operations to 25 countries. **Page 77**

DEVELOPMENT OF DIVIDEND PER SHARE

in EUR



DEAR SHAREHOLDERS, LADIES AND GENTLEMEN!

As a leading insurance company in Austria and Central and Eastern Europe, we especially stand out from other insurance companies during challenging times of high volatility and uncertainty: as a reliable partner for our customers, an attractive employer for our employees and a transparent, profitable company for you, our valued shareholders. VIG stands for **V**alue **I**nspired **G**rowth. In 2014, we proved that we can achieve this goal even when times are bad.

The Group wrote EUR 9.1 billion in premiums, close to the same level as the previous year, in spite of negative exchange rate effects, necessary optimisation measures in Italy and an intentional reduction in low-margin short-term single-premium business in Poland. In Austria, which continues to be our largest single market, Wiener Städtische generated above-average growth that compensated for the decline in Italy due to Donau Versicherung. Although exchange rate effects caused premiums to decline by 4.5% in the Czech Republic, when adjusted for these effects premiums rose by 1.3%, which meant that the Czech Republic remained our largest market in the CEE region. It was followed by Poland, where we continued to reduce our business in low-margin short-term single-premium life insurance products, thereby accepting a premium decrease of 9.5%. The Re-

maining Markets grew by more than 8.9%, the highest rate in the entire VIG Group. In the CEE region, performance in Albania, the Baltic States and Hungary was particularly noteworthy.

I am particularly pleased that the positive development of premiums was also reflected in VIG's results of operations. Our underwriting result improved substantially in 2014, and profit before taxes rose 46.0% over the previous year to EUR 518.4 million, in spite of lower investment income due to the current low level of interest rates and a EUR 79 million write-down of Hypo Alpe Adria bonds. Moreover, Poland, Slovakia and the Remaining Markets provided their best performance to date. For the first time in years, Romania once again achieved a positive result. The Czech Republic achieved the highest profit before taxes in the Group, partly because the results in Austria were negatively affected by the write-down of Hypo Alpe Adria bonds mentioned above. This shows that our efforts to increase efficiency and profitability have truly paid off. The same applies to our combined ratio of 96.7%, which was significantly below the 100% mark in 2014. As a result of these positive developments, we will propose in the Annual General Meeting in May 2015 that our dividend policy be maintained by increasing the dividend from EUR 1.30 in the previous year to EUR 1.40 per share.

Vienna Insurance Group is excellently positioned in Central and Eastern Europe.

In addition to these operating successes, our entry into Moldova in 2014 expanded the group of markets in which VIG operates to 25 countries. This puts the VIG Group in an excellent position in Central and Eastern Europe. Our total market share of 19% makes us number 1 in our core markets and further expands our leading position.

We will continue to strengthen this successful position in future years and use it to achieve earnings-oriented growth. We aim to continue growing faster than the overall market, while maintaining our focus on Austria and the CEE region. The current low interest rate environment is expected to cause a decline in our ordinary financial result in 2015 that is not likely to be overcompensated by another increase in our underwriting result. In addition to our excellent capital resources and outstanding rating, we will also do everything in the future to safeguard the advantages that VIG offers. This fundamental attitude is also reflected in the title given to the newspaper included with this VIG Annual Report 2014: VIG is on "the safe side" – now and in the future.

With this in mind, I want to thank you on behalf of the Managing Board for the confidence you have placed in us. I would also particularly like to thank the around 23,000 employees of VIG for their outstanding efforts and commitment in 2014.

Peter Hagen
General Manager of VIG

Note: Detailed information on VIG's business strategy is provided on page 9 of the paper "The Safe Side" that is included with this report.

KEY FIGURES …

		2012	2013 restated	2014
Income statement				
Premiums written	EUR millions	**9,646.03**	**9,218.57**	**9,145.73**
Property and casualty insurance	EUR millions	4,673.44	4,618.38	4,560.39
Life insurance	EUR millions	4,581.08	4,202.37	4,199.04
Health insurance	EUR millions	391.51	397.82	386.30
Premiums written	EUR millions	**9,646.03**	**9,218.57**	**9,145.73**
Austria	EUR millions	4,122.53	4,073.88	4,076.99
Czech Republic	EUR millions	1,795.58	1,762.08	1,683.41
Slovakia	EUR millions	704.11	744.67	726.99
Poland	EUR millions	1,611.74	1,142.30	1,034.05
Romania	EUR millions	408.61	361.80	339.67
Remaining Markets	EUR millions	975.56	1,061.64	1,155.64
Central Functions	EUR millions	1,341.44	1,303.85	1,289.84
Consolidation	EUR millions	-1,313.53	-1,231.64	-1,160.86
Results from investments	EUR millions	**1,242.33**	**1,226.85**	**1,116.86**
Profit before taxes	EUR millions	**563.70**	**355.15**	**518.37**
Property and casualty insurance	EUR millions	330.93	53.58	309.64
Life insurance	EUR millions	201.37	266.00	161.57
Health insurance	EUR millions	31.40	35.57	47.16
Profit before taxes	EUR millions	**563.70**	**355.15**	**518.37**
Austria	EUR millions	295.98	235.09	169.73
Czech Republic	EUR millions	194.97	197.82	177.87
Slovakia	EUR millions	56.89	55.26	59.46
Poland	EUR millions	41.57	50.22	55.16
Romania	EUR millions	-44.86	-98.70	6.08
Remaining Markets	EUR millions	39.13	49.00	51.66
Central Functions	EUR millions	-20.08	-133.31	-2.24
Consolidation	EUR millions	0.10	-0.23	0.67
Profit for the period after taxes and non-controlling interest	EUR millions	**425.52**	**234.33**	**366.80**
Balance sheet				
Investments*	EUR millions	**35,906.59**	**35,800.89**	**38,101.72**
Shareholders' equity	EUR millions	**5,688.61**	**4,966.55**	**5,283.43**
Underwriting provisions	EUR millions	**32,021.77**	**32,469.83**	**35,282.37**
Total assets	EUR millions	**42,310.80**	**41,938.62**	**44,425.09**
Share				
Number of shares	Units	**128,000,000**	**128,000,000**	**128,000,000**
Market capitalisation	EUR millions	**5,168.00**	**4,636.80**	**4,746.24**
Average number of shares traded by day	Units	**~ 76,000**	**~ 64,000**	**~ 65,000**
Year-end price	EUR	**40.375**	**36.225**	**37.080**
High	EUR	**40.375**	**42.810**	**40.070**
Low	EUR	**27.630**	**34.260**	**33.800**
Share performance for the year (excluding dividends)	%	**31.86**	**-10.28**	**2.36**
Dividend per share	EUR	**1.20**	**1.30**	**1.40****
Dividend yield	%	**2.97**	**3.59**	**3.78**
Earnings per share	EUR	**3.01**	**1.57**	**2.75**
Price-earnings ratio as of 31 December		**13.41**	**23.08**	**13.48**
Number of employees (average for the year)		**24,086**	**23,362**	**23,360**
thereof Austria		5,405	5,235	5,202
thereof outside Austria		17,961	17,584	17,725
thereof central functions		720	543	433

* Incl. unit-linked and index-linked life insurance investments and excl. cash and cash equivalents ** Planned dividend; rounding differences may occur when rounded amounts or percentages are added

… AT A GLANCE

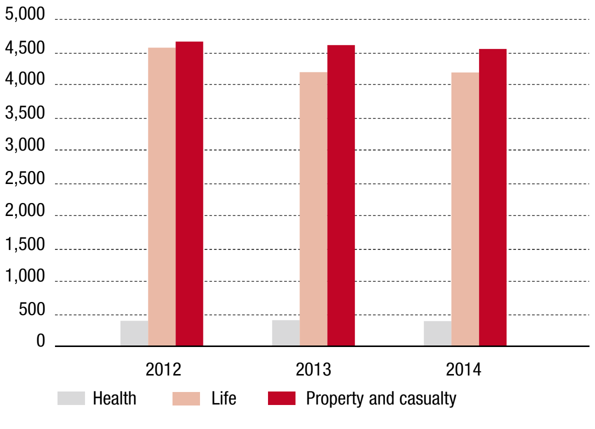
VIG BY REGION

Country	Premium volume total	Premium volume life	Premium volume property and casualty and health	Employees
	(EUR '000)	(EUR '000)	(EUR '000)	
Austria	**4,076,992**	**1,870,739**	**2,206,253**	**5,202**
Czech Republic	**1,683,406**	**856,752**	**826,654**	**4,802**
Slowakia	**726,987**	**395,889**	**331,098**	**1,579**
Poland	**1,034,051**	**480,194**	**553,857**	**1,825**
Romania	**339,673**	**54,360**	**285,313**	**2,351**
Remaining Markets	**1,155,639**	**531,424**	**624,215**	**7,168**
Albania	33,526	–	33,526	411
Baltic States	51,562	51,562	–	142
Bosnia-Herzegovina	11,544	766	10,778	219
Bulgaria	114,305	27,802	86,503	812
Germany	175,011	81,929	93,082	116
Georgia	43,044	–	43,044	550
Croatia	90,880	56,615	34,265	799
Liechtenstein	170,766	170,766	–	10
Macedonia	23,566	34	23,532	343
Moldova	–	–	–	396
Serbia	71,651	28,151	43,500	1,240
Turkey	127,365	–	127,365	231
Ukraine	62,435	3,058	59,377	1,471
Hungary	179,982	110,740	69,242	428

Moldova was included on 31.12.2014. The Montenegro and Belarus markets were not included in the Vienna Insurance Group consolidated financial statements in 2014. There are also branch offices in Italy and Slovenia.

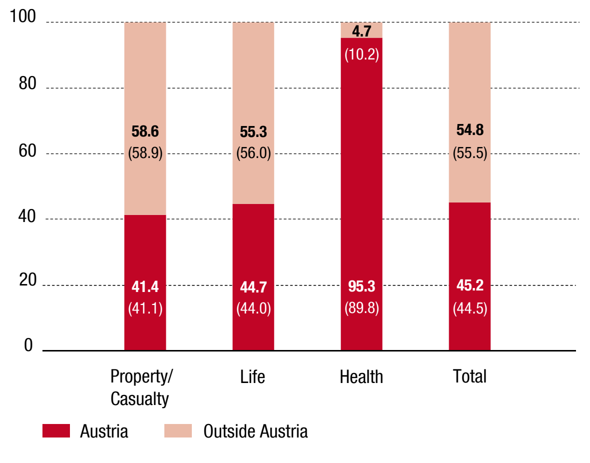
PREMIUM DEVELOPMENT BY LINES OF BUSINESS

in EUR million



PERCENTAGE OF PREMIUMS BY REGION 2014 (VALUES FOR 2013 IN PARENTHESES)

in per cent



VIENNA INSURANCE GROUP COMPANY PROFILE

Approximately 23,000 employees in around 50 Group companies in 25 countries generated around EUR 9.1 billion in premiums in 2014, making us one of the leading listed insurance groups in Austria and Central and Eastern Europe. As the number 1 insurance company in our core markets, we provide our customers an outstanding portfolio of products and services in the areas of property and casualty, life and health insurance.

From Austria to Central and Eastern Europe

VIG's roots go all the way back to the year 1824 in Austria: 190 years of history in which the Company developed from a successful local insurer to a leading international insurance group. The story begins with Wiener Städtische, one of the first Western European companies in its industry to recognise the growth opportunities in Central and Eastern Europe, and to take a chance on entering the market in the former Czechoslovakia in 1990. Additional markets followed, with the Company expanding into Hungary in 1996, Poland in 1998, Croatia in 1999 and Romania in 2001, to mention only a few examples. Following its entry into the Moldovan market in 2014, Vienna Insurance Group now operates in 25 markets.

The leading insurance specialist in the CEE region.

Number 1 in its core markets

VIG's core markets include Austria, the Czech Republic, Slovakia, Poland, Romania, Bulgaria, Croatia, Hungary, Serbia and Ukraine. With a market share of 19%, VIG is the clear number 1 insurer in these markets.

The VIG markets in Central and Eastern Europe generated more than half of the approximately EUR 9.1 billion in Group premiums in 2014 – a clear indication of the success of the CEE expansion strategy. VIG is convinced that the region will continue to converge economically, leading to further increases in the demand for insurance.

VIG RE, the reinsurance company that was established by VIG in 2008, has its registered office in the Czech Republic, thereby stressing the importance of the CEE region as a growth market for VIG.

Customer proximity – in 25 markets

Local entrepreneurship, and the customer proximity it brings, plays a key role in VIG's success and is reflected in the regional ties, multi-brand strategy and the wide variety of distribution channels used. The Group therefore intentionally relies on established regional brands united under the Vienna Insurance Group umbrella, because it is the individual strengths of these brands and local expertise that make VIG successful as a corporate group.

Success thanks to a focus on our core business and binding values

VIG is a progressive, highly risk-conscious insurer that focuses on its core business, the insurance business. It offers security in the form of reliability, trustworthiness and soundness – not only to its customers, but also in its dealings with business partners, employees and shareholders. All its business decisions in this regard are based on ethical values such as honesty, integrity, diversity, equal opportunity and customer orientation.

The effects of this fundamental approach are shown not only by its strategy of continuous sustainable growth, but also its excellent creditworthiness. In July 2014 the internationally recognised rating agency Standard & Poor's confirmed its A+ rating with a stable outlook. As a result, VIG continues to have the best rating of all companies in the ATX, the leading index of the Vienna Stock Exchange.

Two strong partners in the CEE region: VIG and the Erste Group

The Erste Group is one of the leading banking groups in Central and Eastern Europe, with strong ties to Austria. VIG and the Erste Group entered into a strategic partnership in 2008 that has benefited both of them. In markets where both groups are active, Erste Group branches market VIG insurance products and VIG Group companies offer Erste Group bank products in return.

Strong stock-exchange presence, long-term principal shareholder

VIG shares have been listed on the Vienna Stock Exchange since October 1994. At the end of 2014, slightly more than 20 years after its IPO, VIG was one of the top companies in the Prime Market of the Vienna Stock Exchange, with a market capitalisation of around EUR 4.7 billion. While the ATX leading index fell by 15.2% in 2014, VIG shares once again proved their stability by achieving a price gain of around 2.4%. The Company's dividend policy is based on stability and continuity. VIG has paid a dividend every year since its IPO, the latest being EUR 1.30 per share in 2013. A further dividend increase of EUR 0.10 to EUR 1.40 will be proposed in the Annual General Meeting in 2014.

VIG's secondary listing on the Prague Stock Exchange in February 2008 underscores the great importance of the Central and Eastern European region to the Company. With a market capitalisation of around CZK 132.1 billion, VIG was also one of the largest companies on the Prague Stock Exchange at the end of 2014.

Around 70% of VIG's shares are held by Wiener Städtische Versicherungsverein, a stable principal shareholder with a long-term orientation. The remaining shares are in free float.

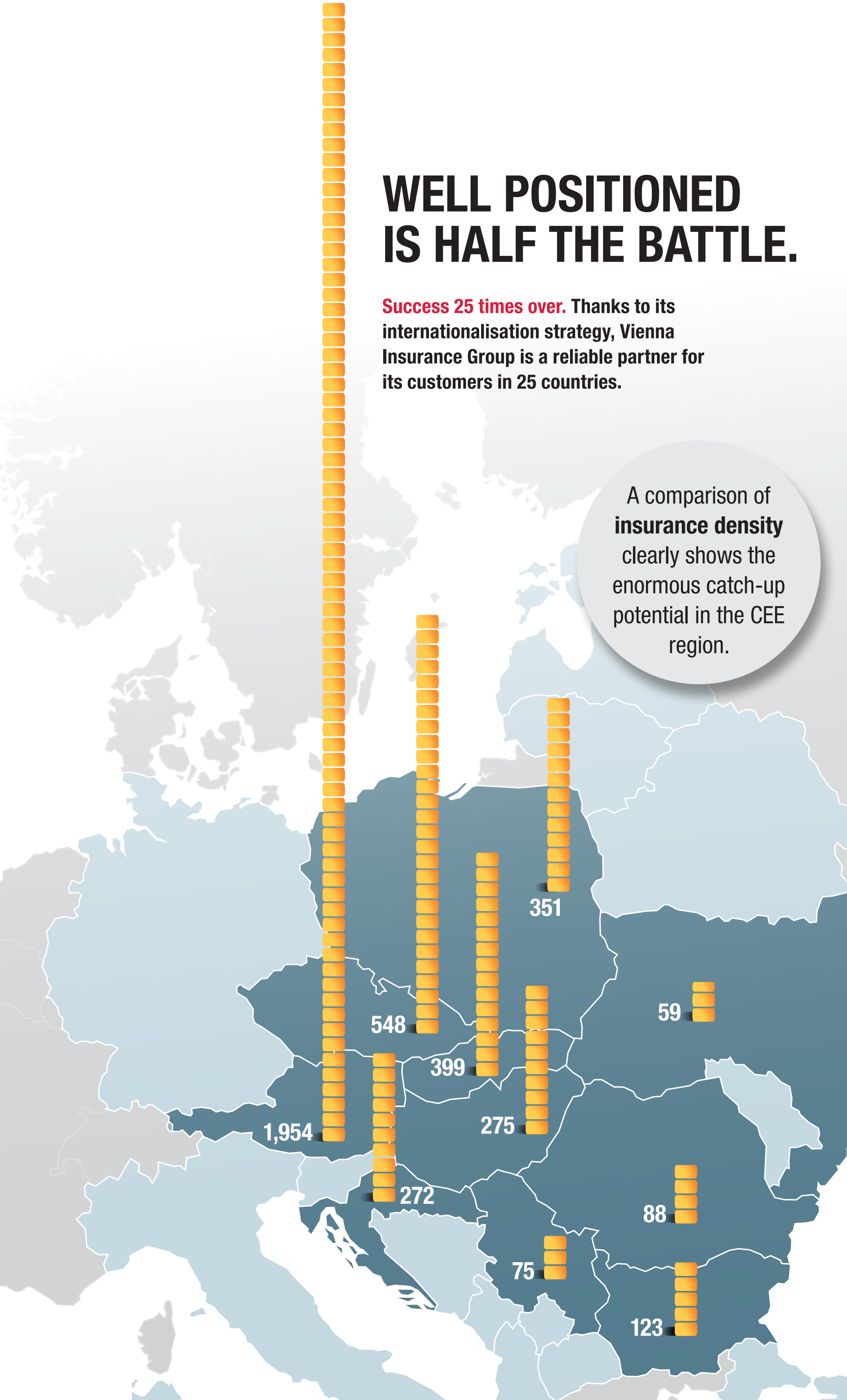
Employer of choice
In addition to being first choice for insurance products, VIG also wants to be the first choice as an employer and attract the most talented and intelligent employees. A wide array of measures, such as identifying and developing each employee's individual skills, are implemented by a modern People Management department. Diversity is seen as an opportunity and is part of day-to-day life at VIG. Importance is attached to creating the conditions needed to enable women to develop their full potential. This is because Vienna Insurance Group is aware that its success is based on people, and therefore on the dedication of its approximately 23,000 employees.

KEY POINTS IN THE BUSINESS STRATEGY

- **Focus on Austria and the CEE region**
- **Concentrate on the core business of "insurance"**
- **Local entrepreneurship: "Think globally – act locally"**
- **Multi-brand strategy**
- **Multi-channel distribution**
- **Conservative investment**

WELL POSITIONED IS HALF THE BATTLE.

Success 25 times over. Thanks to its internationalisation strategy, Vienna Insurance Group is a reliable partner for its customers in 25 countries.



VIG's overall market share of 19% makes it No. 1 in its core markets

AUSTRIA
23.8%
Market ranking: #1
Premium volume: EUR 4,077.0 million
Employees: 5,202

BULGARIA
13.7%
Market ranking: #2
Premium volume: EUR 114.3 million
Employees: 812

CZECH REPUBLIC
33.7%
Market ranking: #1
Premium volume: EUR 1,683.4 million
Employees: 4,802

CROATIA
8.4%
Market ranking: #4
Premium volume: EUR 90.9 million
Employees: 799

SLOVAKIA
33.6%
Market ranking: #1
Premium volume: EUR 727.0 million
Employees: 1,579

SERBIA
9.7%
Market ranking: #4
Premium volume: EUR 71.7 million
Employees: 1,240

POLAND
8.3%
Market ranking: #4
Premium volume: EUR 1,034.1 million
Employees: 1,825

UKRAINE
4.2%
Market ranking: #2
Premium volume: EUR 62.4 million
Employees: 1,471

ROMANIA
18.2%
Market ranking: #1
Premium volume: EUR 339.7 million
Employees: 2,351

HUNGARY
7.4%
Market ranking: #7
Premium volume: EUR 180.0 million
Employees: 428

Market share

1st–3rd quarter 2014:
Slovakia, Romania, Bulgaria, Serbia, Ukraine and total core markets
1st–4th quarter 2014:
Austria, Czech Republic, Poland, Croatia, Hungary

VIG core markets

VIG markets (excl. core markets)

2013 insurance density (= average annual per capita insurance expenditures, in euro)
In-house calculations based on data published by national insurance supervisory authorities and associations, the IMF and Swiss Re (Sigma)

VIG
VIENNA INSURANCE GROUP

AUSTRIA
- WIENER STÄDTISCHE – VIENNA INSURANCE GROUP
- Donau – VIENNA INSURANCE GROUP
- S-VERSICHERUNG – VIENNA INSURANCE GROUP

ITALY BRANCH
- WIENER STÄDTISCHE – VIENNA INSURANCE GROUP
- Donau – VIENNA INSURANCE GROUP

SLOVENIA BRANCH
- WIENER STÄDTISCHE – VIENNA INSURANCE GROUP

CZECH REPUBLIC
- Kooperativa – VIENNA INSURANCE GROUP
- ČPP – VIENNA INSURANCE GROUP
- POJIŠŤOVNA ČESKÉ SPOŘITELNY – VIENNA INSURANCE GROUP
- VIG Re

SLOVAKIA
- Kooperativa – VIENNA INSURANCE GROUP
- KOMUNÁLNA POISŤOVŇA – VIENNA INSURANCE GROUP
- POISŤOVŇA SLOVENSKEJ SPORITEĽNE – VIENNA INSURANCE GROUP

POLAND
- COMPENSA – VIENNA INSURANCE GROUP
- InterRisk – VIENNA INSURANCE GROUP
- BENEFIA – VIENNA INSURANCE GROUP
- POLISA-ŻYCIE – VIENNA INSURANCE GROUP
- skandia – VIENNA INSURANCE GROUP

ROMANIA
- OMNIASIG – VIENNA INSURANCE GROUP
- ASIROM – VIENNA INSURANCE GROUP
- BCR ASIGURARI DE VIATA – VIENNA INSURANCE GROUP

BULGARIA
- BULSTRAD – VIENNA INSURANCE GROUP
- BULSTRAD Life – VIENNA INSURANCE GROUP

CROATIA
- WIENER OSIGURANJE – VIENNA INSURANCE GROUP
- ERSTE OSIGURANJE – VIENNA INSURANCE GROUP

HUNGARY
- UNION BIZTOSÍTÓ – VIENNA INSURANCE GROUP
- ERSTE BIZTOSÍTÓ – VIENNA INSURANCE GROUP
- viennalife BIZTOSÍTÓ – VIENNA INSURANCE GROUP

SERBIA
- WIENER STÄDTISCHE – VIENNA INSURANCE GROUP

UKRAINE
- КНЯЖА – VIENNA INSURANCE GROUP
- ГЛОБУС – VIENNA INSURANCE GROUP
- ЮПІТЕР – VIENNA INSURANCE GROUP
- УКРАЇНСЬКА СТРАХОВА ГРУПА – VIENNA INSURANCE GROUP

ESTONIA
- COMPENSA – VIENNA INSURANCE GROUP

LATVIA
- COMPENSA – VIENNA INSURANCE GROUP

LITHUANIA
- COMPENSA – VIENNA INSURANCE GROUP

MOLDOVA
- DONARIS – VIENNA INSURANCE GROUP

BELARUS
- КУПАЛА – VIENNA INSURANCE GROUP

GEORGIA
- GPI – VIENNA INSURANCE GROUP
- IRAO – VIENNA INSURANCE GROUP

TURKEY
- RAY SİGORTA – VIENNA INSURANCE GROUP

ALBANIA
- SIGMA INTERALBANIAN – VIENNA INSURANCE GROUP
- INTERSIG – VIENNA INSURANCE GROUP

MACEDONIA
- ОСИГУРУВАЊЕ МАКЕДОНИЈА – VIENNA INSURANCE GROUP
- WINNER – VIENNA INSURANCE GROUP
- WINNER Life – VIENNA INSURANCE GROUP

MONTENEGRO
- Život WIENER STÄDTISCHE – VIENNA INSURANCE GROUP

BOSNIA HERZEGOVINA
- WIENER OSIGURANJE – VIENNA INSURANCE GROUP

GERMANY
- InterRisk – VIENNA INSURANCE GROUP

LIECHTENSTEIN
- VIENNA-LIFE – VIENNA INSURANCE GROUP

As of January 2015
www.vig.com

CORPORATE GOVERNANCE REPORT

Transparency and stakeholder trust are important to us. Observance of and compliance with the provisions of the Austrian Code of Corporate Governance therefore play an important role in Vienna Insurance Group.

The Austrian Code of Corporate Governance was introduced in 2002 and is amended periodically to account for changes in the law and current trends. It is the standard for good corporate governance and control in Austria. The provisions of the Code contribute to the strengthening of trust in the Austrian capital market, and the report that companies are required to publish on compliance with these provisions requires a high level of transparency.

Vienna Insurance Group views corporate governance as a continuous process that changes in response to new conditions and current trends and must be continuously improved for the benefit of the Group and all its stakeholders. The goal of all corporate governance measures is to ensure responsible corporate management aimed at long-term growth while simultaneously maintaining effective corporate control.

The Vienna Insurance Group Managing Board, Supervisory Board and employees all consider observance of and compliance with the rules of the Austrian Code of Corporate Governance to be highly important for the practical implementation of corporate governance. The Vienna Insurance Group's declaration of adherence to the Code, discussions regarding the areas of deviation, and detailed information on the composition of, procedures followed by, and the compensation of the Managing Board and Supervisory Board are clearly organized and presented below.

Vienna Insurance Group is committed to the application of and compliance with the July 2012 version of the Austrian Code of Corporate Governance. The rules are divided into the following three categories:

- Rules based on mandatory legal requirements ("Legal Requirement")
- Rules based on standard international requirements. Non-compliance with these rules must be declared and explained in order to comply with the Code ("Comply or Explain")
- Rules that merely possess the character of recommendations. Non-compliance with these rules need not necessarily be disclosed or explained ("Recommendation")

The Austrian Code of Corporate Governance is available to the public both on the Vienna Insurance Group website at www.vig.com/ir and on the website of the Austrian Working Group for Corporate Governance.

VIG complies with all of the "Legal Requirement" of the Austrian Code of Corporate Governance as required by law. Vienna Insurance Group deviates from one "Comply or Explain" rule, as explained below:

Rule 41:
The Supervisory Board shall set up a nomination committee. In cases of Supervisory Boards with no more than six members (including employee representatives), this function may be exercised by all members jointly. The nomination committee submits proposals to the Supervisory Board for filling positions that become free in the Managing Board and deals with issues of successor planning.

Explanation: Because of its special importance, the issue of successor planning is handled by the Supervisory Board as a whole. The Vienna Insurance Group Supervisory Board has therefore not established a nomination committee.

Members of the Managing Board and areas of responsibility as of 1 January 2015

The Vienna Insurance Group Managing Board has four members:

Peter Hagen
General Manager
Year of birth: 1959
Date first appointed: 2004
End of current term of office:
30 June 2018

Peter Hagen has been a member of the Managing Board since 1 July 2004. Prior to that, he managed the General Secretariat, the international division and the Group's reinsurance unit. From January 1998 to December 2002, Mr Hagen was a member of the Managing Board of the Group's Kooperativa companies, and from November 2007 to December 2009, he was Deputy General Manager and Member of the Managing Board of Kooperativa (Czech Republic). He played a key role in the establishment of the Group reinsurance company VIG Re in 2008. Mr Hagen has been Chairman of the Managing Board and General Manager since 1 June 2012.

Areas of responsibility: Group management, strategic planning, European matters, public relations, sponsoring, people management, performance management motor vehicle insurance, IT/SAP smile solutions, international processes and methods, business development

Country responsibilities: Austria (incl. s Versicherungsgruppe coordination), Romania (Asirom, BCR Life), Czech Republic

Positions held on the Supervisory Boards of other Austrian and foreign companies outside of the Group: voestalpine AG

Franz Fuchs
Year of birth: 1953
Date first appointed: 2009
End of current term of office:
30 June 2018

Franz Fuchs began his career in the insurance industry as an actuary. He held leading management positions in other international companies as a specialist in life insurance and pension funds before joining Vienna Insurance Group. Franz Fuchs was Chairman of the managing board of Compensa Non-life and Compensa Life from 2003 to April 2014. He has been Chairman of the managing board of VIG Polska since 2006. He was first appointed to the Vienna Insurance Group Managing Board on 1 October 2009.

Areas of responsibility: Performance management personal insurance, asset risk management

Country responsibilities: Baltic States, Moldova, Poland, Romania (Omniasig), Ukraine

Positions held on the Supervisory Boards of other Austrian and foreign companies outside of the Group: C-QUADRAT Investment AG

Peter Höfinger
Year of birth: 1971
Date first appointed: 2009
End of current term of office:
30 June 2018

Peter Höfinger has been a member of the Vienna Insurance Group Managing Board since 1 January 2009. Prior to that, he was director of the Managing Board of Donau Versicherung. Mr Höfinger joined this company in 2003. Previously, he held management positions outside the Group in Hungary, the Czech Republic and Poland.

Areas of responsibility: International corporate and large customer business, Vienna International Underwriters (VIU), reinsurance; business development

Country responsibilities: Albania (incl. Kosovo), Belarus, Bosnia-Herzegovina, Bulgaria, Croatia, Hungary, Macedonia, Montenegro, Serbia, Slovakia

Martin Simhhandl, CFO
Year of birth: 1961
Date first appointed: 2004
End of current term of office:
30 June 2018

Martin Simhandl began his career with the Group in 1985 in the legal department of Wiener Städtische. In 1995, he became head of the subsidiaries department, and in 2003 he took over coordination of the Group's investment activities. In 2002 and 2003, Mr Simhandl was also a member of the Managing Boards of InterRisk Non-life and InterRisk Life in Germany, with responsibility for the areas of property insurance, reinsurance and planning/controlling. On 1 November 2004, Mr Simhandl was appointed to the Managing Board of the Company.

Areas of responsibility: Asset management, subsidiaries department, finance and accounting, internal capital model project (Solvency II project), legal matters, treasury/capital market

Country responsibilities: Germany, Georgia, Liechtenstein, Turkey

Positions held on the Supervisory Boards of other Austrian and foreign companies outside of the Group: CEESEG Aktiengesellschaft, Ringturm Kapitalanlagen GmbH, Wiener Hafen Management GmbH, Wien 3420 Aspern Development AG, Wiener Börse AG

The Managing Board as a whole is responsible for enterprise risk management/Solvency II, the actuarial department, general secretariat, Group compliance, Group controlling, internal audit and investor relations.

The following two substitute members were also appointed to the Managing Board, and will become members of the Managing Board if a member of the Managing Board becomes permanently incapable of performing his or her duties:
Martin Diviš (year of birth: 1973)
Judit Havasi (year of birth: 1975)

Members of the Supervisory Board as of 31 December 2014:

Günter Geyer
Chairman
Year of birth: 1943
Date first appointed: 2014
End of current term of office: 2019

Karl Skyba
Deputy Chairman
Year of birth: 1939
Date first appointed: 1992
End of current term of office: 2019

Bernhard Backovsky
Year of birth: 1943
Date first appointed: 2002
End of current term of office: 2019

Martina Dobringer
Year of birth: 1947
Date first appointed: 2011
End of current term of office: 2019

Rudolf Ertl
Year of birth: 1946
Date first appointed: 2014
End of current term of office: 2019

Maria Kubitschek
Year of birth: 1962
Date first appointed: 2014
End of current term of office: 2019

Heinz Öhler
Year of birth: 1945
Date first appointed: 2002
End of current term of office: 2019

Reinhard Ortner
Year of birth: 1949
Date first appointed: 2007
End of current term of office: 2019

Georg Riedl
Year of birth: 1959
Date first appointed: 2014
End of current term of office: 2019

Gertrude Tumpel-Gugerell
Year of birth: 1952
Date first appointed: 2012
End of current term of office: 2019

Supervisory Board independence

In accordance with Rule 53 of the Austrian Code of Corporate Governance, the Supervisory Board of Vienna Insurance Group has established the following criteria defining independence:

- The Supervisory Board member has not been a member of the Managing Board or a senior manager of the Company or subsidiary of the Company in the last five years.
- The Supervisory Board member does not have a business relationship with the Company or a subsidiary of the Company that is of such significant scope for the Supervisory Board member that it affects his or her activities on the Supervisory Board to the detriment of the Company. This also applies to business relationships with companies in which the Supervisory Board member has a significant economic interest. The approval of individual transactions by the Supervisory Board in accordance with § 95(5)(12) of the Austrian Stock Corporation Act (AktG) or § 15(2)(l) of the articles of association does not automatically lead to a classification of non-independence. For the purpose of clarification, it is expressly noted that the purchase or existence of insurance policies with the Company has no adverse effect on independence.
- The Supervisory Board member has not been an auditor of the Company's financial statements, or held an ownership interest in or been an employee of the auditing company doing such auditing in the last three years.
- The Supervisory Board member is not a member of the managing board of another company that has a member of the Company's Managing Board on its supervisory board.
- The Supervisory Board member is not a close family member (direct descendant, spouse, partner, parent, uncle, aunt, brother, sister, niece, nephew) of a member of the Managing Board or individuals holding one of the positions described above.
- The Supervisory Board as a whole is to be considered independent if at least 50% of the members elected by the general meeting satisfy the criteria above for independence of a Supervisory Board member.

All members of the Supervisory Board have declared whether they can be considered independent based on the criteria specified by the Supervisory Board. The following members are independent in terms of the points mentioned above: Karl Skyba, Bernhard Backovsky, Martina Dobringer, Maria Kubitschek, Heinz Öhler, Reinhard Ortner, Georg Riedl, Gertrude Tumpel-Gugerell.

No member of the Supervisory Board is a shareholder holding more than 10% of the shares of the Company or represents the interests of such a shareholder.

The following members of the Supervisory Board held supervisory board positions or comparable positions in Austrian or foreign listed companies as of 31 December 2014:

Martina Dobringer
Praktiker AG

Georg Riedl
AT&S Austria Technologie und Systemtechnik AG
Bwin.Party Digital Entertainment Plc

Gertrude Tumpel-Gugerell
Commerzbank AG

Supervisory Board Committees

The following qualified Supervisory Board committees were formed to increase the efficiency of the Supervisory Board and deal with complex issues:

COMMITTEE FOR URGENT MATTERS (WORKING COMMITTEE)

The Committee for Urgent Matters (Working Committee) decides on matters that require Supervisory Board approval but cannot be deferred to the next ordinary Supervisory Board meeting because of particular urgency.

Günter Geyer (Chairman)
1st Substitute member: Gertrude Tumpel-Gugerell
2nd Substitute member: Reinhard Ortner

Karl Skyba (Deputy Chairman)
1st Substitute member: Georg Riedl
2nd Substitute member: Reinhard Ortner

Rudolf Ertl
1st Substitute member: Martina Dobringer
2nd Substitute member: Reinhard Ortner

AUDIT COMMITTEE (ACCOUNTS COMMITTEE)

The Audit Committee (Accounts Committee) is responsible for the duties assigned by § 92(4a) of the Austrian Stock Corporation Act, namely:

1. Monitoring the accounting process;

2. Monitoring the effectiveness of the Company's internal control system, internal auditing system and risk management system;

3. Monitoring audits of the financial statements and consolidated financial statements;

4. Examination and monitoring of the independence of the financial statements auditor (consolidated financial statements auditor), in particular with respect to additional services provided for the audited company;

5. Auditing of the annual financial statements and preparations for their approval, examination of the proposal for appropriation of profits, management report and corporate governance report, and presentation of a report on the audit findings to the Supervisory Board;

6. Auditing of the consolidated financial statements and Group management report, and presentation of a report on the audit findings to the Supervisory Board of the parent company;

7. Preparation of the Supervisory Board proposal for choosing the financial statements auditor (consolidated financial statements auditor).

Furthermore, in a meeting (another meeting, in addition to the meeting required by law), the Audit Committee (Accounts Committee) specifies how the two-way communication between the (consolidated) financial statements auditor and the Audit Committee has to take place, while making provision for exchanges to take place between the Audit Committee (Accounts Committee) and the (consolidated) financial statements auditor without the presence of the Managing Board.

All of the members of the Audit Committee are experienced financial experts with knowledge and practical experience in finance, accounting and reporting that satisfy the requirements of the Company.

Gertrude Tumpel-Gugerell (Chairwoman)
1st Substitute member: Georg Riedl
2nd Substitute member: Heinz Öhler

Reinhard Ortner
1st Substitute member: Martina Dobringer
2nd Substitute member: Heinz Öhler

Günter Geyer
1st Substitute member: Maria Kubitschek
2nd Substitute member: Heinz Öhler

Rudolf Ertl
1st Substitute member: Karl Skyba
2nd Substitute member: Heinz Öhler

COMMITTEE FOR MANAGING BOARD MATTERS (COMPENSATION COMMITTEE)

The Committee for Managing Board Matters (Compensation Committee) deals with Managing Board personnel matters. The Committee for Managing Board Matters therefore decides on the terms of employment contracts with members of the Managing Board and their compensation, and examines remuneration policies at regular intervals.

Günter Geyer (Chairman)
Karl Skyba (Deputy Chairman)
Substitute member: Rudolf Ertl

STRATEGY COMMITTEE

The Strategy Committee works together with the Managing Board and, when appropriate, with experts that it consults, to prepare fundamental decisions that must then be decided on by the Supervisory Board as a whole.

Günter Geyer (Chairman)
1st Substitute member: Gertrude Tumpel-Gugerell
2nd Substitute member: Reinhard Ortner

Karl Skyba (Deputy Chairman)
1st Substitute member: Georg Riedl
2nd Substitute member: Reinhard Ortner

Rudolf Ertl
1st Substitute member: Martina Dobringer
2nd Substitute member: Reinhard Ortner

The Supervisory Board gave its consent in 2014 for VIG Holding and the other companies in the VIG Group to use the legal services of Georg Riedl, Member of the Supervisory Board, and engage him or his law firm to act as a representative and provide advisory services on a project-related basis at normal market terms. Georg Riedl provided legal advisory services to the Group resulting in (net) fees of EUR 110,374.98 in financial year 2014. Other than this, the Company did not enter into any contracts with members of the Supervisory Board in 2014 that would have required Supervisory Board approval.

Procedures followed by the Managing Board and Supervisory Board

Managing Board
The Managing Board manages the business of the Company under the leadership of its Chairman and within the constraints of the law, articles of association, rules of procedure for the Managing Board and rules of procedure for the Supervisory Board.

The Managing Board usually meets once a week to discuss current business developments, and makes necessary decisions and resolutions during the course of those meetings. The members of the Managing Board continuously exchange information with each other and the heads of the various departments.

Supervisory Board
The Supervisory Committee performs all activities defined under the law, articles of association and rules of procedure of the Supervisory Committee. In order to ensure the effectiveness and efficiency of its activities and procedures, the Supervisory Board examines its procedures regularly in the form of a self-evaluation at least once per year. The results of the self-evaluation once again show in 2014 that the practices used meet the requirements of the Austrian

Stock Corporation Act and the Austrian Code of Corporate Governance and that the organisation and procedures of the Supervisory Board are appropriate and satisfactorily efficient for the business activities and business volume of the Company and Group as a whole. Requests and comments made by members of the Supervisory Board during this self-evaluation are taken into account.

The Supervisory Board and its committees, Chairman and Deputy Chairman continuously monitor and periodically examine the management of the Company. Detailed presentations and discussions during Supervisory Board and Supervisory Board Committee meetings serve this purpose, as do recurring discussions between, in particular, the executive committee of the Supervisory Board and the members of the Managing Board, who provide comprehensive explanations and supporting documentation relating to the management and financial position of the Company and the Group. The Company's strategy, business development, risk management, internal control system, activities of the internal audit department, preparations for Solvency II and IT strategy are also discussed at Supervisory Board meetings and in meetings with the Managing Board. The Supervisory Board holds closed Supervisory Board meetings with the Managing Board to discuss policy issues and set the long-term growth strategy.

The Supervisory Board and Audit Committee also hold direct discussions with the financial statements auditor and the consolidated financial statements auditor in order to inform themselves regarding the accounting process and the progress of the audit and to inquire whether the audit has produced any material findings. Provision was made for exchanges between the members of the Audit Committee and the (consolidated) financial statements auditor in such meetings without the presence of the Managing Board, but no member of the Audit Committee made use of this opportunity during the financial year. The audit reports are discussed and debated in detail with the audit managers during Audit Committee and Supervisory Board meetings regarding the annual financial statements and consolidated financial statements.

The Supervisory Board also receives quarterly reports from the internal audit department and asks the head of internal audit to provide detailed explanations of individual issues and audit focal points if necessary. The annual audit plan is submitted to the Supervisory Board. The Managing Board explains the organisation and operation of the risk management system and internal control system to the Supervisory Board at least once per year, and provides the Supervisory Board with a written report on this subject so that it can confirm the efficiency of the systems. The Audit Committee also examines the report and assessment of the functioning of the risk management system prepared by the (consolidated) financial statements auditor and reports its findings to the Supervisory Board.

At least once per year, the Managing Board presents to the Supervisory Board the precautions taken in the Group to prevent corruption and the Supervisory Board discusses these measures.

When preparing general meeting proposals concerning the election of new Supervisory Board members, the Supervisory Board takes into account the requirements of the law and the Austrian Code of Corporate Governance that members of the Supervisory Board must satisfy and observe. Particular attention is paid to ensuring appropriate diversity in the sex, age and international distribution of the members.

The Audit Committee and Supervisory Board also strictly ensure that all of the requirements and conditions provided for under the law and Austrian Code of Corporate Governance are fully satisfied when preparing the general meeting proposal on selection of the (consolidated) financial statements auditor. In addition, after the audit of the consolidated financial statements has been completed, the Supervisory Board is provided with a list showing the total audit expenses for all Group companies. This list provides a separate breakdown according to expenses for the consolidated financial statements auditor, the members of the network to which the consolidated financial statements auditor belongs, and other financial statement auditors working for the Group.

The Supervisory Board has formed four committees from among its members, a Committee for Urgent Matters (Working Committee), an Audit Committee (Accounts Committee), a Committee for Managing Board Matters (Compensation Committee) and a Strategy Committee. Detailed information on these committees is provided in the "Supervisory Board committees" section.

Number of meetings of the Supervisory Board and its committees in financial year 2014

One ordinary general meeting and five Supervisory Board meetings distributed across the financial year were held in 2014. Four meetings of the Audit Committee were also held. The financial statements and consolidated financial statements auditor for financial year 2013 and auditor for financial year 2014, KPMG Austria GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft (KPMG), attended three meetings of the Audit Committee and the meeting of the Supervisory Board in 2014 dealing with the auditing of the 2013 annual financial statements and the 2013 consolidated financial statements and formal approval of the 2013 annual financial statements, as well as the general meeting. The Committee for Urgent Decisions was contacted in writing on two occasions. Two meetings of the Committee for Managing Board Matters were held in 2014. The Strategy Committee did not hold any meetings in 2014; strategic matters were handled by the Supervisory Board as a whole.

No agenda items were discussed in the Supervisory Board and committee meetings without the participation of members of the Managing Board. No member of the Supervisory Board attended fewer than half of the Supervisory Board meetings.

Disclosure of information on Managing Board and Supervisory Board compensation

Compensation plan for members of the Managing Board
Managing Board compensation takes into account the importance of the Group and the responsibility that goes with it, the economic situation of the Company, and the market environment.

The variable portion of the compensation emphasises the need for sustainability in a number of ways. Its Achievement depends to a large extent on satisfying performance criteria that extend beyond a single financial year.

The performance-related compensation is limited. The maximum performance-related compensation that the Managing Board can receive by overachieving all of its targets in financial year 2014 is approximately the same as its fixed salary. The awarding of such compensation requires that consideration be given to the sustainable development of the Company and the Group; non-financial factors, including, for example, those resulting from the Company's commitment to social responsibility, are also taken into account when target achievement is assessed. The Managing Board is not entitled to the performance-related component of compensation if performance fails to meet certain thresholds. Even if the performance target is met in a financial year, because of the focus on sustainability, the full variable compensation is only awarded if satisfactory performance is also reported in the following year.

In 2014, the key performance criteria for variable compensation are the combined ratio, premium growth, the profit before taxes for the years 2014 and 2015, and a country-specific target for 2014 and 2015.

Managing Board compensation does not include stock options or similar instruments.

When setting the gross compensation of the Managing Board members, a certain amount of attention was also paid to equalising net effects, so that if compensation was paid for operational positions in affiliated companies outside of Austria, where the tax regime was more favourable than that in Austria, a lower gross compensation was set to take account of this fact. This and the different responsibilities of the members of the Managing Board explain the differences in their gross compensation.

In detail, the active members of the Managing Board in 2014 received the following from the Company for their service during the reporting period:

- Peter Hagen EUR 884,000 (EUR 1,170,000), including EUR 89,000 (EUR 464,000) variable,
- Franz Fuchs EUR 431,000 (EUR 368,000), including EUR 11,000 (EUR 149,000) variable,
- Martin Simhandl EUR 559,000 (EUR 819,000), including EUR 62,000 (EUR 333,000) variable,
- Peter Höfinger EUR 559,000 (EUR 819,000), including EUR 62,000 (EUR 333,000) variable.

The members of the Managing Board received the following compensation from affiliated companies for their services to the Company, or as a manager or employee of an affiliated company:

- Franz Fuchs EUR 75,000 (EUR 321,000), including EUR 11,000 (EUR 129,000) variable.

The standard employment contract for a member of the Managing Board of the Company includes a pension equal to a maximum of 40% of the measurement basis if the member remains on the Managing Board until the age of 65 (the measurement basis is equal to the standard fixed salary).

A pension is normally received only if a Managing Board member's position is not extended and the member is not at fault for the lack of extension, or the Managing Board member retires due to illness or age.

In cases where the provisions of the Austrian Employee and Self-Employment Provisions Act (Mitarbeiter- und Selbstständigen-Vorsorgegesetz) are not applicable by law, the Company's Managing Board contracts provide for a severance payment entitlement structured in accordance with the provisions of the Austrian Employee Act (Angestelltengesetz), as amended in 2003, in combination with applicable sector-specific provisions. This allows Managing Board members to receive a severance payment equal to two to twelve months' compensation, depending on the period of service, with a supplement of 50% if the member retires or leaves after a long-term illness. A Managing Board member who leaves of his or her own volition before retirement is possible, or leaves due to a fault of his or her own, is not entitled to a severance payment.

Members of the Managing Board are provided a company car for both business and personal use.

Compensation plan for the members of the Supervisory Board

In accordance with resolutions adopted by the 21st ordinary general meeting on 4 May 2012, the members of the Supervisory Board elected by the general meeting are entitled to receive compensation in the form of a payment remitted monthly in advance. Members of the Supervisory Board who withdraw from their positions before the end of a month still receive full compensation for the month in question. In addition to this compensation, Supervisory Board members are entitled to receive an attendance allowance for participating in Supervisory Board meetings and Supervisory Board committee meetings (remitted after participation in the meeting). The total compensation paid to members of the Supervisory Board in 2014 was EUR 419,100.

In detail, the members of the Supervisory Board received the following:

- Günter Geyer EUR 39,000 (since 6 June 2014)
- Wolfgang Ruttenstorfer EUR 36,000 (until 6 June 2014)
- Karl Skyba EUR 48,600
- Bernhard Backovsky EUR 31,500
- Martina Dobringer EUR 34,500
- Rudolf Ertl EUR 21,750 (since 6 June 2014)
- Alois Hochegger EUR 16,500 (until 6 June 2014)
- Maria Kubitschek EUR 20,250 (since 6 June 2014)
- Heinz Öhler EUR 34,500
- Reinhard Ortner EUR 40,500
- Georg Riedl EUR 20,250 (since 6 June 2014)
- Martin Roman EUR 17,250 (until 6 June 2014)
- Friedrich Stara EUR 21,000 (until 6 June 2014)
- Gertrude Tumpel-Gugerell EUR 37,500.

Supervisory Board compensation does not include stock options or similar instruments.

Measures put in place to promote women to the managing board, supervisory board and management positions

Female supervisory board members

Women hold around 10% of the positions in Vienna Insurance Group supervisory boards across Europe, 16% in the Austrian insurance companies and 30% in VIG Holding (as of 31 December 2014).

Female managing board members

Women hold around 20% of the positions on the managing boards of Vienna Insurance Group companies and around 10% of the managing board chairs are women.

For comparison, women held 8.5% of the managing board positions in the 60 largest German insurance companies in 2014, and 1.7% of the managing board chair positions in these companies.

Women in management positions

Including distribution, women hold around 40% of the management positions at the level directly below the managing board in VIG insurance companies across Europe (not including distribution: around 45%).

Removing barriers to women's careers is one of the key elements of the personnel strategy at Vienna Insurance Group. In addition to implementing this principle in, for example, management development efforts are being made to give visibility to ambitious women at all levels, for example, by sending more women to external conferences, platforms, etc. as representatives of the Company.

VIG makes a point of taking part in events like "Fairversity" – a career fair with emphasis on diversity, which focused on "women" as its last topic: in a workshop titled "Insurance, no thanks?! - Inspired and inspiring women at VIG", top VIG managers and experts from Austria and the CEE region presented possible career paths for women at VIG.

Vienna, March 2015

The Managing Board:

Peter Hagen
General Manager,
Chairman of the Managing Board

Franz Fuchs
Member of the Managing Board

Peter Höfinger
Member of the Managing Board

Martin Simhandl
CFO, Member of the Managing Board

SUPERVISORY BOARD REPORT

The Supervisory Board reports that it has taken the opportunity to comprehensively monitor the management of the Company, both acting as a whole and periodically by means of its committees, Chairman and Deputy Chairman. Detailed presentations and discussions during meetings of the Supervisory Board and its committees were used for this purpose, as were recurring meetings with the members of the Managing Board, who provided detailed explanations and supporting documentation relating to the management and financial position of the Company and the Group. The Company's strategy, business development, risk management, internal control system, activities of the internal audit department, preparations for Solvency II and IT strategy were also discussed in these meetings.

The Supervisory Board has formed four committees from among its members. Information on the responsibilities and composition of these committees is available on the Company's website and in the corporate governance report.

One ordinary general meeting and five Supervisory Board meetings distributed across the financial year were held in 2014. Four meetings of the Audit Committee were also held. The financial statement and consolidated financial statement auditor, KPMG Austria GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft (KPMG), attended three Audit Committee meetings and the Supervisory Board meeting in 2014 that dealt with the auditing of the annual financial statements of 2013 and consolidated financial statements of 2013 and formal approval of the annual financial statements of 2013, and also attended the general meeting. The Committee for Urgent Matters was contacted in writing on two occasions. Two meetings of the Committee for Managing Board Matters were held in 2014. The Strategy Committee did not hold any meetings in 2014; strategic matters were handled by the Supervisory Board as a whole.

No member of the Supervisory Board attended fewer than half of the Supervisory Board meetings. In order to ensure the effectiveness and efficiency of its activities and procedures, the Supervisory Board performed a self-evaluation of its procedures. The Supervisory Board's evaluation of its activities found that the practices followed satisfied the requirements of the Austrian Stock Corporation Act and the Code of Corporate Governance, and that its organisational structure and procedures were satisfactory in terms of efficiency. During a meeting of the Audit Committee, the members of the committee consulted with the (consolidated) financial statements auditor concerning specification of two-way communications.

Acting upon the proposal and motion of the Supervisory Board, the general meeting selected KPMG Austria GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft (KPMG) to be the financial statements auditor and consolidated financial statements auditor for financial year 2014, and KPMG consequently performed these duties in financial year 2014.

By inspecting suitable documents, meeting with the Managing Board and holding discussions with the (consolidated) financial statements auditor, the Supervisory Board Audit Committee was able to form a satisfactory view of the accounting process and the procedure used for auditing the financial statements and consolidated financial statements, and found no reasons for objection. The Supervisory Board Audit Committee also monitored the independence of the auditor of the financial statements and consolidated financial statements, and after reviewing suitable documents and supporting records submitted to it, particularly with respect to additional services provided for the Company and the Group, was satisfied of the auditor's independence.

The Audit Committee also reviewed the effectiveness of the internal control system, the internal auditing system and the risk management system by obtaining verbal and written descriptions of the processes and organisation of these systems from the Managing Board, the (consolidated) financial statements auditor and the individuals directly responsible for these areas. The Audit Committee reported on these monitoring activities to the Supervisory Board and stated that no deficiencies had been identified. The Supervisory Board was also given the opportunity during Supervisory Board meetings to satisfy itself about the functional adequacy of the existing control and auditing systems. In addition, the audit plan and the quarterly reports prepared by internal audit department were debated by the Audit Committee and Supervisory Board and discussed with the head of the internal audit department. The Supervisory Board found no reasons for objection.

In order to prepare the Supervisory Board proposal for selection of the financial statements and consolidated financial statements auditor, the Audit Committee obtained a list from KPMG Austria GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft (KPMG) of the fees received by the company broken down by service category, and documents concerning its licence to audit a stock corporation. It was determined that there were no grounds for exclusion or circumstances that could give rise to concerns about impartiality, and that sufficient protective measures had been taken to ensure an independent and impartial audit. It was also verified that KPMG was included in a statutory quality assurance system. The Audit Committee reported to the Supervisory Board on the findings of these investigations and proposed to the Supervisory Board and subsequently to the general meeting that KPMG be selected as auditor of the financial statements and consolidated financial statements.

In addition, the Supervisory Board Audit Committee received the 2014 annual financial statements, management report and corporate governance report from the Managing Board, and reviewed and carefully examined them. The Supervisory Board Audit Committee also carefully examined the 2014 consolidated financial statements and Group management report. The Managing Board's proposal for appropriation of profits was also debated and discussed during the course of this examination. As a result of this examination and discussion, a unanimous resolution was adopted to recommend to the Supervisory Board that they be accepted without qualification.

The committee chairman informed the Supervisory Board of the resolutions adopted by the committee. The 2014 annual financial statements together with the management report and corporate governance report, the 2014 consolidated financial statements together with the Group management report, and the Managing Board's proposal for appropriation of profits were subsequently taken up, thoroughly discussed, and examined by the entire Supervisory Board.

In addition, the auditor's reports prepared by the (consolidated) financial statements auditor KPMG for the 2014 annual financial statements and management report and the 2014 consolidated financial statements and Group management report were reviewed by the Audit Committee and by the entire Supervisory Board, and debated and discussed with KPMG. KPMG's audit of the 2014 annual financial statements and management report and the 2014 consolidated financial statements and Group management report did not lead to any reservations. KPMG determined that the annual financial statements comply with statutory requirements and give a true and fair view of the net assets and financial position of the Company as of 31 December 2014, and of the results of operations of the Company for financial year 2014 in accordance with Austrian generally accepted accounting principles. The management report is consistent with the annual financial statements. The disclosures pursuant to § 243a UGB are appropriate. KPMG further determined that the consolidated financial statements also comply with statutory requirements and give a true and fair view of the net assets and financial position of the Group as of 31 December 2014, and of the results of operations and cash flows of the Group for financial year 2014 in accordance with the IFRSs as adopted by the EU and § 80b of the Austrian Insurance Supervision Act (VAG) in combination with § 245a of the Austrian Commercial Code (UGB). The Group management report is consistent with the consolidated financial statements.

The final results of the review by the Audit Committee and the Supervisory Board also provided no basis for reservations. The Supervisory Board stated that it had nothing to add to the auditor's reports for the financial statements and consolidated financial statements.

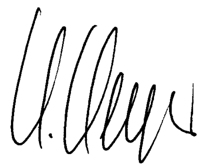
After a thorough examination, the Supervisory Board therefore adopted a unanimous resolution to approve the annual financial statements prepared by the Managing Board, to raise no objections to the management report, consolidated financial statements and Group management report, and to declare its agreement with the Managing Board proposal for appropriation of profits.

The 2014 annual financial statements have therefore been approved in accordance with § 96(4) of the Austrian Stock Corporation Act (AktG).

The Supervisory Board proposes to the general meeting that it approve the Managing Board's proposal for appropriation of profits and formally approve the actions of the Managing Board and Supervisory Board.

Vienna, April 2015

The Supervisory Board:



Günter Geyer (Chairman)

VIG GROUP MANAGEMENT REPORT 2014

GROUP MANAGEMENT REPORT 2014

ECONOMIC ENVIRONMENT

The global economy stabilised slowly in 2014, but hardly achieved any new momentum. According to the International Monetary Fund (IMF), global real economic growth remained unchanged at 3.3%. Growth was, however, relatively mixed overall. While the US, Eurozone and European Union slowly stabilised, growth tended to drop in most emerging markets. Russia and Brazil, in particular, saw negative trend reversals in 2014, but South Africa and China, which recorded high growth at times, also saw growth decline somewhat. Economic growth remained unchanged at around 3.0% in the CEE region. Although the Austrian economy continued to grow slowly at a rate of 0.6% in the first half of 2014, recessionary tendencies were observed in the second half of the year. The Austrian insurance industry achieved above-average premium growth of 3.3% in this macroeconomic environment in 2014.

On the one hand, the region in which VIG operates showed satisfying growth in the VIG core countries of Poland (+3.3%), Romania and Slovakia (+2.4% each) and the Czech Republic (+2.0%). Due to their export orientation, these countries are benefiting from the recovery, particularly in Germany, and the initial effects of national reforms. Momentum is still lacking, on the other hand, in the West Balkan region, especially Serbia (-2.0%) and Croatia (-0.6%). The Ukraine is an exceptional case due to the armed conflicts in the eastern part of the country and the limitations this has placed on economic policy. This has pushed the country into a deep depression that has no short-term solution other than international aid payments.

Further flattening of growth worldwide was also the result of US Federal Reserve policy, which continued to hold interest rates low with further bond purchases. The ECB also continued its policy of quantitative easing. Although this was intended to stimulate investment activity, 2014 once again saw only a limited improvement. The low interest rate environment presents a challenge for the insurance industry, particularly in the area of life insurance.

The Austrian economy suffered from a low propensity to invest combined with falling foreign demand in the second half of 2014. Export sales to Russia, the Ukraine, South America and Italy recorded particularly large declines. The most important global economic trends at the end of 2014 were the beginning of the collapse in oil prices, a number of cases of negative inflation rates and the decline in the euro versus the US dollar. The savings glut also continues, and given the levelling off in production growth, this is a clear indication of weak demand.

LEGAL ENVIRONMENT

Solvency II

The changes to the European insurance supervisory system referred to as Solvency II that are to be implemented by all member states of the EU present great challenges for insurance companies. Uncertainty about the final detailed formulation of Solvency II made it especially important for companies to provide a high deal of flexibility in their implementation plans.

Based on developments and activities at the European and national levels, Solvency II can be expected to enter into force in full at the beginning of 2016. The interim measures published by the European insurance supervisory authority EIOPA became binding at the beginning of 2014 and are being applied by practically all of the national supervisory authorities in the EU. In addition, finalisation of the "Delegated acts on Solvency II" in 2014 and their publication in 2015 represents another major step in the direction of Solvency II.

In addition to activities at the European level, decisive steps were also taken in the individual EU member states to ensure entry into force of Solvency II at the beginning of 2016. The new Austrian VAG (Insurance Supervision Law) was published in the Federal Law Gazette in February 2015 and will enter into effect at the same time as Solvency II.

Preparatory modifications were made to the previous VAG on 1 July 2014, making extensive reference to EIOPA' s interim measures, specifying the requirements of the core areas of Solvency II and concerning the following points:

- The governance system
- Reporting to national supervisory authorities
- Forward looking assessment of own risks (FLAOR) in preparation for the Own Risk and Solvency Assessment (ORSA) under Solvency II
- The approval of (partial) internal models under Solvency II

VIG is well prepared to fulfil the extensive requirements placed on the Company by Solvency II starting in 2016 and the VAG amendment since the middle of 2014. The Group-wide "Solvency II" project has already existed for more than five years, is centrally managed from Austria, follows legal developments in detail and promptly implements needed measures in order to ensure consistent, timely implementation of Solvency II and the interim measures at both the Group and individual company level.

Standardised guidelines, calculation and reporting solutions and advanced risk management processes were developed and implemented with the assistance of experts from the Group companies.

Intensive work on the development and implementation of a partial internal model is continuing at both the Group and individual company levels as part of the Solvency II project. The calculation procedures have been established in the individual companies and the required know-how is available there to allow consistent management parameters to be determined both at the Group and individual company levels. The parameters calculated by the model are used in corporate management. Regular consultations are being held with supervisory authorities in the individual VIG countries in order to ensure approval of the partial internal model when Solvency II comes into effect.

With respect to future qualitative risk management requirements, VIG is establishing a uniform governance system appropriate for Solvency II that includes all necessary key functions and clearly defines responsibilities and processes. Uniform Group-wide standards and methods for risk inventories and ORSA (for 2014 and FLAOR for 2015) were also developed and successfully implemented at the local and Group levels, thereby ensuring timely FLAOR reporting to the supervisory authority at the end of 2014. A Group-wide unified internal control system helps to ensure compliance with the guidelines and requirements resulting from the risk management system.

This Group-wide approach with intensive involvement of the local companies promotes the exchange of knowledge and experience and full acceptance of the guidelines and processes within VIG as a whole. As a result, based on the current regulatory requirements and the analyses and test calculations that have been performed, VIG is well prepared for the qualitative and quantitative requirements of Solvency II at both the Group and individual company levels.

Outlook for 2015

Aside from further preparations for the approval procedure and submission of VIG's partial internal models, the main focus of the Solvency II preparations in 2015 is on fulfilling the requirements of EIOPA's interim measures. This includes the first official calculation of Group solvency under Solvency II as of 31 December 2014 and compliance with quantitative and qualitative regulatory reporting requirements. In addition, final preparations are being made to fulfil all of the requirements of Solvency II and the final version of the VAG and make functional and technical modifications to existing processes to satisfy requirements that in some cases still need to be finalised.

BUSINESS DEVELOPMENT OF THE GROUP IN 2014

General information

Vienna Insurance Group includes around 50 insurance companies in the property and casualty and life insurance business and, in some countries, in the health insurance business as well. These three insurance lines of business are discussed in the Group report, which is broken down by lines of business.

The Montenegro and Belarus markets were not included in the VIG consolidated financial statements in 2014 due to immateriality. More information on the scope of consolidation and consolidation methods is provided on page 75 of the notes to the consolidated financial statements. The notes to the consolidated financial statements provide detailed information on changes in the scope of consolidation starting on page 76.

Vienna Insurance Group operates with more than one company and brand in most of its markets. The market presence of each company in a country may also be aimed at different target groups, and their product portfolios will differ accordingly. Use of this multi-brand strategy does not mean, however, that potential synergies are not exploited. Structural efficiency and the cost-effective use of resources are examined regularly. Back offices that serve more than one company are already being used successfully in many countries. Specific country responsibilities also exist at the Managing Board level to ensure uniform management of each country. Mergers of Group companies will be considered if the additional synergies that can be achieved outweigh the benefits of multiple market presences. This was the case in 2014 in Poland for the merger of the two life insurance companies Compensa and Benefia to create Compensa Life, and in Albania for the merger of the two Group companies Interalbanian and Sigma to create Sigma Interalbanian.

To improve readability, company names have been shortened throughout the entire report. A list of full company names is provided on pages 199 and 200.

In order to avoid duplicate information, reference will be made below to appropriate information in the notes. Changes in significant balance sheet and income statement items are presented in both the segment report and the notes to the financial statements. Additional disclosures in the management report below are intended to explain these data in more detail.

Retrospective restatement

As of 1 January 2014, VIG had adopted IFRS 10, 11 and 12 and the amendments to IAS 27 and IAS 28. The central focus, particularly with respect to the introduction of IFRS 10, is on establishing a uniform framework to be applied to all investees to determine which are to be included in the consolidated financial statements based on the existence of control. Based on the provisions, control can be said to exist if the parent company has the power to direct the activities of the investee, shares in the variable returns of the investee and can, by exercising its power, materially influence the size of the variable returns.

When adopting IFRS 10 and the amendments to IAS 28, VIG critically examined the scope of companies to be consolidated (fully or at equity). As a result, VIG decided to retrospectively include the following companies, which were previously not consolidated due to the materiality guidelines of the Group, in the scope of consolidation:

- Fully consolidated companies: Doverie
- At equity consolidated companies: Beteiligungs- und Immobilien GmbH, Beteiligungs- und Wohnungsanlagen GmbH, Österreichisches Verkehrsbüro, VBV – Betriebliche Altersvorsorge

Purchase price allocations were performed during retrospective first-time consolidation in accordance with IFRS 3, and the resulting goodwill values are presented on page 76.

In the case of Doverie, an insurance portfolio value of EUR 110.00 million (book value as of 31 December 2014: EUR 15.26 million) was recognised as a result of purchase price allocation.

The comparative values in 2013 were adjusted to take account of these changes.

Financial performance indicators

The key financial performance indicators that form the basis for assessing VIG's business development are presented below.

KEY FIGURES FROM THE CONSOLIDATED INCOME STATEMENT

	2014	2013 restated	Change in %
in EUR million			
Premiums written – gross	**9,145.73**	**9,218.57**	**-0.8%**
Net earned premiums – retention	8,353.74	8,479.05	-1.5%
Expenses for claims and insurance benefits	-6,919.93	-7,210.55	-4.0%
Acquisition and administrative expenses	-1,874.77	-1,866.32	0.5%
Financial result excl. at equity consolidated companies	1,052.30	1,189.46	-11.5%
Result from shares in at equity consolidated companies	64.56	37.39	72.6%
Other income and expenses	-157.53	-273.89	-42.5%
Profit before taxes	**518.37**	**355.15**	**46.0%**

Premium volume

A brief presentation of premium development is included under Note 28 "Net earned premiums" of the notes to the consolidated financial statements.

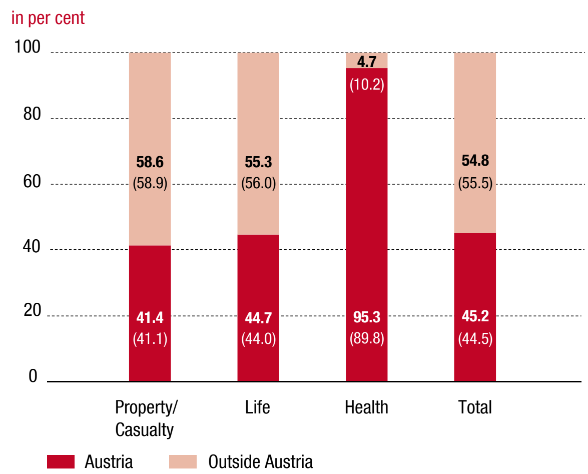
Vienna Insurance Group was able to maintain a stable premium volume of EUR 9,145.73 million in 2014 in spite of negative exchange rate effects and its systematic profit-oriented underwriting policy. This represented only a small decrease of 0.8% compared to the previous year and was also due in part to the intentional reduction in short-term single-premium business in Poland and the optimisation measures that were required in Italy due to past loss experience. When adjusted for exchange rate effects, the Group recorded a 0.9% increase in premiums. Vienna Insurance Group retained EUR 8,337.18 million of the gross premiums written. EUR 808.55 million was ceded to reinsurance companies.

Total premium growth was particularly strong in the Remaining Markets, such as the CEE countries Albania (+40.6%), the Baltic States (+22.8%) and Hungary (+11.2%), which recorded double-digit growth rates.

Overall, the Group generated 54.8% of its premiums outside Austria in 2014. For property and casualty insurance, the share contributed by companies outside Austria was 58.6%. 55.3% of life insurance premiums were generated outside of Austria, and 4.7% of health insurance premiums were generated outside of Austria by the Georgian companies.

Net earned premiums fell 1.5%, from EUR 8,479.05 million in 2013 to EUR 8,353.74 million in 2014. Net reinsurance cessions were EUR 804.63 million.

PREMIUM PERCENTAGE BY LINES OF BUSINESS AND REGION (FIGURES FOR 2013 IN PARENTHESES)



Expenses for claims and insurance benefits

A brief presentation of expenses for claims and insurance benefits is included under Note 32 "Expenses for claims and insurance benefits" of the notes to the consolidated financial statements.

Expenses for claims and insurance benefits less reinsurers' share (EUR 448.12 million) declined 4.0% to EUR 6,919.93 million in 2014. The reduction is due to fewer claims for severe weather disasters and successful portfolio restructuring.

Acquisition and administrative expenses
A brief presentation of acquisition and administrative expenses is included under Note 33 "Acquisition and administrative expenses" of the notes to the consolidated financial statements.

Acquisition and administrative expenses were EUR 1,874.77 million for all consolidated VIG companies in 2014, representing a slight increase of 0.5% compared to the previous year.

Financial result
A brief presentation of the financial result (excluding at equity consolidated companies) is included in Note 29 "Financial result" of the notes to the consolidated financial statements.

VIG earned a financial result (incl. the result from at equity consolidated companies) of EUR 1,116.86 million in 2014. This year-on-year decrease of 9.0% was primarily due to the EUR 79 million write-down of Hypo Alpe Adria bonds, higher interest expenses from the subordinated bond issued in the autumn of 2013 and lower ordinary financial income as a result of the current low level of interest rates.

Profit before taxes
Vienna Insurance Group achieved a profit before taxes of EUR 518.37 million in 2014, corresponding to a year-on-year increase of EUR 46.0%. It must be noted that the result in 2013 was impacted by negative effects in Romania and Italy, although negative effects were also felt in 2014 from the write-down of Hypo Alpe Adria bonds.

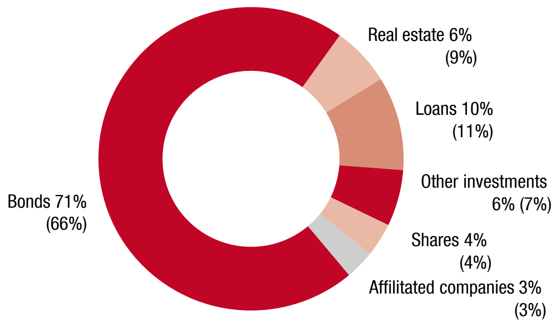
Many countries, however, achieved very large increases in profit growth, such as Bulgaria, Croatia, Poland and Slovakia.

Investments
A brief presentation of the investments is included on page 107 of the notes to the consolidated financial statements.

Total Vienna Insurance Group investments (including cash and cash equivalents) were EUR 31,141.53 million as of 31 December 2014. Compared with the previous year, this represents an increase of EUR 1,327.96 million, or 4.5%. The significant upward movement recorded in bond markets was a major reason for this increase.

The investments include all Vienna Insurance Group land and buildings, all shares in at equity consolidated companies and all financial instruments, with fund overviews for consolidated institutional funds, as well as other fund investments allocated to the asset classes. Investments for unit-linked and index-linked life insurance are not included. These rose by 15.4% in 2014 from EUR 6,707.28 million to EUR 7,742.18 million due to a satisfying increase in unit-linked life insurance premiums.

BREAKDOWN OF INVESTMENTS 2014



2013 values in parentheses

Shareholders' equity
Vienna Insurance Group's capital base increased by 6.4% to EUR 5,283.43 million in 2014 (2013: EUR 4,966.55 million). This was due to an increase in the result for the period and unrealised gains from financial instruments available for sale.

Underwriting provisions

Underwriting provisions (excluding underwriting provisions for unit-linked and index-linked life insurance) were EUR 27,889.95 million as of 31 December 2014, representing an increase of 7.3% over the previous year (2013: EUR 25,980.46 million). An increase in the actuarial reserve in the Austrian life insurance business was a major factor in this.

Cash flow

Cash flow from operating activities was EUR 1,426.90 million in 2014, compared to EUR 1,220.58 million in 2013. The cash flow from investing activities was EUR -1,029.41 million (2013: EUR -1,308.41 million), due to the intentional reduction in short-term single-premium business in Poland. VIG financing activities produced a cash flow of EUR -318.73 million in 2014 (2013: EUR 48.48 million). This is lower than in 2013, because the previous year was positively influenced by the issue of a supplementary capital bond. The Group had cash and cash equivalents of EUR 781.99 million at the end of 2014. Vienna Insurance Group received a total of EUR 970.66 million in interest and dividends in 2014.

KEY FIGURES FOR VIENNA INSURANCE GROUP

	2014	2013 restated	2012
Earnings per share	EUR 2.75	EUR 1.57	EUR 3.01
Return on Equity	10.1%	6.7%	10.5%
Combined Ratio	96.7%	100.6%	96.7%
Loss ratio	65.8%	69.4%	65.9%
Cost ratio	30.9%	31.2%	30.8%

Earnings per share

Earnings per share is a key figure equal to consolidated annual profit (less non-controlling interests and interest on hybrid capital) divided by the average number of shares outstanding. In 2014 earnings per share rose to EUR 2.75, an increase of 75.5% compared to the previous year (2013: EUR 1.57).

RoE (Return on Equity)

RoE is the ratio of group profit before taxes to total average equity of Vienna Insurance Group. The Group generated a return on equity (RoE) of 10.1% in 2014 (2013: 6.7%).

Combined ratio significantly below 100%

The Group combined ratio (after reinsurance, not including investment income) improved to 96.7% in 2014. The value of 100.6% in the year before was still slightly above the 100% mark.

The combined ratio is calculated as the sum of all underwriting expenses and income, and net payments for claims and insurance benefits, including the net change in underwriting provisions, divided by net earned premiums in the property and casualty segment.

DEVELOPMENT BY LINES OF BUSINESS

PREMIUMS WRITTEN BY LINES OF BUSINESS

	2014	2013	2012
in EUR million			
Property and casualty insurance	4,560.39	4,618.38	4,673.44
Life insurance	4,199.04	4,202.37	4,581.08
Health insurance	386.30	397.82	391.51
Total	**9,145.73**	**9,218.57**	**9,646.03**

PROFIT BEFORE TAXES BY LINES OF BUSINESS

	2014	2013 restated	2012
in EUR million			
Property and casualty insurance	309.64	53.58	330.93
Life insurance	161.57	266.00	201.37
Health insurance	47.16	35.57	31.40
Total	**518.37**	**355.15**	**563.70**

Premium volume

Property and casualty contributed 49.9% of total premium volume in 2014. Life insurance represented 45.9% of total premium volume. 4.2% of the premiums came from health insurance.

VIG companies generated EUR 4,560.39 million in Group premiums from property and casualty insurance in 2014 (2013: EUR 4,618.38 million). This corresponds to a decrease of 1.3%, which was due to optimisation measures that were needed in Italy, the ongoing difficult market environment in Romania, particularly in the area of own-damage insurance, and negative exchange rate effects. When adjusted for exchange rate effects, this segment recorded an increase of 1.0%.

In life insurance, Vienna Insurance Group kept premiums at a stable level of EUR 4,199.04 million (-0.1% compared to the previous year) in spite of the intentional reduction in short-term single-premium business in Poland.

Vienna Insurance Group wrote EUR 386.30 million in premiums in the health insurance segment. This represented a decrease of 2.9% that was due to the end of the government health insurance programme in Georgia. Only Austria and Georgia generate enough health insurance premiums to make a significant contribution to total premiums.

Expenses for claims and insurance benefits

Vienna Insurance Group recorded EUR 2,495.27 million in expenses for claims and insurance benefits in the property and casualty area in 2014. This reduction of 8.1% is due to fewer claims for severe weather disasters and successful portfolio restructuring. Expenses in the life insurance business were EUR 4,094.40 million, 1.6% less than the previous year. In the health insurance segment, expenses for claims and insurance benefits were EUR 330.27 million (2013: EUR 333.59 million).

Acquisition and administrative expenses

Vienna Insurance Group recorded acquisition and administrative expenses of EUR 1,120.46 million in the property and casualty business in 2014 (2013: EUR 1,169.69 million). The decline was the result of successful portfolio restructuring measures. In life insurance, acquisition and administrative expenses rose 8.2% to EUR 703.18 million and in health insurance they were EUR 51.13 million, 9.1% above the previous year value of EUR 46.89 million.

Profit before taxes

Property and casualty contributed EUR 309.64 million or 59.7% of Vienna Insurance Group profits, which were a total of EUR 518.37 million. The Group generated a profit before taxes of EUR 161.57 million in the life insurance area. This means that life insurance accounts for 31.2% of total profits. Health insurance contributed EUR 47.16 million to Vienna Insurance Group profits.

Investments

In the property and casualty business, investments (including cash and cash equivalents) were EUR 6,633.86 million (-9.0%) as of 31 December 2014. Investments in the life insurance area (excluding unit-linked and index-linked life insurance investments) were EUR 23,245.75 million (+9.1%), and in the area of health insurance Vienna Insurance Group investments rose by 4.2% to EUR 1,261.92 million.

Underwriting provisions

Underwriting provisions in the property and casualty area rose 3.7% compared to 2013 to EUR 5,224.53 million. In life insurance, underwriting provisions were EUR 21,508.29 million (excluding underwriting provisions for unit-linked and index-linked life insurance) as of 31 December 2014, 8.4% above the figure for the previous year. In health insurance, underwriting provisions rose by 5.1%, to EUR 1,157.13 million.

Underwriting provisions for unit-linked and index-linked life insurance increased by 13.9%, from EUR 6,489.37 million in 2014 to EUR 7,392.42 million.

The actuarial reserve and the provision for outstanding claims are broken down by lines of business and maturities as follows:

COMPOSITION OF ACTUARIAL RESERVE

	31.12.2014	31.12.2013
in EUR million		
Property and casualty insurance	0.13	0.14
Life insurance	19,772.24	18,307.22
for guaranteed policy benefits	17,728.65	17,300.27
for allocated and committed profit shares	1,045.35	1,006.95
for deferred actuarial reserve	998.24	0.00
Health insurance	1,082.47	1,019.80
Total	**20,854.84**	**19,327.15**

MATURITY STRUCTURE OF ACTUARIAL RESERVE

	31.12.2014	31.12.2013
in EUR million		
up to one year	2,290.01	2,542.48
more than one year up to five years	5,581.75	5,550.96
more than five years up to ten years	4,353.77	2,923.10
more than ten years	8,629.31	8,310.62
Total	**20,854.84**	**19,327.15**

COMPOSITION OF PROVISION FOR OUTSTANDING CLAIMS

	31.12.2014	31.12.2013
in EUR million		
Property and casualty insurance	4,103.53	3,894.77
Life insurance	334.22	310.25
Health insurance	51.20	47.84
Total	**4,488.94**	**4,252.87**

MATURITY STRUCTURE OF PROVISION FOR OUTSTANDING CLAIMS

	31.12.2014	31.12.2013
in EUR million		
up to one year	1,766.76	1,749.70
more than one year up to five years	1,328.26	1,188.44
more than five years up to ten years	404.28	389.22
more than ten years	989.65	925.52
Total	**4,488.94**	**4,252.87**

DEVELOPMENT BY REGION

Developments in the regions of Austria, Czech Republic, Slovakia, Poland, Romania, the Remaining Markets and Central Functions are discussed below. The discussion focuses on a presentation of Vienna Insurance Group business development in the different regions and outlines areas of change in the various insurance markets.

PREMIUMS WRITTEN BY REGION

	2014	2013	2012
in EUR million			
Austria	4,076.99	4,073.88	4,122.53
Czech Republic	1,683.41	1,762.08	1,795.58
Slovakia	726.99	744.67	704.11
Poland	1,034.05	1,142.30	1,611.74
Romania	339.67	361.80	408.61
Remaining Markets*	1,155.64	1,061.64	975.56
Central Functions**	1,289.84	1,303.85	1,341.44
Consolidation	-1,160.86	-1,231.64	-1,313.53
Total	**9,145.73**	**9,218.57**	**9,646.03**

* Remaining Markets: Albania, Bosnia-Herzegovina, Bulgaria, Croatia, Estonia, Georgia, Germany, Hungary, Latvia, Liechtenstein, Lithuania, Macedonia, Moldova, Serbia, Turkey, Ukraine

** Central Functions include VIG Holding, VIG Re, VIG Fund, the non-profit housing societies, corporate IT service providers and intermediate holding companies

PROFIT BEFORE TAXES BY REGION

	2014	2013 restated	2012
in EUR million			
Austria	169.73	235.09	295.98
Czech Republic	177.87	197.82	194.97
Slovakia	59.46	55.26	56.89
Poland	55.16	50.22	41.57
Romania	6.08	-98.70	-44.86
Remaining Markets*	51.66	49.00	39.13
Central Functions**	-2.24	-133.31	-20.08
Consolidation	0.67	-0.23	0.10
Total	**518.37**	**355.15**	**563.70**

* Remaining Markets: Albania, Bosnia-Herzegovina, Bulgaria, Croatia, Estonia, Georgia, Germany, Hungary, Latvia, Liechtenstein, Lithuania, Macedonia, Moldova, Serbia, Turkey, Ukraine

** Central Functions include VIG Holding, VIG Re, VIG Fund, the non-profit housing societies, corporate IT service providers and intermediate holding companies

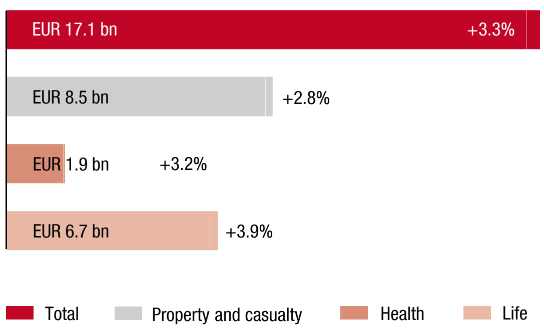
AUSTRIA

Austrian insurance market

At around 60%, the share of total premiums generated by property and casualty insurance together with health insurance is relatively high in Austria compared to other Western European insurance markets. Insurance density is still relatively low for life insurance, however, which offers definite potential.

MARKET GROWTH IN 2014 COMPARED TO THE PREVIOUS YEAR

2014 preliminary figures



Source: Austrian Insurance Association

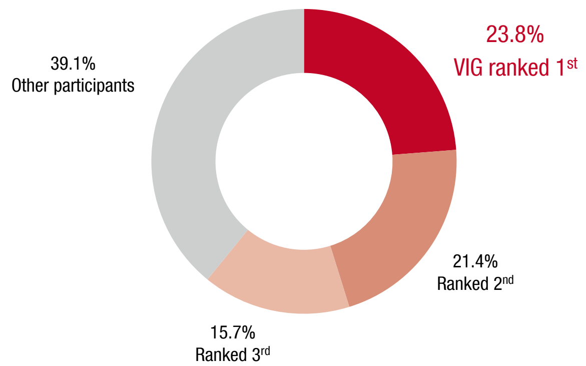
Preliminary estimates of premium volume for the Austrian insurance market are EUR 17.1 billion in 2014. This would be a year-on-year increase of 3.3%. Life insurance recorded growth of 3.9% in the same period. The increase was due to excellent performance by single-premium products, which was favourably influenced by a reduction of the tax-related minimum lock-in period from 15 to ten years for people 50 years of age and older. The rule has been in effect since 1 March 2014 and generated particularly strong interest for single-premium products in the over 60 age group. Traditional pension insurance also recorded strong growth. This was due to a focus on the new pension account and the potential that still exists in the area of pensions. The trend to lower interest rates will continue in 2015. The guaranteed interest rate (the maximum that may be guaranteed to policy holders) was therefore reduced from 1.75% to 1.50% for new life insurance policies at the beginning of 2015.

Property and casualty insurance recorded growth of 2.8% in 2014. Motor vehicle own-damage insurance recorded particularly good growth of 4.7% due to the increase in average premiums. In addition to property and casualty insurance and life insurance, premium income also rose for health insurance. Growth was 3.2% in 2014 compared to the previous year.

Insurance density was EUR 1,954 in Austria in 2013, of which EUR 1,190 was for non-life insurance and EUR 764 for life insurance.

MARKET SHARES OF THE MAJOR INSURANCE GROUPS

Per cent of total premium volume



Source: Austrian Insurance Association; as of 2014

VIG companies in Austria

VIG is represented in Austria by Wiener Städtische, Donau Versicherung and s Versicherung. VIG Holding is assigned to the Central Functions, but also operates out of Austria to provide international reinsurance and insurance in the cross-border corporate customer business. In addition, Wiener Städtische has branches in Italy and Slovenia, and Donau Versicherung also operates a branch in Italy.

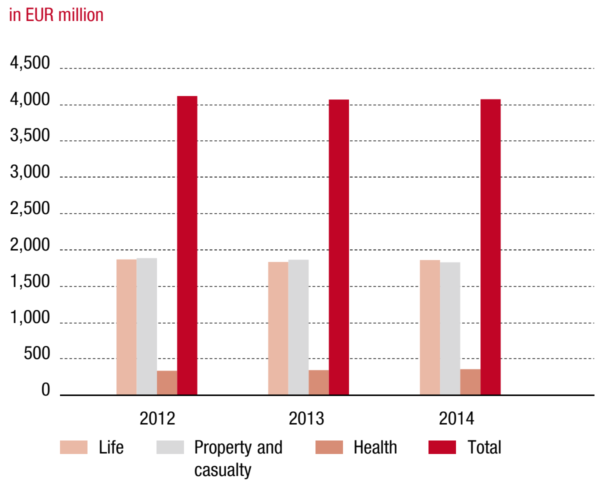
Vienna Insurance Group's total market share in 2014 was 23.8%, making it the leading insurance group in Austria. VIG is also number 1 in property and casualty insurance with a market share of 21.5%, and the market leader in life insurance with 27.7%. VIG holds second place in the area of health insurance.

Business development in Austria in 2014

Premium development

The Austrian VIG companies wrote gross premiums of EUR 4,076.99 million in 2014, representing an increase of 0.1% compared to the previous year. EUR 2,338.81 million of the premium volume was contributed by Wiener Städtische, EUR 877.30 million by Donau Versicherung and EUR 860.88 million by s Versicherung. The above-average growth achieved by Wiener Städtische compensated for the optimisation measures that were needed for the Donau branch in Italy due to past claims experience. Net earned premiums rose by 0.7% in 2014, from EUR 3,348.48 million to EUR 3,370.79 million.

PREMIUMS WRITTEN IN AUSTRIA



EUR 1,838.09 million of the premiums, or 45.1%, were written in the property and casualty area. This was a decrease of 1.8% compared to 2013, due to optimisation measures needed for the motor vehicle insurance business in Italy.

Life insurance represented EUR 1,870.74 million, or 45.9%, of Group premium volume in Austria, which rose 1.4% in 2014. The good performance achieved by Wiener Städtische in the area of single-premium group insurance contributed to this increase.

Health insurance generated 9.0% of the premium volume, or EUR 368.16 million. This corresponds to an increase of 3.0% compared to the health insurance premium income of EUR 357.43 million in 2013.

Expenses for claims and insurance benefits

Expenses for claims and insurance benefits less reinsurance fell compared to the previous year from EUR 3,338.29 million to EUR 3,320.21 million in 2014. This represents a decrease of 0.5%.

Acquisition and administrative expenses

The Austrian Vienna Insurance Group companies had acquisition and administrative expenses of EUR 627.21 million in 2014, representing an increase of 3.3% compared to 2013.

Profit before taxes

Profit before taxes declined by 27.8% in Austria to EUR 169.73 million in 2014 (2013: EUR 235.09 million). The decrease is primarily due to the write-down of Hypo Alpe Adria bonds.

Combined ratio

Although the combined ratio in Austria (after reinsurance, not including investment income) improved to 99.9% in 2014 (2013: 101.4%), it is still being negatively affected by the high reserve ratio and expenses in Italy.

VIENNA INSURANCE GROUP IN AUSTRIA

in EUR million	2014	2013 restated	2012
Premiums written	**4,076.99**	**4,073.88**	**4,122.53**
Life	1,870.74	1,844.52	1,878.33
Property and casualty	1,838.09	1,871.93	1,896.65
Health	368.16	357.43	347.55
Profit before taxes	**169.73**	**235.09**	**295.98**

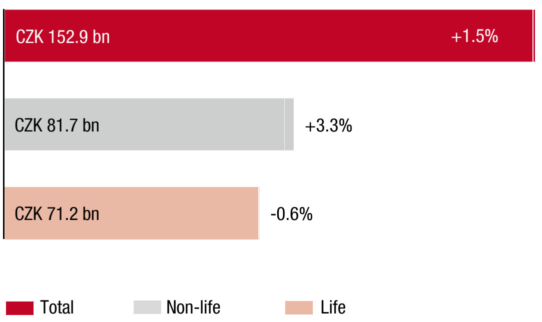
CZECH REPUBLIC

Czech insurance market

The Czech insurance market shows a high level of market concentration. Taken together, the top 5 insurance groups represent more than 80% of total premium volume.

MARKET GROWTH IN 2014 COMPARED TO THE PREVIOUS YEAR

2014 figures



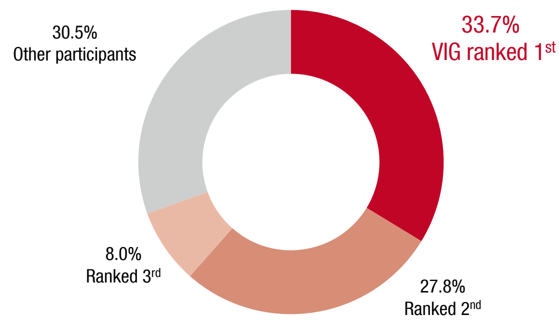
Source: Czech Insurance Association

In local currency terms, premiums written in the Czech Republic rose by 1.5% year-on-year in 2014. This growth was due to good performance of non-life insurance, which recorded an increase of 3.3%. The largest contribution came from motor vehicle liability insurance (+4.6% year-on-year), where average premiums rose again after many years of decline. A new civil code was introduced in January 2014 that affects how claims payments are determined, among other things. In local currency terms, premium income in the life insurance segment was slightly lower by 0.6% year-on-year in 2014. Premium volume was marginally below the previous year for both regular-premium and single-premium products.

Average per capita expenditures for insurance premiums were EUR 548 in the Czech Republic in 2013, of which EUR 288 was for non-life insurance and EUR 260 for life insurance.

MARKET SHARES OF THE MAJOR INSURANCE GROUPS

Per cent of total premium volume



Source: Czech Insurance Association; as of 2014

VIG companies in the Czech Republic

VIG is represented by three insurance companies in the Czech Republic: Kooperativa, ČPP and PČS. Although the Group reinsurance company, VIG Re, has been operating in Prague since 2008, it belongs to the Central Functions.

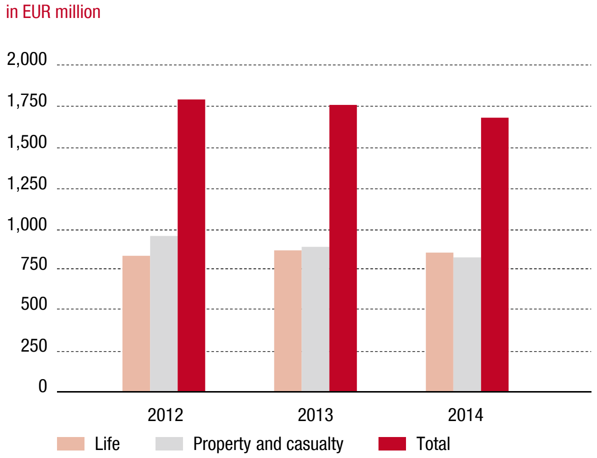
VIG has a market share of 33.7% in the Czech Republic. The Group holds first place for total premiums and in life insurance and second place in non-life insurance.

Business development in the Czech Republic in 2014

Premium development

In 2014, the Czech VIG insurance companies increased premiums by 1.3% in local currency terms. In euros, premium volume was lower than the previous year at EUR 1,683.41 million (2013: EUR 1,762.08 million), representing a decrease of 4.5%. Net earned premiums were EUR 1,366.04 million in 2014.

PREMIUMS WRITTEN IN THE CZECH REPUBLIC



Property and casualty insurance generated premium income of EUR 826.65 million in 2014 (2013: EUR 891.95 million). This was a decrease of 7.3% compared to the previous year and was also mainly due to negative exchange rate effects.

Life insurance premiums rose 4.4% in local currency terms in 2014. In terms of the euro, a decrease of 1.5% to EUR 856.75 million was recorded.

Expenses for claims and insurance benefits

The Czech companies had expenses for claims and insurance benefits (less reinsurance) of EUR 957.52 million in 2014, or EUR 51.00 million less than in 2013. This represents an improvement of 5.1%.

Acquisition and administrative expenses

VIG reduced its acquisition and administrative expenses by 3.9% to EUR 332.47 million in the Czech Republic in 2014. Acquisition and administrative expenses were EUR 345.82 million in 2013.

Profit before taxes

The Czech companies contributed EUR 177.87 million to total profits in 2014 (2013: EUR 197.82 million). When expressed in euros, the profit before taxes therefore recorded a drop of 10.1%, which was mainly due to exchange rate effects.

Combined ratio

The combined ratio was an excellent 86.2% in 2014 (2013: 91.5%), which was the lowest value yet achieved in previous years.

VIENNA INSURANCE GROUP IN THE CZECH REPUBLIC

in EUR million	2014	2013	2012
Premiums written	**1,683.41**	**1,762.08**	**1,795.58**
Life	856.75	870.13	837.11
Property and casualty	826.65	891.95	958.46
Profit before taxes	**177.87**	**197.82**	**194.97**

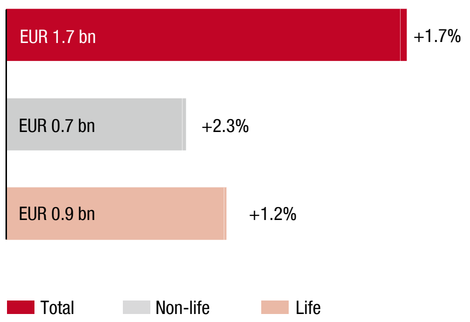
SLOVAKIA

Slovakian insurance market

The Slovakian insurance market is dominated by two players that represent around 60% of total premium volume. Taken together, the top 5 insurance groups generated around 80% of market premiums in the 1st–3rd quarters of 2014.

MARKET GROWTH IN THE 1ST TO 3RD QUARTERS OF 2014 COMPARED TO THE PREVIOUS YEAR

9M 2014 figures



Source: Slovak Insurance Association

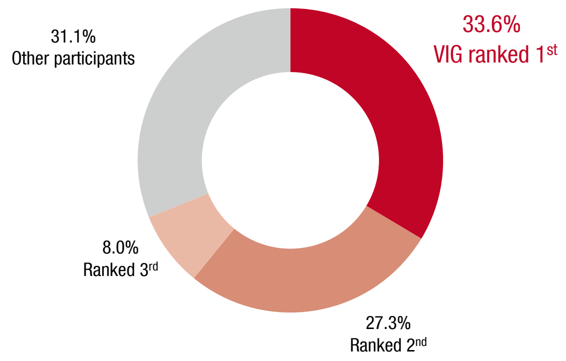
The Slovakian insurance market recorded a year-on-year increase of 1.7% in the first nine months of 2014. Life insurance grew by around 1.2% during this period. The sizeable increase recorded for single-premium products was a key factor in this growth. The Slovakian central bank reduced the guaranteed minimum interest rate from 2.5% to 1.9% at the beginning of 2014.

Motor vehicle insurance represents more than half of the Slovakian non-life insurance market. Due to continued strong competition premiums showed no growth in the motor vehicle sector, while non-life products outside the motor vehicle lines of business continued to grow at a rate of 5.2%. As a result, the overall increase in non-life premiums was 2.3%.

Average per capita expenditures for insurance in Slovakia were EUR 399 in 2013. EUR 172 of this amount was for non-life insurance and EUR 227 for life insurance.

MARKET SHARES OF THE MAJOR INSURANCE GROUPS

Per cent of total premium volume



Source: Slovak Insurance Association; as of 9M 2014

VIG companies in Slovakia

Vienna Insurance Group operates three insurance companies in the Slovakian market: Kooperativa, Komunálna and PSLSP.

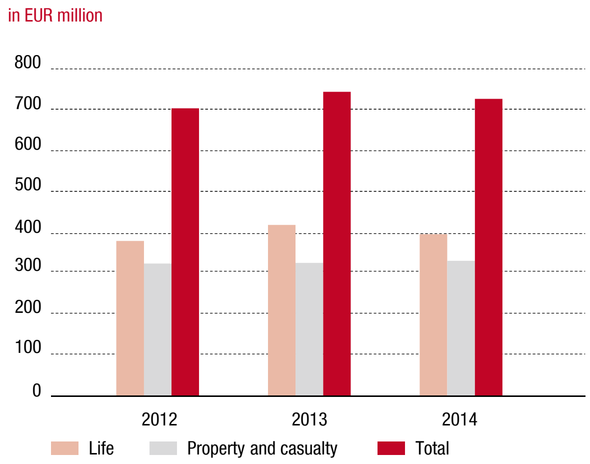
VIG's market share of 33.6% makes it the largest insurance group in the country. It also holds first place in the area of life and motor vehicle insurance.

Business development in Slovakia in 2014

Premium development

Vienna Insurance Group wrote EUR 726.99 million in premiums in Slovakia in 2014 (2013: EUR 744.67 million), a decrease of 2.4%. Net earned premiums were EUR 597.05 million, which represented a decrease of 2.9%.

PREMIUMS WRITTEN IN SLOVAKIA



In property and casualty insurance, the Slovakian VIG companies increased their premium income by 1.5% to EUR 331.10 million.

Life insurance premiums, on the other hand, fell by 5.4% to EUR 395.89 million (2013: EUR 418.57 million) as a result of the decrease in single-premium products for mixed life insurance, and the decrease in unit-linked life insurance due to the low interest rate environment.

Expenses for claims and insurance benefits

Expenses for claims and insurance benefits (less reinsurance) were EUR 481.26 million in 2014. This was a decrease of 5.9% over the previous year.

Acquisition and administrative expenses

VIG recorded EUR 91.44 million in acquisition and administrative expenses in Slovakia in 2014 (2013: EUR 88.10 million). The increase of 3.8% resulted from measures to promote external distribution.

Profit before taxes

The profit before taxes of the Slovakian companies rose from EUR 55.26 million in 2013 to EUR 59.46 million in 2014. This increase of 7.6% is due to improvement in the combined ratio.

Combined ratio

Vienna Insurance Group achieved another substantial improvement in its combined ratio in Slovakia, moving from 93.6% in the previous year to 91.3% in financial year 2014.

VIENNA INSURANCE GROUP IN SLOVAKIA

	2014	2013	2012
in EUR million			
Premiums written	**726.99**	**744.67**	**704.11**
Life	395.89	418.57	379.95
Property and casualty	331.10	326.10	324.16
Profit before taxes	**59.46**	**55.26**	**56.89**

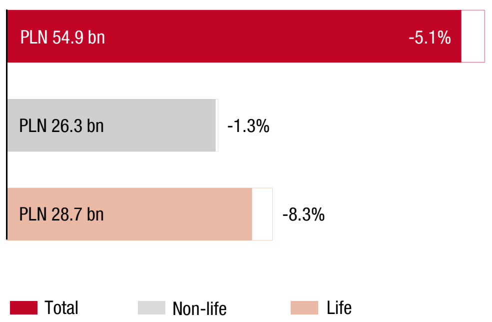
POLAND

Polish insurance market

When expressed in euros, premium volume in Poland was around EUR 13 billion in 2014. This makes the country the largest insurance market in Central and Eastern Europe. Taken together, the top 5 insurance groups generated around 70% of total premium volume.

MARKET GROWTH IN 2014 COMPARED TO THE PREVIOUS YEAR

2014 figures



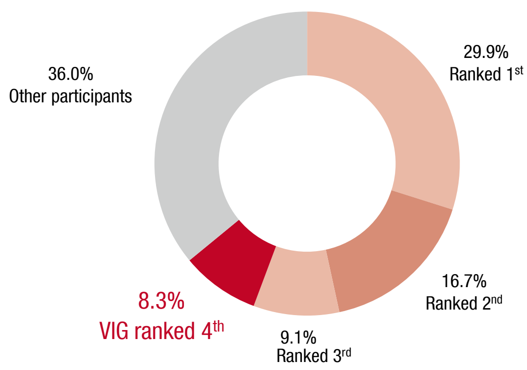
Source: Financial Market Authority Poland

In local currency terms, total premium volume fell 5.1% year-on-year in Poland in 2014. In life insurance, the decrease was 8.3%. The loss of popularity was especially notable for short-term life insurance products, and was the main reason for the decrease. The decline in popularity was due to the lower level of interest rates, and tax law changes that came into effect in 2014. The positive growth achieved in non-life insurance in 2013 did not continue this year. The area recorded a decline of 1.3% in local currency terms in 2014, mainly due to performance in the motor vehicle sector (-3.3%). The price pressure remains very high in this line of business. Non-life products outside the motor vehicle lines of business, on the other hand, recorded an increase of 0.9%.

Insurance density was EUR 351 in Poland in 2013, of which EUR 161 was for non-life insurance and EUR 190 for life insurance.

MARKET SHARES OF THE MAJOR INSURANCE GROUPS

Per cent of total premium volume



Source: Financial Market Authority Poland; as of 2014

VIG companies in Poland

Vienna Insurance Group operates six companies using five different brands in the Polish market. The VIG companies are Compensa Life and Non-life, InterRisk, Polisa, Benefia Non-life and the life insurer Skandia. Compensa Non-life also has branches in Latvia and Lithuania.

The acquisition of Skandia Poland was concluded in 2014 after receipt of official approval. Moreover, the two life insurers Compensa Life and Benefia Life were merged to form Compensa Life.

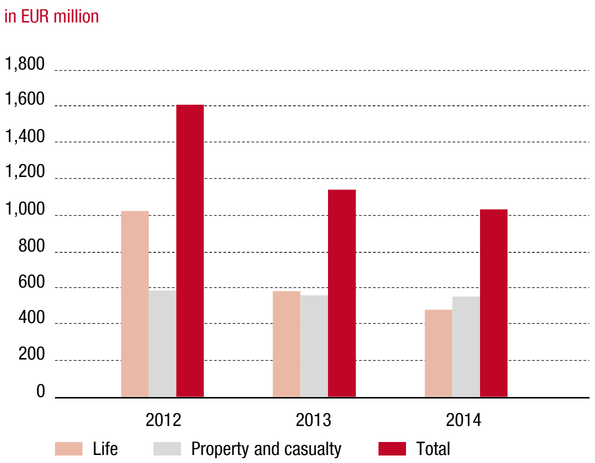
Vienna Insurance Group's market share was 8.3% in 2014, making it the fourth largest insurance company in Austria. It also holds fourth place for both non-life and life insurance.

Business development in Poland in 2014

Premium development

Vienna Insurance Group wrote total premiums of EUR 1,034.05 million in Poland in 2014 (2013: EUR 1,142.30 million). This was a decrease of 9.5% compared to the previous year. When adjusted for the intentional reduction in low-margin short-term single-premium life insurance products, however, premiums written recorded an increase of 6.2%. Net earned premiums were EUR 852.93 million in 2014, 9.2% lower than in 2013.

PREMIUMS WRITTEN IN POLAND



Property and casualty insurance generated a premium volume of EUR 553.86 million in 2014 (2013: EUR 560.07 million), representing a year-on-year decrease of 1.1%.

The life insurance premium income of the Vienna Insurance Group companies in Poland decreased from EUR 582.23 million in 2013 to EUR 480.19 million in 2014. The drop of 17.5% was due to the intentional reduction in low-margin, short-term single-premium products. Products with regular premiums, on the other hand, rose by 47.3%.

Expenses for claims and insurance benefits

Vienna Insurance Group had expenses for claims and insurance benefits (less reinsurance) of EUR 582.74 million in Poland in 2014 (2013: EUR 709.91 million). This was a decrease of EUR 127.17 million or 17.9% in expenses for claims and insurance benefits (less reinsurance). This change was due to the large decrease in single-premium business in the life insurance.

Acquisition and administrative expenses

The Polish companies had acquisition and administrative expenses of EUR 260.33 million in 2014, 17.0% higher than the previous year's value of EUR 222.54 million. This increase was partly due to the first-time consolidation of Skandia.

Profit before taxes

The Polish companies earned a profit before taxes of EUR 55.16 million in 2014. This corresponds to an increase of 9.8%, which is due to a better extraordinary financial result.

Combined ratio

The combined ratio was an excellent 96.3% in Poland, slightly above the level of the previous year (2013: 96.2%).

VIENNA INSURANCE GROUP IN POLAND

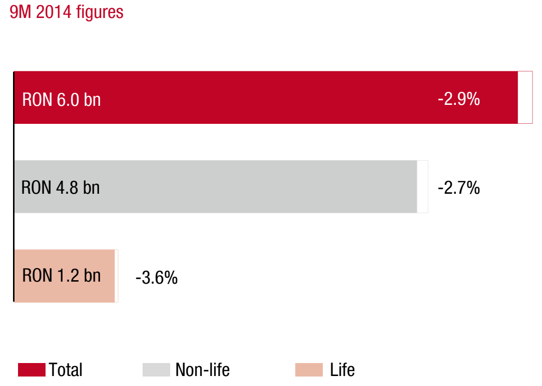
	2014	2013	2012
in EUR million			
Premiums written	**1,034.05**	**1,142.30**	**1,611.74**
Life	480.19	582.23	1,024.98
Property and casualty	553.86	560.07	586.76
Profit before taxes	**55.16**	**50.22**	**41.57**

ROMANIA

Romanian insurance market

Romania exhibits a lower level of market concentration compared to other insurance markets, e.g. the Czech Republic or Slovakia. The top five insurance groups have a market share of around 55% of the total market.

MARKET GROWTH IN THE 1ST TO 3RD QUARTERS OF 2014 COMPARED TO THE PREVIOUS YEAR

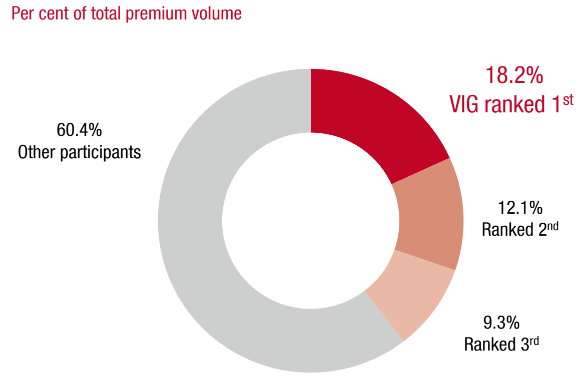


Source: Journal „Insurance Profile“ and insurance supervisory authority CSA

In local currency terms, Romanian premium income fell by 2.9% year-on-year in the 1st–3rd quarters of 2014. Life insurance recorded a drop of 3.6%, with index-linked and unit-linked products in particular contributing greatly to this loss. Growth potential is still high in the life insurance business, which only represents around 20% of total premiums. Non-life insurance also fell in the 1st–3rd quarters of 2014. The loss of 2.7% was primarily due to a decrease in non-life products outside the motor vehicle sector. Motor vehicle own-damage insurance declined slightly (-0.7%) due to a drop in the new car and leasing market. Premium income from motor vehicle liability insurance, on the other hand, rose by 6.3% due to an increase in average premiums.

Average per capita expenditures for insurance were only EUR 88 in Romania in 2013. EUR 70 of this amount was for non-life insurance and EUR 18 for life insurance. A comparison with other countries in the CEE region, such as the Czech Republic, which had an insurance density of EUR 548 in 2013, shows the enormous potential of the Romanian insurance market.

MARKET SHARES OF THE MAJOR INSURANCE GROUPS



Source: Journal „Insurance Profile“ and insurance supervisory authority CSA; as of 9M 2014

VIG companies in Romania

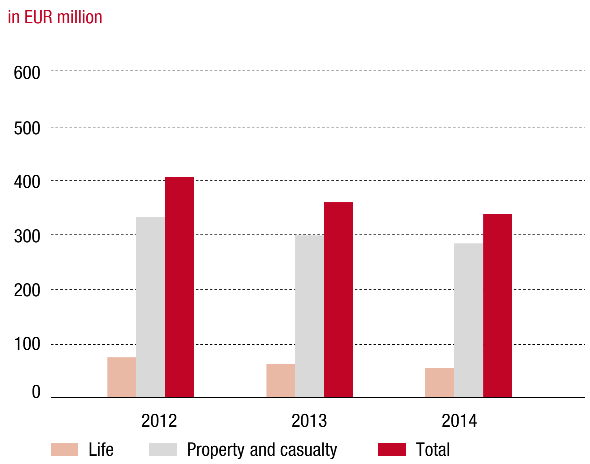
VIG is represented by three companies in the Romanian market. In addition to Omniasig and Asirom, BCR Life also belongs to the Group. VIG's total market share was 18.2% for the 1st-3rd quarter of 2014, making VIG number 1. Vienna Insurance Group is also the market leader in the non-life area. In life insurance, the Group holds third place.

Business development in Romania in 2014

Premium development

Premiums written declined by 6.1% in Romania to EUR 339.67 million in 2014 (2013: EUR 361.80 million). Net earned premiums were EUR 184.49 million in 2014.

PREMIUMS WRITTEN IN ROMANIA



Due to continued restructuring of the product portfolio, premiums written fell by 4.9% in the property and casualty segment to EUR 285.31 million (2013: EUR 299.95 million).

Life insurance premium income generated by the Romanian Vienna Insurance Group companies fell to EUR 54.36 million in 2014 (2013: EUR 61.84 million). The drop of 12.1% was primarily due to the decrease in single-premium business and cessation of a high-volume group insurance product during the realignment of BCR Life.

Expenses for claims and insurance benefits

The Romanian companies had EUR 123.68 million in expenses for claims and insurance benefits (less reinsurance) in 2014 (2013: EUR 175.44 million). The decrease of 29.5% compared to the previous year was due to a major reduction in the motor vehicle portfolio and restructuring of life insurance.

Acquisition and administrative expenses

Vienna Insurance Group had acquisition and administrative expenses of EUR 74.29 million in Romania in 2014 (2013: EUR 87.41 million). This is 15.0% less than the previous year. This change was due both to the decrease in premiums, and the resulting decrease in acquisition costs, as well as the effects of cost optimisation measures.

Profit before taxes

Profit before taxes rose to EUR 6.08 million in 2014, moving the Romanian Group companies out of the loss zone. The significant improvement in performance was the result of successful portfolio restructuring measures.

Combined ratio

The combined ratio improved considerably compared to the previous year, although at a level of 105.0% it was still above the 100% mark (2013: 179.4%).

VIENNA INSURANCE GROUP IN ROMANIA

	2014	2013	2012
in EUR million			
Premiums written	**339.67**	**361.80**	**408.61**
Life	54.36	61.84	74.56
Property and casualty	285.31	299.95	334.05
Profit before taxes	**6.08**	**-98.70**	**-44.86**

REMAINING MARKETS

The Remaining Markets include Albania, Bosnia-Herzegovina, Bulgaria, Croatia, Estonia, Georgia, Germany, Hungary, Latvia, Liechtenstein, Lithuania, Macedonia, Moldova, Serbia, Turkey and Ukraine. The Remaining Markets generated 12.8% of Group premiums in 2014.

The Group companies in the Montenegro and Belarus markets were not included in the VIG consolidated financial statements.

Albania
After declining in 2013, premium income in the Albanian insurance market rose by 36.7% in local currency terms in 2014. The non-life area, which represents around 90% of total premium volume, recorded an increase of 40.5%. This increase was mainly due to stabilisation of motor vehicle liability rates. As in the previous year, life insurance also grew in 2014, recording an increase of 6.9% in premiums.

The merger of the two VIG companies Sigma and Interalbania was concluded successfully in 2014. The Company has operated in the Albanian market under the Sigma Interalbanian brand since then and is also represented by a branch in Kosovo. VIG is also represented in Albania by Intersig. Both companies operate in the non-life insurance segments and together hold first place in this area of the market. VIG holds second place in the market as a whole.

Bosnia-Herzegovina
In local currency terms, Bosnia-Herzegovina recorded a year-on-year increase of 13.5% in premium volume in 2014. Both the life (+26.9%) and non-life (+10.3%) insurance segments contributed to this increase. Growth was especially high for non-life products outside the motor vehicle sector, even though claims also increased greatly due to the serious flooding in May 2014.

The Group company Jahorina that represents VIG in Bosnia-Herzegovina was renamed Wiener Osiguranje in 2014. VIG has a 4.5% market share of total premium volume, putting it in seventh place in the Bosnian market.

Bulgaria
In local currency terms, the Bulgarian insurance market recorded an overall year-on-year increase of 4.8% in the first three quarters of 2014. The 4.0% increase in non-life insurance was partly due to motor vehicle liability insurance, but motor vehicle own-damage insurance also grew again in the 1st–3rd quarters of 2014, following a decline in the last two years. Life insurance recorded an increase in spite of a sharp drop in unit-linked products (+8.3%). Since 2014, Bulgarian health insurance funds have been required by law to obtain an insurance licence. Twelve new insurance companies entered the market as a result, with some also offering insurance in other areas.

VIG is represented by Bulstrad Life and Bulstrad Non-life in Bulgaria. Together, these two companies have a market share of 13.7%, putting the Group into second place in the Bulgarian market. VIG also holds second place in both the life and non-life insurance segments. Moreover, the Bulgarian pension insurance company Doverie was fully consolidated retrospectively in 2014.

Germany
The German insurance market recorded positive growth in premium income in 2014. This was primarily due to dynamic growth in the single-premium life insurance business and continued strong growth in property and casualty insurance at the expected rate of 3%. When regular premium income is included, life insurance grew by around 3% compared to the previous year (preliminary figure).

VIG operates two companies in Germany, InterRisk Non-life and InterRisk Life. The InterRisk companies distribute exclusively through brokers. InterRisk Non-life specialises in casualty and third-party liability insurance, as well as selected property and casualty insurance products. InterRisk Life focuses on retirement provision and occupational disability solutions, as well as protection for surviving dependants. The VIG companies once again operated successfully as highly profitable niche providers in the German market in 2014.

Estonia, Latvia and Lithuania

The Baltic States continued the positive trend from the previous year in 2014. The Estonian insurance market grew 7.5% year-on-year in 2014. Premium volume in Latvia recorded a similar year-on-year increase of 7.6% in the 1st–3rd quarters of 2014. Lithuanian premium income rose 6.9% in local currency terms in 2014. Life insurance showed particularly dynamic growth in all three markets.

VIG operates in Estonia via the Group company Compensa Life, which also operates branch offices in Latvia and Lithuania. The Group is also present in Latvia and Lithuania through branch offices of the Polish Group company Compensa Non-life.

Georgia

Development of the Georgian insurance market was heavily influenced in 2014 by elimination of the government health insurance programme and the resulting decrease in this line of business. Since health insurance represents around 50% of total premium volume, this also had a major effect on the overall market, which fell year-on-year by 44.4% in local currency terms in the 1st–3rd quarters of 2014.

VIG is represented by GPIH and IRAO in Georgia. Together, they hold a market share of 36.4%, putting them in first place in the overall market.

Croatia

In local currency terms, total premium volume dropped 5.7% year-on-year in the Croatian insurance market in 2014. This was driven by market liberalisation in the motor vehicle liability line of business since accession to the EU in 2013. Average premiums fell by more than 20% in this line of business. Premium income in life insurance, on the other hand, rose 3.9% compared to 2013 thanks to growth in single-premium business.

VIG is represented by two companies in Croatia. Wiener Osiguranje offers both life and non-life products, while Erste Osiguranje focuses on life insurance business in cooperation with the local Erste Bank company. VIG has a market share of 8.4%, which puts it in fourth place in the Croatian insurance market. It holds second place in life insurance, and fifth place in non-life insurance.

Liechtenstein

Liechtenstein benefits from a central location that gives it unique access to the European Economic Area and Swiss market. The insurance companies located there offer international insurance solutions. 22 life insurance, 15 property insurance and five reinsurance companies had registered offices in Liechtenstein at the end of 2014. Premium income for the overall market in 2014 is expected to remain at the same level as the previous year.

VIG is represented by Vienna-Life in Liechtenstein. The company operates exclusively in the life insurance segment and concentrates predominantly on unit-linked and index-linked products. The focus is on insurance solutions tailored to individual customer needs.

Macedonia

In local currency terms, total premium volume in the Macedonian insurance market grew by 6.1% year-on-year in the 1st–3rd quarters of 2014. The market is dominated by non-life insurance, which represents around 90% of the market. Around 60% of this, in turn, is due to motor vehicle insurance. As a result, the non-life business, which grew 4.6% in the 1st–3rd quarters of 2014, remains the most important driver of growth in the Macedonian insurance market. However, even though life insurance currently still plays a secondary role, it recorded very high growth of 21.9% in the first nine months of 2014.

In addition to Winner Non-life and Winner Life, VIG has also been represented in Macedonia by Makedonija Osiguruvanje since 2013. Acquisition of this company put the Group in first place in the insurance market, with a market share of 22.8% in the 1st–3rd quarters of 2014. VIG is also the market leader in non-life insurance, and holds third place in life insurance.

Moldova
The 16 insurance companies operating in the Moldovan market increased total premiums by 3.3% year-on-year in local currency terms in the 1st–3rd quarters of 2014. Both the non-life area (+3.1%), which dominates the market, and life insurance (+7.7%) contributed to this increase.

VIG entered the Moldovan market in 2014 by acquiring the insurance company Donaris. This allowed the Group to open up the final country still left in the CEE region, thereby extending its presence to 25 countries. Donaris was established in 1998, has its headquarters in the Moldovan capital city of Chisinau and is currently ranked third in the market. Insurance products are sold through the company's own business offices, agents and in cooperation with brokers, banks and leasing companies.

Serbia
In spite of weak economic conditions, premium volume in the Serbian insurance market recorded a year-on-year increase of 5.2% in local currency terms in the 1st–3rd quarters of 2014. Although life insurance has shown steady growth for years, given that it only generates around 20% of total premium volume, in overall terms it still plays a secondary role compared to non-life products. This area recorded an increase of 2.5% in the first nine months of 2014. Insured losses, however, rose at the same time as a result of the flooding in May 2014. Compared to the losses actually caused, insured losses were relatively small, which means there is also still a great deal of growth potential remaining in the non-life insurance segment.

Vienna Insurance Group is represented in Serbia by Wiener Städtische Osiguranje, which operates in both the life and non-life insurance markets. The company holds a total market share of 9.7%, putting it in fourth place in the overall market. It holds second place and fifth place in the life and non-life insurance markets, respectively.

Turkey
Following double-digit growth in the previous year, the Turkish insurance market rose by 7.3% in local currency terms in 2014. Non-life insurance premiums increased by 9.0%, mainly driven by products other than motor vehicle insurance. The motor vehicle line of business recorded lower growth at 2.0%. Premium volume fell by 3.4% in life insurance.

The Group is represented in the Turkish insurance market by Ray Sigorta, which operates in the non-life area. VIG's 1.5% share of total premium volume places it in 13th place in the market.

Ukraine
The Ukraine fell into a deep recession as a result of military conflicts. This also affected the insurance market, where total premium volume suffered a year-on-year drop of 20.0% in local currency terms in the 1st–3rd quarters of 2014. Life insurance recorded a drop of 12.0%, and non-life insurance a decrease of 20.7%. With 389 insurance companies (at the end of September 2014), the Ukrainian insurance market is highly fragmented. The top 10 insurers only have a market share of around 30% of total premium volume.

VIG is represented by four insurance companies in the Ukraine: three non-life insurers – UIG, Kniazha and Globus – and the life insurance company Jupiter. The companies have a combined market share of 4.2%, which puts them in second place in the market. VIG is the market leader in non-life insurance, and holds ninth place in life insurance.

Hungary
In local currency terms, total premiums rose by 4.2% in the Hungarian insurance market in 2014, with non-life insurance recording an increase of 3.9%. The effects of the insurance tax introduced in 2013 continue to be noticeable and the competitive situation and customer price sensitivity make it very difficult to pass the costs on to policy holders. After declining for many years, motor vehicle liability insurance recovered well in 2014, achieving an increase of 9.2%. Life insurance premiums rose 4.4%. At the end of November 2013, the Hungarian parliament passed a law giving preferential tax treatment to pension insurance starting in 2014.

VIG is represented in Hungary by the life and non-life insurer Union Biztosító and the life insurance company Erste Biztosító. An agreement was reached on the acquisition of AXA Biztosító in 2013 and the acquisition was concluded in 2014. This means VIG is now being represented by another company – which has since been renamed Vienna Life. The Group has a market share of 7.4%, putting it in seventh place in the overall market, sixth place in the non-life area (with a market share of 6.1%) and seventh place in life insurance (with a market share of 8.6%).

Business development in the Remaining Markets in 2014

Premium development

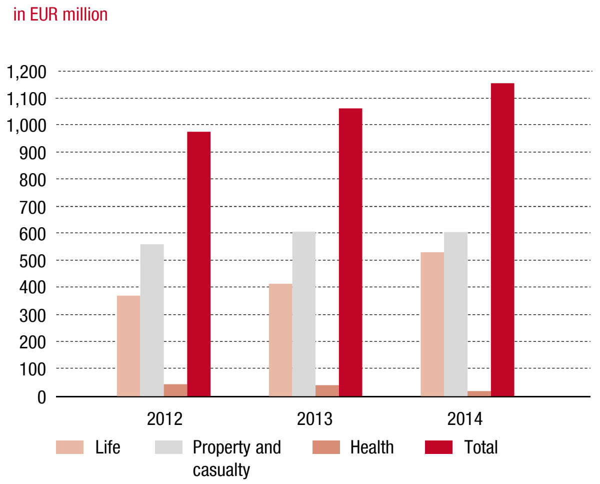
In spite of negative exchange rate effects, Vienna Insurance Group recorded premiums written of EUR 1,155.64 million in the Remaining Markets in 2014 (2013: EUR 1,061.64 million), representing a significant increase of 8.9% compared to the previous year. Net earned premiums were EUR 880.13 million in 2014 (2013: EUR 809.27 million), an increase of 8.8% compared to the previous year.

Property and casualty insurance generated EUR 606.08 million in premiums in the Remaining Markets in 2014 (2013: EUR 607.09 million), representing a slight decrease of 0.2% compared to the previous year.

Life insurance premium income from Vienna Insurance Group companies in the Remaining Markets rose by 28.3% to EUR 531.42 million in 2014 (2013: EUR 414.16 million). In the CEE countries, the strong growth rates achieved for regular premium products and single-premium business in the Baltic States, Bulgaria and Hungary are particularly noteworthy.

Health insurance premiums written by the Georgian Group companies fell by 55.1% to EUR 18.1 million, due to the end of the government health insurance programme.

PREMIUMS WRITTEN IN THE REMAINING MARKETS



Expenses for claims and insurance benefits

Expenses for claims and insurance benefits less reinsurance were EUR 653.14 million in 2014 (2013: EUR 580.32 million). This corresponds to a year-on-year increase of 12.5% in expenses for claims and insurance benefits (less reinsurance), which is due to the larger size of the insurance portfolio, and the many claims for flood damage in Serbia and Bosnia-Herzegovina.

Acquisition and administrative expenses

Vienna Insurance Group reduced acquisition and administrative expenses in the Remaining Markets from EUR 230.68 million in 2013 to EUR 209.29 million in 2014, representing a decrease of 9.3% compared to the previous year.

Profit before taxes

The good growth achieved in the Remaining Markets raised profit before taxes by 5.4% from EUR 49.00 million to EUR 51.66 million.

Combined ratio
Vienna Insurance Group improved the combined ratio in the Remaining Markets to 97.6% in 2014 (2013: 98.6%).

VIENNA INSURANCE GROUP IN THE REMAINING MARKETS*

	2014	2013 restated	2012
in EUR million			
Premiums written	**1,155.64**	**1,061.64**	**975.56**
Life	531.42	414.16	370.64
Property and casualty	606.08	607.09	560.95
Health	18.13	40.39	43.96
Profit before taxes	**51.66**	**49.00**	**39.13**

* Moldova included since 31.12.2014.

CENTRAL FUNCTIONS

The Central Functions include VIG Holding, VIG Re, VIG Fund, the non-profit housing societies, corporate IT service providers and intermediate holding companies.

VIG Holding primarily focuses on managerial tasks for the Group. It also operates as an international reinsurer and in the international corporate business.

The Group's own reinsurance company, VIG Re, was founded in Prague in 2008 and is a successful reinsurance provider for both VIG companies and external partners. The company has established itself as an important company in the CEE region and follows a conservative underwriting and investment strategy. Standard & Poor's confirmed VIG Re's A+ rating with a stable outlook in September 2014.

Business development in the Central Functions in 2014

The companies in the Central Functions generated EUR 1,289.84 million in premiums written in 2014. This represented a decrease of 1.1% compared to the premium volume in the previous year, and was due to the lower volume of business recorded by VIG Re in the area of indirect life insurance. The Central Functions recorded a loss of EUR 2.24 million in 2014 (2013: EUR -133.31 million). This was a significant improvement over 2013. It must be noted that the result in the previous year was negatively affected by goodwill write-downs and impairment of a trademark, although negative effects were also felt in 2014 from the write-down of Central Point. Central Point is beneficial owner of the insurance software solution using the name SAP Smile. Further details are provided on page 123 of the notes to the consolidated financial statements.

NON-FINANCIAL PERFORMANCE INDICATORS

VIG does not disregard social and environmental concerns in its efforts to achieve financial success. This is the only way the Group can be true to its fundamental goal of value-oriented growth. Day-to-day activities are based on credibility and integrity, customer satisfaction, diversity and equal opportunity, as well as mutual appreciation and respect.

Sustainable action takes a wide variety of forms in VIG and also differs greatly across regions. A few examples of its extensive involvement are presented below.

Social involvement – Example: Social Active Day
The Social Active Day initiative was started in 2011, right in the middle of the financial and economic crisis, by VIG's principal shareholder, Wiener Städtische Versicherungsverein, and very quickly became a success. Under this initiative, employees who want to become involved with a good cause or social organisation are generally allowed to spend one working day of their time on such activities.

The number of VIG companies taking part in the Social Active Day has increased steadily since it was started. Employees in Lithuania, Estonia, Latvia and Montenegro took part in the initiative for the first time in 2014, thereby increasing the number of participating Group companies to 41 companies in 22 countries. The VIG team volunteered their time for a very wide range of projects and social organisations: organisations for people with special needs, children's aid and environmental protection initiatives, social housing, flood victims and many more received active support.

650th anniversary of the University of Vienna
The University of Vienna celebrates its 650th anniversary in 2015 and is using the opportunity to organise a wide-ranging programme showing the relevance of research and teaching for further social development and the education of future generations. VIG is providing support for the gender equality part of the programme, which is the focus of many events and projects starting at the end of

November 2014. One of the high points is the "Frauen AUS/SCHLUSS" initiative in June 2015. Nobel Prize winner Elfriede Jelinek wrote the text "Schlüsselgewalt" specifically for the 650th anniversary celebration. It will be presented theatrically by a speaking choir in the Arcaded Courtyard of the University of Vienna.

Environmental factors

Conservation of resources and the environment is important to Vienna Insurance Group, as can be seen, for example, in the design of its products. Wiener Städtische offers attractive environmental products, such as its environmental and climate bonuses for Austrian customers with low-emission and alternative drive vehicles. Wiener Städtische has also been a partner of the "klima:aktiv" mobility programme since 2006 and supports environmentally-friendly mobility technologies such as vehicles that run on natural gas, hybrid vehicles and other alternative power-train concepts.

Employees

Vienna Insurance Group employees bring the shared values of the Company to life, while taking account of the special characteristics and traditions of different regions. Extensive basic and advanced training is also offered to strengthen and expand employee skills. International employee assignments, mobility programmes and the Group-wide job market promote cultural and professional exchange across country borders and open up international career opportunities.

Vienna Insurance Group had 23,360 employees in 2014, with approximately 56% in the field sales force and around 44% in administration.

Approximately 60% of the employees Group-wide were women in 2014. Women held around 20% of the positions on the managing boards of VIG insurance companies at the end of the year and around 10% of the managing board chairs were women. Including distribution, women held around 40% of the management positions directly below the managing board level (not including distribution: around 45%).

EMPLOYEES BY REGION

	2014	2013 restated	2012
Austria	5,202	5,235	5,405
Czech Republic	4,802	4,852	4,814
Slovakia	1,579	1,557	1,572
Poland	1,825	1,742	1,751
Romania	2,351	2,727	3,480
Remaining Markets*	7,168	6,706	6,344
Central Functions**	433	543	720
Total	**23,360**	**23,362**	**24,086**

* Remaining Markets: Albania, Bosnia-Herzegovina, Bulgaria, Croatia, Estonia, Georgia, Germany, Hungary, Latvia, Liechtenstein, Lithuania, Macedonia, Moldova, Serbia, Turkey, Ukraine

** Central Functions include VIG Holding, VIG Re, VIG Fund, the non-profit housing societies, corporate IT service providers and intermediate holding companies

Removing barriers to women's careers is one of the key elements of the personnel strategy at Vienna Insurance Group. In addition to implementing this principle in management development, for example, efforts are being made to give visibility to ambitious women at all levels.

SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

Significant events after the balance sheet date are presented on page 193 in the notes to the financial statements.

RESEARCH AND DEVELOPMENT

Vienna Insurance Group is providing a professional contribution to the development of insurance-specific software models.

RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

The Vienna Insurance Group risk management system is firmly anchored in the management culture of the Company and is based on a clearly defined, conservative risk policy, extensive risk expertise, a highly developed set of risk management tools, and risk-related Managing Board decisions.

The detailed risk report for VIG is provided in the notes to the consolidated financial statements on page 100.

For information on the financial instruments used, please see the notes to the consolidated financial statements (Summary of significant accounting policies) and the risk report (starting on page 100).

Internal control and risk management system in the accounting process

Preparation of the consolidated financial statements includes all activities required for presentation and disclosure of the net assets, financial position and results of operations of the Group in accordance with the provisions of the law and the IFRS. The consolidated financial statements consist of the balance sheet, income statement, statement of comprehensive income, statement of changes in equity, cash flow statement, segment report and all necessary disclosures in the notes. The financial statement process includes the aggregation of all data from accounting and upstream processes for the annual financial statements.

Risk management is implemented in the Vienna Insurance Group accounting process in accordance with the five elementary components of the COSO (Committee of Sponsoring Organisations of the Treadway Commission) framework model for internal risk management.

Control environment

The organisational structure consists of the local accounting departments of the individual Group companies and the Group accounting department at the Vienna Insurance Group headquarters in Vienna. The accounting departments of the Group companies prepare both local N-GAAP and IFRS financial statements and then send the IFRS figures to the Group accounting department in Vienna. The IFRS financial statements are prepared in accordance with uniform Group accounting policies.

The Group companies mostly send their data using the local SAP system in which the data are entered. Some international companies and all Austrian insurance companies upload their balance sheets and income statements. The Group accounting department consolidates the data and prepares the consolidated financial statements.

Risk assessment

In order to identify risks in the accounting process and eliminate them as far as possible, the annual financial statement process was documented with the assistance of a consulting company. The documentation covers the entire process all the way from data entry by the employees of Group companies and automatic and manual controls and analyses during the consolidation process, to publication of the final annual report.

Control measures

The IFRS financial statements are prepared in accordance with uniform Group accounting policies. The newest version of the IFRS manual and detailed information on Group-wide reporting requirements are sent to the responsible persons in the local accounting departments before each set of quarterly and annual financial statements are prepared in order to ensure uniform reporting across the Group. Both automatic (using SAP validations) and manual checks (performance analyses and plausibility checks by employees in the Group accounting department) are performed for the financial statement data that is received. Additional checks in the form of control calculations and reconciliation of, in particular, reinsurance and financing balances are performed to identify and eliminate potential errors.

In addition, an earnings reconciliation statement is prepared, the accuracy of individual parts of the consolidated financial statements is checked, and a plausibility check is performed for the consolidated financial statements as a whole to ensure that the presentation is complete and correct.

The accounting employees also work together closely with the Controlling department (e.g. variance analyses) when the financial statements are prepared. The data are also regularly submitted to the Managing Board for review and checking.

In order to ensure that the annual report is completed correctly and on time by the publication deadline, strict deadlines are set for the quarterly and annual financial-statements and the Group companies are already informed of these deadlines at the beginning of the 4th quarter for the coming financial year. The employees of the Group accounting department ensure in advance that the Group companies can send their data on time.

Information and communication

The intensive collaboration with other areas of the Company, in particular Controlling, generates a lively exchange of information and communications.

In addition to the annual report at the end of each financial year, interim reports are published each quarter in accordance with IAS 34 and statutory provisions.

The Investor Relations department is responsible for reporting to Vienna Insurance Group shareholders. This occurs both in personal meetings and via the Company website, which provides shareholders and other interested parties access to annual and quarterly reports, and to regularly updated information on key figures, share prices, the financial calendar, ad hoc news and other relevant IR topics.

Monitoring

The Group accounting department is managed by the Vienna Insurance Group Chief Financial Officer and is responsible for preparing the Group Annual Report. Quarterly reports are provided to the Managing Board and Supervisory Board to ensure regular monitoring of the internal control system. Risks are continuously monitored by internal cross-departmental Group controls (e.g. Group accounting department, Controlling).

Group-wide guidelines exist in order to standardise the handling of significant risks throughout the Group, and also provide a tool for risk monitoring. Local management is responsible for implementing these guidelines in the individual Group companies.

The auditor takes the internal control system into account during the financial statement audit to the extent that it is relevant to preparation of the consolidated financial statements. The financial statement auditor also assesses the effectiveness of the risk management system in accordance with Rule 83 of the Austrian Corporate Governance Code.

Disclosures in accordance with § 267(3a) in combination with § 243a UGB

1. The Company has EUR 132,887,468.20 in share capital that is divided into 128,000,000 no-par value bearer shares with voting rights, with each share participating equally in the share capital.

2. The Managing Board is not aware of any restrictions on voting rights or the transfer of shares.

3. Wiener Städtische Versicherungsverein holds (directly or indirectly) approximately 70% of the share capital.

4. No shares have special rights of control. See point 6 for information on the rights of the shareholder Wiener Städtische Versicherungsverein.

5. Employees who hold shares exercise their voting rights without a proxy during general meetings.

6. The Managing Board must have at least three and no more than seven members. The Supervisory Board has three to ten members (shareholder representatives). The shareholder Wiener Städtische Versicherungsverein has the right to appoint up to one third of the members of the Supervisory Board if, and so long as, it holds 50% or less of the Company's voting shares. General meeting resolutions are adopted by a simple majority, unless a different majority is required by law or the articles of association.

7. a) The Managing Board is authorised to increase the Company's share capital by a nominal amount of EUR 66,443,734.10 by issuing 64,000,000 no-par value bearer or registered shares in one or more tranches on or before 2 May 2018 against cash or in-kind contributions. The terms of the share rights, the exclusion of shareholder pre-emption rights, and the other terms and conditions of the share issue are decided by the Managing Board, subject to Supervisory Board approval. Preference shares without voting rights may also be issued, with rights equivalent to those of existing preferred shares. The issue prices of common and preferred shares may differ.

b) The general meeting of 3 May 2013 authorised the Managing Board to issue, subject to Supervisory Board approval, one or more tranches of bearer convertible bonds with a total nominal value of up to EUR 2,000,000,000.00 on or before 2 May 2018, with or without exclusion of shareholder pre-emptive rights, and to grant the holders of convertible bonds conversion rights for up to 30,000,000 no-par value bearer shares with voting rights in accordance with the convertible bond terms set by the Managing Board.

c) The share capital has consequently been raised in accordance with § 159(2) no. 1 of the Austrian Stock Corporation Act (AktG) by a contingent capital increase of up to EUR 31,145,500.36, through the issue of up to 30,000,000 no-par value bearer shares with voting rights. The contingent capital increase will only be implemented to the extent that holders of convertible bonds issued on the basis of the general meeting resolution of 3 May 2013 exercise the subscription or exchange rights they were granted. The Managing Board has not adopted any resolutions to date concerning the issuance of convertible bonds based on the authorisation granted on 3 May 2013.

d) The general meeting of 3 May 2013 further authorised the Managing Board to issue, subject to Supervisory Board approval, one or more tranches of bearer income bonds with a total nominal value of up to EUR 2,000,000,000.00 on or before 2 May 2018, with or without exclusion of shareholder pre-emptive rights. The Managing Board has not adopted any resolutions to date regarding the issuance of income bonds based on this authorisation.

As of 31 December 2014, no authorisation of the Managing Board under § 65 of the AktG (acquisition of own shares) was in effect, and the Company held none of its own shares as of 31 December 2014.

8. As of 31 December 2014, the Company was not party to any material agreements that would come into effect, change or terminate if control of the Company were to change due to a takeover bid, in particular, no agreements that would affect participations held in insurance companies. Existing agreements that would come into effect if control of the Company were to change due to a takeover bid concern participations held in other (non-insurance) companies.

9. No compensation agreements exist between the Company and its Managing Board members, Supervisory Board members or employees covering the case of a public takeover bid.

OUTLOOK 2015

AUSTRIA

As in the Eurozone as a whole, the economic recovery is slow and fragile in Austria as well. In October, the International Monetary Fund (IMF) was still forecasting economic growth of 1% for 2014 and an increase to 1.9% for 2015. According to the Austrian Institute for Economic Research (WIFO), recessive tendencies have become noticeable in the meantime, reducing the forecasts for the two years to 0.3% and 0.5%, respectively. Austria is suffering from the slowdown in world trade and has the highest inflation rate of all EU countries. Growth in private consumption is being slowed by the inflation rate, tax bracket creep and the difficult labour market situation.

This is offset by the positive effects of the current extremely low price of oil, service sector stability and substitution of some export markets. Although the low level of interest rates is beneficial for public budgets and the debt burden, it is a problem when they remain at such a low level for a long time because long-term inflation expectations also fall. This in turn restricts the ability of companies to set prices and acts as a negative incentive for investments. The trend to lower interest rates will continue in 2015, and will also bring further future challenges for the life insurance market in particular.

Significant elements of the Austrian banking system were restructured in 2014. The national debt rose 5.6 percentage points over the previous year to 80.1% of gross domestic product (GDP), due in part to EUR 4.4 billion in aid provided to banks. A further EUR 1 billion in aid measures is planned for 2015. Austria's overall credit rating in international financial markets remains unchanged at an AA+ rating from Standard & Poor's.

This is not expected to change as a result of the FMA's (Austrian Financial Market Authority) decision on 1 March 2015 to resolve the government bank resolution company HETA (resolution company for Hypo Alpe Adria) under BaSAG (Austrian Federal Act on the Recovery and Resolution of Banks) and the effects this has on Austria's attractiveness as a financial centre. VIG has taken account of this in its consolidated financial statements as of 31 December 2014 by making large write-downs of Austrian Group company claims against HETA.

The provisions of Solvency II that concern the European insurance supervisory authority will take effect to the extent planned on 1 January 2016, as will the amendments to the Austrian VAG.

The Austrian Insurance Association (VVO) expects premiums to rise to EUR 17.2 billion in 2015, representing a year-on-year increase of 0.6%. While the property and casualty area is expected to grow by 2.0%, or 0.8 percentage points less than in 2014, the life insurance business, which rose by close to 4% in 2014 due to an increase in single-premium business, is likely to record a decrease of 2% in the coming year. Premium volume in the Austrian health insurance sector is expected to show stable growth at a rate of 3.2%.

CEE REGION

Economic growth in the countries of Central and Eastern Europe is essentially governed by three trends:

The first is the positive trends experienced in Vienna Insurance Group's major core markets, such as the Czech Republic, Poland, Slovakia and Romania. This is partly due to the slight upswing in the Eurozone, which is an important export region for CEE countries. In some countries, the successful national economic policies implemented in previous years are another factor that is starting to bear fruit due to the stabilising effect on national economic systems and resulting growth rates of between 2.0% and 3.5%. With the exception of Hungary (-1.2 percentage points in 2015 and -0.3 percentage points in 2016), these growth rates are expected to increase again slightly in the next two years.

The second trend is shown by the stagnation in western Balkan countries. The situation has already improved compared to 2014, as a long-term recession lasting several quarters or half-year periods is not being predicted for any of the countries. The growth rate forecast is slightly above 0% for Croatia, and slightly below 0% for Serbia. Bosnia-Herzegovina, Albania, Slovenia and Montenegro are expected to grow at rates of 1.6% to 2.3%. Macedonia, however, is a role model for the region and is expected to continue growing at a rate of 3.5%.

The third major trend in the CEE region is the economic losses caused by the Russia-Ukraine conflict that are being suffered by all of the countries involved. The main burden is being felt by the two parties to the conflict themselves, due to mutual economic sanctions. The Baltic countries, however, are also being affected by Russia's weakness. And economic losses are also being indirectly suffered by the countries of the EU, which have lost Russia as a major sales market.

Aside from these three trends, it is also noteworthy that Turkey is benefiting strongly from the low price of oil as a result of its large current account deficit.

The development which is the most relevant overall, and therefore of great importance for the future, is the upswing in VIG's core CEE markets in 2014. If the Eurozone remains stable, this could also benefit the peripheral CEE countries.

The great fragility of the Eurozone consolidation and falling emerging market valuations on international financial markets are less positive factors for the CEE region. Although this primarily concerns Brazil and Russia, one nevertheless has to consider that investment strategies could also have a negative effect on the CEE region.

At the beginning of 2015, the Swiss National Bank abandoned the exchange rate floor of EUR 1.20 for the franc, thereby causing some uncertainty in financial markets. This has a negative effect on the CEE region, as a large number of franc loans were issued there that will now be significantly more expensive to repay.

With respect to the Eurozone, the unstable cooperation between the new Greek government and the EU, or Troika, constitutes a risk for the entire European region, particularly since Germany is no longer categorically opposed to a reduction in the size of the Eurozone.

In addition, it remains to be seen how strong and sustained an effect the bond buying programme approved by the ECB in the middle of January 2015 has on the current low level of interest rates. The programme's volume of EUR 1.14 trillion is higher than expected by most market participants, but reactions will depend on a number of factors, including how the volume is divided between corporate and government bonds, and whether markets view the rule that government bond purchases are to be made by national central banks as a clever measure encouraging independent responsibility or as a sign of a lack of political cohesion in the Eurozone.

VIENNA INSURANCE GROUP – OUTLOOK

The Managing Board of Vienna Insurance Group will continue to rely on its Group-wide management principles in the future. The Group will continue to focus on its core competence, namely the insurance business, remain true to its regional focus and follow a conservative investment strategy.

VIG remains convinced of the great potential offered by the CEE region, and is firmly committed to Austria and Central and Eastern Europe as its home market. Since the growth and convergence process tends to progress at different rates in the CEE countries, VIG will take advantage of the opportunities and conditions in each individual market as best possible. In countries experiencing a growth phase, the focus will be on above-average exploitation of potential. Calm market phases will mainly be used to optimise processes and structures, reduce costs and adjust portfolios in order to strengthen sales during later growth phases.

Following the principle of local entrepreneurship, VIG will continue to rely on decentralised structures, and therefore on entrepreneurial thinking and local know-how. Our local managers and employees know the special regional characteristics of their customers best and can therefore react promptly and professionally to changing market needs. Technically well-trained, motivated employees form the foundation for successful development of a market. Vienna Insurance Group will continue to do whatever is needed in its 25 markets to be viewed as an attractive local employer with an international background, offer its employees the best possible development opportunities, strengthen their long-term loyalty and be the employer of choice for young talented employees.

VIG continues to have a stated goal of using its proven strategy and many optimally developed regional distribution channels, including in particular the successful cooperation with Erste Group, to grow faster than the market in Austria and the CEE region in 2015. The priority will be on using sustainable organic growth to expand market shares.

The Group does not exclude the possibility of further acquisitions in the future that improve its market position and are a good strategic addition to its existing portfolio. Mergers will be considered if the additional potential synergies that can be achieved outweigh the benefits of a diversified market presence.

The current low interest rate environment is expected to cause a decline in the ordinary financial result in 2015 that is not likely, based on what we know today, to be overcompensated by another increase in our underwriting result. VIG will continue to follow a cautious risk-aware investment strategy and has no intention of increasing investment income by making riskier investments in the future.

VIG CONSOLIDATED FINANCIAL STATEMENTS 2014

PRIMARY FINANCIAL INFORMATION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

ASSETS

LIABILITIES AND SHAREHOLDERS' EQUITY

INCOME STATEMENT

Vienna Insurance Group

Consolidated financial statements in accordance with (IFRS)	31.12.2014
Reporting period	1.1.2014 – 31.12.2014
Balance sheet comparison date	31.12.2013
Income statement comparison period	1.1.2013 – 31.12.2013
Currency	EUR

CONSOLIDATED BALANCE SHEET AS OF 31 DECEMBER 2014

ASSETS		Notes	31.12.2014	31.12.2013 restated
in EUR '000				
A.	**Intangible assets**	**1**		
	I. Goodwill	A	1,643,721	1,625,714
	II. Purchased insurance portfolios	B	70,478	57,067
	III. Other intangible assets	C	655,647	634,757
Total intangible assets			**2,369,846**	**2,317,538**
B.	**Investments**			
	I. Land and buildings	2, D	1,851,219	2,678,898
	a) Self-used		427,384	446,237
	b) Investment property		1,423,835	2,232,661
	II. Shares in at equity consolidated companies	3+4	806,641	556,299
	III. Financial instruments	E	27,701,683	25,858,416
	a) Loans and other investments	5	4,055,077	4,532,340
	b) Other securities	6	23,646,606	21,326,076
	Financial instruments held to maturity		3,045,935	3,018,709
	Financial instruments available for sale		20,134,501	17,681,384
	Financial instruments recognised at fair value through profit and loss*		466,170	625,983
Total investments			**30,359,543**	**29,093,613**
C.	**Investments for unit- and index-linked life insurance**	**7, F**	**7,742,181**	**6,707,275**
D.	**Reinsurers' share in underwriting provisions**	**8, G**	**1,105,743**	**1,028,426**
E.	**Receivables**	**9, H**	**1,502,027**	**1,561,882**
F.	**Tax receivables and advance payments out of income tax**	**10, I**	**119,209**	**82,253**
G.	**Deferred tax assets**	**11, J**	**113,244**	**91,882**
H.	**Other assets**	**12, K**	**331,307**	**335,801**
I.	**Cash and cash equivalents**	**13**	**781,987**	**719,953**
Total ASSETS			**44,425,087**	**41,938,623**

* Including held for trading

The references (numbers and letters) shown for individual items in the consolidated balance sheet and consolidated income statement refer to detailed disclosures for those items in the notes to the consolidated financial statements. The numbers refer to the detailed disclosures in the "Explanatory notes to the consolidated financial statements" section starting on page 122. The letters refer to explanatory text in the "Summary of significant accounting policies" section starting on 69.

CONSOLIDATED BALANCE SHEET AS OF 31 DECEMBER 2014

LIABILITIES AND SHAREHOLDERS' EQUITY	Notes	31.12.2014	31.12.2013 restated
in EUR '000			
A. Shareholders' equity	**14**		
I. Share capital		132,887	132,887
II. Other capital reserves		2,109,003	2,109,003
III. Capital reserves from additional payments on hybridcapital		245,602	245,602
IV. Retained earnings		2,378,849	2,184,297
V. Other reserves		244,063	123,939
Subtotal		**5,110,404**	**4,795,728**
VI. Non-controlling interests		173,023	170,824
Total shareholders' equity		**5,283,427**	**4,966,552**
B. Subordinated liabilities	**15**	**919,678**	**1,029,944**
C. Underwriting provisions			
I. Provision for unearned premiums	16, L	1,143,490	1,182,084
II. Actuarial reserve	17, M	20,854,835	19,327,154
III. Provision for outstanding claims	18, N	4,488,944	4,252,867
IV. Provision for profit-unrelated premium refunds	19, O	52,360	52,534
V. Provision for profit-related premium refunds	19, P	1,277,796	1,095,242
VI. Other underwriting provisions	20, Q	72,527	70,583
Total underwriting provisions		**27,889,952**	**25,980,464**
D. Underwriting provisions for unit- and index-linked life insurance	**21, R**	**7,392,417**	**6,489,366**
E. Non-underwriting provisions			
I. Provisions for pensions and similar obligations	22, S	444,924	371,482
II. Other provisions	23, T	263,897	240,596
Total non-underwriting provisions		**708,821**	**612,078**
F. Liabilities	**24, U**	**1,679,355**	**2,433,048**
G. Tax liabilities out of income tax	**25**	**84,081**	**63,063**
H. Deferred tax liabilities	**11**	**286,789**	**169,607**
I. Other liabilities	**26**	**180,567**	**194,501**
Total LIABILITIES AND SHAREHOLDERS' EQUITY		**44,425,087**	**41,938,623**

CONSOLIDATED SHAREHOLDERS’ EQUITY

Change in consolidated shareholders’ equity in financial years 2014 and 2013

in EUR '000	Share capital	Other capital reserves	Capital reserves from additional payments on hybrid capital	Retained earnings	Other reserves	Sub-total	Non-controlling interests	Share-holders' equity
As of 1 January 2013	**132,887**	**2,109,003**	**495,602**	**2,238,301**	**368,809**	**5,344,602**	**344,010**	**5,688,612**
Retrospective restatement of scope of consolidation	**0**	**0**	**0**	**-54,215**	**2,181**	**-52,034**	**-5**	**-52,039**
As of 1 January 2013 restated	**132,887**	**2,109,003**	**495,602**	**2,184,086**	**370,990**	**5,292,568**	**344,005**	**5,636,573**
Changes in scope of consolidation/ownership interests	0	0	0	-40,518	0	-40,518	-181,199	-221,717
Comprehensive income	0	0	0	234,329	-247,051	-12,722	17,573	4,851
Repurchase of hybrid capital	0	0	-250,000	0	0	-250,000	0	-250,000
Dividend payment*	0	0	0	-193,600	0	-193,600	-9,555	-203,155
As of 31 December 2013 restated	**132,887**	**2,109,003**	**245,602**	**2,184,297**	**123,939**	**4,795,728**	**170,824**	**4,966,552**
As of 1 January 2014	**132,887**	**2,109,003**	**245,602**	**2,184,297**	**123,939**	**4,795,728**	**170,824**	**4,966,552**
Changes in scope of consolidation/ownership interests	0	0	0	9,152	0	9,152	-3,649	5,503
Comprehensive income	0	0	0	366,800	120,124	486,924	25,537	512,461
Dividend payment*	0	0	0	-181,400	0	-181,400	-19,689	-201,089
As of 31 December 2014	**132,887**	**2,109,003**	**245,602**	**2,378,849**	**244,063**	**5,110,404**	**173,023**	**5,283,427**

* Including payment for servicing the hybrid capital.

The above subtotal equals the equity attributable to shareholders and other capital providers of the parent company.

Composition Other reserves in EUR '000	31.12.2014	31.12.2013 restated
Unrealised gains and losses	529,630	318,275
Cash flow hedge reserve	-5,346	-6,165
Underwriting gains and losses from provisions for employee benefits	-106,538	-69,603
Share of other reserves of associated companies	-8,186	-5,384
Currency reserve	-165,497	-113,184
Total	**244,063**	**123,939**

Unrealised gains and losses from OCI	31.12.2014	31.12.2013 restated
in EUR '000		
Bonds	2,519,214	978,583
Shares and other participations	112,674	149,989
Investment funds	25,877	30,321
	2,657,765	**1,158,893**
+/- Exchange rate changes, AFS securities	10,986	9,593
+/- Policyholder claims		
thereof deferred actuarial reserve	*-998,236*	*0*
thereof deferred profit participation	*-971,786*	*-745,243*
+/- Deferred taxes	-161,104	-98,873
+/- Non-controlling interests	-7,995	-6,095
Total	**529,630**	**318,275**

Cash flow hedge reserve	31.12.2014	31.12.2013
in EUR '000		
Cash flow hedge	-7,128	-8,220
+/- Deferred taxes	1,782	2,055
Total	**-5,346**	**-6,165**

Underwriting gains and losses from provisions for employee benefits	31.12.2014	31.12.2013
in EUR '000		
Pension provision and severance provision	-208,957	-130,750
+/- Deferred profit participation	65,481	37,587
+/- Deferred taxes	35,844	22,732
+/- Non-controlling interests	1,094	828
Total	**-106,538**	**-69,603**

Share of other reserve of associated companies	31.12.2014	31.12.2013 restated
in EUR '000		
Share of other reserves of associated companies	-9,092	-5,654
+/- Non-controlling interests	906	270
Total	**-8,186**	**-5,384**

Currency reserve	31.12.2014	31.12.2013
in EUR '000		
Currency reserve	-167,395	-115,060
+/- Non-controlling interests	1,898	1,876
Total	**-165,497**	**-113,184**

CONSOLIDATED INCOME STATEMENT FOR THE PERIOD FROM 1 JANUARY 2014 TO 31 DECEMBER 2014

	Notes	2014	2013 restated
in EUR '000			
Premiums	**28**		
Premiums written – gross		**9,145,728**	**9,218,574**
Premiums written – reinsurers´ share		-808,551	-773,195
Premiums written – retention		**8,337,177**	**8,445,379**
Change in unearned premiums – gross		12,643	27,868
Change in unearned premiums – reinsurers' share		3,922	5,804
Net earned premiums – retention		**8,353,742**	**8,479,051**
Financial result excluding at equity consolidated companies	**29**		
Income from investments		1,517,822	1,650,376
Expenses for investments and interest expenses		-465,519	-460,917
Total financial result excluding at equity consolidated companies		**1,052,303**	**1,189,459**
Result from shares in at equity consolidated companies	**30**	**64,557**	**37,394**
Other income	**31**	**125,458**	**143,897**
Expenses for claims and insurance benefits	**32**		
Expenses for claims and insurance benefits – gross		-7,368,056	-7,597,410
Expenses for claims and insurance benefits – reinsurers' share		448,123	386,858
Total expenses for claims and insurance benefits		**-6,919,933**	**-7,210,552**
Acquisition and administrative expenses	**33**		
Acquisition expenses		-1,662,532	-1,629,998
Administrative expenses		-345,459	-344,053
Reinsurance commissions		133,218	107,733
Total acquisition and administrative expenses		**-1,874,773**	**-1,866,318**
Other expenses	**34**	**-282,988**	**-417,784**
Profit before taxes		**518,366**	**355,147**
Tax expenses	**35**	**-127,006**	**-98,837**
Profit for the period		**391,360**	**256,310**
thereof attributable to Vienna Insurance Group shareholders		*366,800*	*234,329*
thereof non-controlling interests in profit for the period	14	*24,560*	*21,981*
Earnings per share*	14		
Undiluted = diluted earnings per share (in EUR)		2.75	1.57
Profit for the period (Carry-forward)		**391,360**	**256,310**

* The calculation of EPS includes accured interest expenses for hybrid capital.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

in EUR '000	2014	2013 restated
Profit for the period (Carry-forward)	**391,360**	**256,310**
Other comprehensive income (OCI)		
Items that will not be reclassified to profit or loss in subsequent periods		
+/- Underwriting gains and losses from provisions for employee benefits	-78,207	-53,329
thereof deferred profit participation	27,894	14,497
thereof deferred taxes	13,112	9,149
Subtotal	**-37,201**	**-29,683**
Items that will be reclassified to profit or loss in subsequent periods		
+/- Exchange rate changes through equity	-52,335	-141,973
+/- Unrealised gains and losses from financial instruments available for sale	1,500,265	-278,282
+/- Cash Flow hedge reserve	1,093	-8,220
+/- Share of other reserves of associated companies	-3,438	-7,906
thereof deferred actuarial reserve	-998,236	0
thereof deferred profit participation	-226,543	183,840
thereof deferred taxes	-62,504	30,765
Subtotal	**158,302**	**-221,776**
Total Other Comprehensive Income	**121,101**	**-251,459**
Comprehensive income	**512,461**	**4,851**
thereof attributable to Vienna Insurance Group shareholders	*486,924*	*-12,722*
thereof non-controlling interests	*25,537*	*17,573*

For the basis of the measurements shown in the following tables (segment reports and cash flow statement) please refer to the number and letter references of the corresponding items in the consolidated balance sheet and consolidated income statement.

CONSOLIDATED CASH FLOW STATEMENT FOR THE PERIOD FROM 1 JANUARY 2014 TO 31 DECEMBER 2014

	2014	2013 restated
in EUR '000		
Profit for the period	**391,360**	**256,310**
Change in underwriting provisions net	615,626	465,948
Change in underwriting receivables and liabilities	177,489	117,514
Change in deposits on assumed and ceded reinsurance and reinsurance receivables and liabilities	-50,614	-31,020
Change in other receivables and liabilities	-15,631	-201,562
Change in securities held for trading	130,317	66,194
Gain/loss from disposal of investments	-171,445	-211,166
Write-downs/write-ups of all other investments	143,870	113,418
Change in pension, severance and other personnel provisions	83,356	131,668
Change in deferred tax asset/liability excl. tax liabilities	34,467	6,938
Change in other balance sheet items	-2,352	46,262
Change in goodwill and other intangible assets	-2,401	105,927
Other non-cash income and expenses and adjustments to the result of the period[1]	92,854	354,152
Cash flow from operating activities	**1,426,896**	**1,220,583**
Cash inflow from the sale of fully and at equity consolidated companies	4,165	0
Payments for the acquisition of fully and at equity consolidated companies	-96,856	-73,431
Cash inflow from the sale of securities available for sale	3,678,028	4,330,354
Payments for the acquisition of available for sale securities	-4,578,929	-5,450,272
Cash inflow from the sale of securities held to maturity	163,483	334,877
Payments for the addition of securities held to maturity	-221,936	-368,574
Cash inflow from the sale of land and buildings	54,888	120,563
Payments for the acquisition of land and buildings	-245,455	-193,118
Change in unit- and index-linked life insurance items	-168,375	-195,530
Change in other investments	381,579	186,724
Cash flow from investing activities	**-1,029,408**	**-1,308,407**
Corporate actions, incl. hybrid capital	0	-250,000
Increase in subordinated liabilities	0	500,000
Decrease of subordinated liabilities	-110,043	-5,750
Dividend payments	-206,089	-203,155
Cash inflow from other financing activities	0	12,583
Cash outflow from other financing activities	-2,597	-5,195
Cash flow from financing activities	**-318,729**	**48,483**
Change in cash and cash equivalents	**78,759**	**-39,341**
Cash and cash equivalents at beginning of period	**719,953**	**787,166**
Change in cash and cash equivalents	78,759	-39,341
Additions/disposals from change in consolidation method	-22,309	-35,520
Effects of foreign currency exchange differences on cash and cash equivalents	5,584	7,648
Cash and cash equivalents at end of period[2]	**781,987**	**719,953**
thereof non-profit housing societies	*0*	*22,671*
Additional information		
Received interest	805,578	835,484
Received dividends	165,085	179,887
Interest paid[3]	60,262	45,211
Income taxes paid	91,946	63,631
Expected cash flow from reclassified securities	**26,609**	**42,167**
Effective interest rate of reclassified securities	**4.73%**	**4.46%**

[1] The non-cash income and expenses are primarily the result of exchange rate changes [2] The amount of Cash and cash equivalents at the end of the period corresponds to balance sheet asset item I "Cash and cash equivalents". [3] The interest paid is primarily due to financing activities.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

SEGMENT REPORTING

Vienna Insurance Group is the leading insurance specialist in Central and Eastern Europe. Around 50 Group companies offer insurance products and services in 25 countries.

Results are managed Group-wide, with operating segments divided into lines of business (property and casualty, life insurance and health insurance) and regions. The regions are Austria, the Czech Republic, Poland, Slovakia, Romania, Remaining Markets and Central Functions. The operating segments are aggregated in two dimensions – lines of business and regions – for segment reporting.

Since many of the insurance companies in Vienna Insurance Group are composite insurers, and have already consolidated transactions between reporting segments in their separate financial statements, Vienna Insurance Group does not present a consolidation column in the consolidated balance sheet or consolidated income statement for segment reporting.

Like transactions with third parties, transfer prices between reportable segments are determined using market prices. Transactions between reportable segments are eliminated during consolidation. Financial information is recorded for reportable segments; country-specific information concerning more than one segment is not collected.

Consolidated balance sheet by lines of business

ASSETS	Property and casualty		Life		Health		Total	
	31.12.2014	31.12.2013 restated	31.12.2014	31.12.2013 restated	31.12.2014	31.12.2013	31.12.2014	31.12.2013 restated
in EUR '000								
A. Intangible assets	1,342,867	1,341,783	1,026,942	975,700	37	55	**2,369,846**	**2,317,538**
B. Investments	6,187,969	6,715,574	22,946,602	21,174,643	1,224,972	1,203,396	**30,359,543**	**29,093,613**
C. Investments for unit- and index-linked life insurance	0	0	7,742,181	6,707,275	0	0	**7,742,181**	**6,707,275**
D. Reinsurers'share in underwriting provisions	1,021,919	901,827	81,601	124,541	2,223	2,058	**1,105,743**	**1,028,426**
E. Receivables	961,534	1,002,351	513,658	521,946	26,835	37,585	**1,502,027**	**1,561,882**
F. Tax receivables and advance payments out of income tax	81,459	65,747	37,727	16,467	23	39	**119,209**	**82,253**
H. Other assets	147,093	152,896	183,951	182,026	263	879	**331,307**	**335,801**
I. Cash and cash equivalents	445,886	570,731	299,149	141,659	36,952	7,563	**781,987**	**719,953**
Subtotal	**10,188,727**	**10,750,909**	**32,831,811**	**29,844,257**	**1,291,305**	**1,251,575**	**44,311,843**	**41,846,741**
Deferred tax assets							113,244	91,882
Total ASSETS							**44,425,087**	**41,938,623**

LIABILITIES AND SHAREHOLDERS' EQUITY	Property and casualty		Life		Health		Total	
	31.12.2014	31.12.2013 restated	31.12.2014	31.12.2013 restated	31.12.2014	31.12.2013	31.12.2014	31.12.2013 restated
in EUR '000								
B. Subordinated liabilities	800,614	810,785	118,564	218,659	500	500	**919,678**	**1,029,944**
C. Underwriting provisions	5,224,533	5,040,312	21,508,289	19,838,767	1,157,130	1,101,385	**27,889,952**	**25,980,464**
D. Underwriting provision for unit- and index-linked life insurance	0	0	7,392,417	6,489,366	0	0	**7,392,417**	**6,489,366**
E. Non-underwriting provisions	429,294	397,096	238,075	169,740	41,452	45,242	**708,821**	**612,078**
F. Liabilities	1,110,318	1,923,498	556,432	498,652	12,605	10,898	**1,679,355**	**2,433,048**
G. Tax liabilities out of income tax	48,944	39,840	33,398	23,223	1,739	0	**84,081**	**63,063**
I. Other liabilities	52,820	52,334	126,977	141,093	770	1,074	**180,567**	**194,501**
Subtotal	**7,666,523**	**8,263,865**	**29,974,152**	**27,379,500**	**1,214,196**	**1,159,099**	**38,854,871**	**36,802,464**
Deferred tax liabilities							286,789	169,607
Shareholders' equity							5,283,427	4,966,552
Total LIABILITIES AND SHAREHOLDERS' EQUITY							**44,425,087**	**41,938,623**

The amounts indicated for each business segment have been adjusted for internal segment transactions. As a result, the asset and liability balances cannot be used to infer the shareholders' equity allocated to each line of business.

Investments by region

ASSETS	Austria		Czech Republic		Slovakia		Poland	
	31.12.2014	31.12.2013 restated	31.12.2014	31.12.2013 restated	31.12.2014	31.12.2013	31.12.2014	31.12.2013
in EUR '000								
B. Investments	21,101,536	19,356,215	3,169,122	3,163,795	1,227,001	1,138,553	1,061,933	1,147,516
C. Investments for unit- and index-linked life insurance	5,343,191	5,048,430	290,964	275,021	186,038	177,929	608,139	170,659
Total investments	**26,444,727**	**24,404,645**	**3,460,086**	**3,438,816**	**1,413,039**	**1,316,482**	**1,670,072**	**1,318,175**

ASSETS	Romania		Remaining Markets		Central Functions		Total	
	31.12.2014	31.12.2013	31.12.2014	31.12.2013 restated	31.12.2014	31.12.2013 restated	31.12.2014	31.12.2013 restated
in EUR '000								
B. Investments	366,152	319,913	1,693,711	1,529,528	1,740,088	2,438,093	**30,359,543**	**29,093,613**
C. Investments for unit- and index-linked life insurance	184,295	175,896	1,129,554	859,340	0	0	**7,742,181**	**6,707,275**
Total investments	**550,447**	**495,809**	**2,823,265**	**2,388,868**	**1,740,088**	**2,438,093**	**38,101,724**	**35,800,888**

SEGMENT REPORTING

Consolidated income statement by lines of business

LINES OF BUSINESS	Property and casualty		Life		Health		Total	
	2014	2013 restated	2014	2013 restated	2014	2013	2014	2013 restated
in EUR '000								
Premiums written – gross	4,560,392	4,618,377	4,199,041	4,202,372	386,295	397,825	**9,145,728**	**9,218,574**
Net earned premiums	3,791,322	3,910,017	4,166,189	4,168,627	396,231	400,407	**8,353,742**	**8,479,051**
Financial result excl. at equity consolidated companies	192,567	236,689	826,236	933,519	33,500	19,251	**1,052,303**	**1,189,459**
Income from investments	409,084	487,112	1,055,668	1,116,675	53,070	46,589	**1,517,822**	**1,650,376**
Expenses for investments and interest expenses	-216,517	-250,423	-229,432	-183,156	-19,570	-27,338	**-465,519**	**-460,917**
Result from shares in at equity consolidated companies	54,961	30,825	9,596	6,569	0	0	**64,557**	**37,394**
Other income	79,356	85,224	45,973	58,497	129	176	**125,458**	**143,897**
Expenses for claims and insurance benefits	-2,495,268	-2,714,113	-4,094,396	-4,162,850	-330,269	-333,589	**-6,919,933**	**-7,210,552**
Acquisition and administrative expenses	-1,120,460	-1,169,693	-703,183	-649,739	-51,130	-46,886	-1,874,773	-1,866,318
Other expenses	-192,843	-325,373	-88,841	-88,623	-1,304	-3,788	**-282,988**	**-417,784**
Profit before taxes	**309,635**	**53,576**	**161,574**	**266,000**	**47,157**	**35,571**	**518,366**	**355,147**
Tax expenses	-102,714	-63,580	-15,675	-32,409	-8,617	-2,848	-127,006	-98,837
Profit for the period	**206,921**	**-10,004**	**145,899**	**233,591**	**38,540**	**32,723**	**391,360**	**256,310**

Consolidated income statement by regions

REGIONS	Austria		Czech Republic		Slovakia		Poland	
	2014	2013 restated	2014	2013	2014	2013	2014	2013
in EUR '000								
Premiums written – gross	4,076,992	4,073,885	1,683,406	1,762,082	726,987	744,666	1,034,051	1,142,304
Net earned premiums	3,370,793	3,348,476	1,366,044	1,429,555	597,046	615,150	852,934	939,730
Financial result excl. at equity consolidated companies	748,035	890,622	102,514	112,239	54,427	52,837	52,872	48,771
Income from investments	1,041,535	1,098,781	131,926	153,404	57,511	56,860	65,280	83,740
Expenses for investments and interest expenses	-293,500	-208,159	-29,412	-41,165	-3,084	-4,023	-12,408	-34,969
Result from shares in at equity consolidated companies	13,745	6,560	4,976	4,168	0	0	0	0
Other income	20,741	17,322	35,650	50,909	12,489	10,908	7,188	5,970
Expenses for claims and insurance benefits	-3,320,211	-3,338,288	-957,521	-1,008,522	-481,258	-511,406	-582,744	-709,912
Acquisition and administrative expenses	-627,210	-606,970	-332,471	-345,822	-91,436	-88,101	-260,330	-222,536
Other expenses	-36,166	-82,631	-41,325	-44,708	-31,813	-24,131	-14,765	-11,803
Profit before taxes	**169,727**	**235,091**	**177,867**	**197,819**	**59,455**	**55,257**	**55,155**	**50,220**
Tax expenses	-26,063	-17,823	-37,863	-38,034	-16,089	-14,607	-15,076	-14,054
Profit for the period	**143,664**	**217,268**	**140,004**	**159,785**	**43,366**	**40,650**	**40,079**	**36,166**

REGIONS	Romania		Remaining Markets		Central Functions		Consolidation		Total	
	2014	2013	2014	2013 restated	2014	2013 restated	2014	2013	2014	2013 restated
in EUR '000										
Premiums written – gross	339,673	361,796	1,155,639	1,061,635	1,289,843	1,303,850	-1,160,863	-1,231,644	9,145,728	9,218,574
Net earned premiums	184,486	170,979	880,131	809,267	1,105,542	1,160,106	-3,234	5,788	8,353,742	8,479,051
Financial result excl. at equity consolidated companies	15,012	9,043	94,638	82,821	-14,931	-7,021	-264	147	1,052,303	1,189,459
Income from investments	24,361	27,848	117,529	115,836	146,952	184,685	-67,272	-70,778	1,517,822	1,650,376
Expenses for investments and interest expenses	-9,349	-18,805	-22,891	-33,015	-161,883	-191,706	67,008	70,925	-465,519	-460,917
Result from shares in at equity consolidated companies	0	0	0	0	45,836	26,666	0	0	64,557	37,394
Other income	23,139	11,779	15,639	28,348	11,565	19,519	-953	-858	125,458	143,897
Expenses for claims and insurance benefits	-123,680	-175,438	-653,142	-580,315	-799,584	-879,517	-1,793	-7,154	-6,919,933	-7,210,552
Acquisition and administrative expenses	-74,294	-87,407	-209,291	-230,679	-282,958	-282,188	3,217	-2,615	-1,874,773	-1,866,318
Other expenses	-18,586	-27,659	-76,315	-60,441	-67,712	-170,875	3,694	4,464	-282,988	-417,784
Profit before taxes	**6,077**	**-98,703**	**51,660**	**49,001**	**-2,242**	**-133,310**	**667**	**-228**	**518,366**	**355,147**
Tax expenses	2,008	7,073	-12,657	-11,961	-21,266	-9,431	0	0	-127,006	-98,837
Profit for the period	**8,085**	**-91,630**	**39,003**	**37,040**	**-23,508**	**-142,741**	**667**	**-228**	**391,360**	**256,310**

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

General information

VIENNA INSURANCE GROUP AG Wiener Versicherung Gruppe is the leading Austrian insurance company in Central and Eastern Europe and thus is also the largest listed insurance group in Austria. Its registered office is located at Schottenring 30, 1010 Vienna. The ultimate parent company, Wiener Städtische Versicherungsverein, includes Vienna Insurance Group in its consolidated financial statements.

The insurance companies of VIG offer high-quality insurance services in the life, health and property and casualty segments in 25 countries of Central and Eastern Europe.

Business segment reports are prepared in a manner consistent with the internal reporting for the principal decision-maker. The principal decision maker is responsible for decisions about the allocation of resources to business segments and for assessing their earning power. The Managing Board is the principal decision-maker for the Group as a whole.

The management approach was used to determine the operating segments. Results are managed Group-wide, with the property and casualty, life insurance and health insurance lines of business identified as reportable segments. The operating segments are aggregated in two dimensions – lines of business and regions – for segment reporting.

Vienna Insurance Group places great importance on the CEE region, and regularly communicates this to the outside world. The following regions were identified:

- Austria (incl. the Wiener Städtische Versicherung branch offices in Slovenia and Italy and the Donau Versicherung branch office in Italy)
- Czech Republic
- Slovakia
- Poland (incl. the Compensa Non-life branch offices in Lithuania and Latvia)
- Romania
- Remaining Markets
- Central Functions

The regions of Austria, the Czech Republic, Slovakia, Poland, Romania and Remaining Markets show the performance of the operating companies. In the interests of clarity, the countries of Albania, Bosnia-Herzegovina, Bulgaria, Croatia, Estonia (incl. the branches in Lithuania and Latvia), Georgia, Germany, Hungary, Lichtenstein, Macedonia, Moldova, Serbia, Turkey and Ukraine are combined in the "Remaining Markets" for management reporting. Companies with management and coordination functions that cross regional boundaries and non-profit housing societies are included in the "Central Functions".

The significant accounting policies applied during preparation of the consolidated financial statements are presented below. The policies described were applied consistently during the accounting periods presented.

Summary of significant accounting policies

The consolidated financial statements as of 31 December 2014 were prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the European Union and the applicable commercial law provisions of § 245a of the Austrian Commercial Code (Unternehmensgesetzbuch – UGB) and § 80b(2) of the Austrian Insurance Supervision Act (Versicherungsaufsichtsgesetz – VAG).

The consolidated financial statements were prepared using historical cost accounting, with the exception of financial instruments available for sale, and financial assets and certain financial liabilities (including derivatives) measured at fair value.

Preparing consolidated financial statements in accordance with the IFRS requires that estimates be made. In addition, application of the Company's accounting policies requires management to make assumptions. Areas with greater leeway for discretion, highly complex areas, or areas involving assumptions and estimates that are of critical importance to the consolidated financial statements are listed in the notes on page 86.

Amounts were rounded to improve readability and, where not indicated, are shown in thousands of euros (EUR '000). Calculations, however, are done using exact amounts, including digits not shown, which may lead to rounding differences.

CHANGES IN SIGNIFICANT ACCOUNTING POLICIES

Except for the following changes, Vienna Insurance Group has consistently applied the accounting policies indicated in all of the periods shown in these consolidated financial statements.

The following new standards and amendments to standards, including all subsequent changes to other standards were to be applied for the first time starting as of 1 January 2014. All of the standards and amendments to standards that affect Vienna Insurance Group were applied in this financial year.

Applicable as of 1 January 2014

IFRS 10	Consolidated financial statements
IFRS 11	Joint arrangements
IFRS 12	Disclosure of interests in other entities
Amendments to IFRS 10, IFRS 11 and IFRS 12	Transitional requirements
Amendments to IFRS 10, IFRS 12 and IAS 27*	Investment companies
Amendments to IAS 27*	Separate financial statements
Amendments to IAS 28	Investments in associates and joint ventures
Amendments to IAS 32	Offsetting financial assets and financial liabilities
Amendments to IAS 36	Disclosures on the recoverable amount of non-financial assets
Amendments to IAS 39	Novation of derivatives and continuation of hedge accounting

* Amendments are not relevant or standard is not applicable

Application of these new mandatory IFRSs had the following effects on the financial statements:

CONSOLIDATED FINANCIAL STATEMENTS

This standard extensively redefines the principle of control and supersedes the provisions of IAS 27 and SIC 12. Under the new principle of control, control exists if the potential parent company has the power to make decisions for the subsidiary by using voting rights or other rights, shares in positive and negative variable returns from the subsidiary and can use its decision-making power to influence these returns.

The changes made as a result of IFRS 10 are described in the "Retrospective restatement" section.

JOINT ARRANGEMENTS

IFRS 11 redefines the accounting for joint arrangements; the new principles require a distinction to be made between joint operations and joint ventures. The changes with respect to IAS 31 primarily concern elimination of the option for proportionate inclusion of joint ventures, a change in the definition of joint control and expansion of the scope of application with respect to joint operations.

The Group currently has no joint arrangements subject to IFRS 11.

DISCLOSURE OF INTERESTS IN OTHER ENTITIES (IFRS 12)

This standard deals with disclosure requirements for interests in other entities. The goal of the standard is to present information on the type, risk and implications of interests in other entities in the consolidated financial statements. The standard requires more extensive disclosures than those required under IAS 27, IAS 28 and IAS 31.

As a result, the Group has included further disclosures with respect to material non-controlling interests and associated companies.

TRANSITIONAL REQUIREMENTS (IFRS 10, IFRS 11 AND IFRS 12)

The amendments include clarification and additional relief for the transition to IFRS 10, IFRS 11 and IFRS 12. It is clarified that retrospective restatement only has to be performed for one period when the standard is first applied. In addition, presentation of previous year figures is not required for disclosures in the notes relating to unconsolidated structured entities.

INVESTMENTS IN ASSOCIATES AND JOINT VENTURES

Amendments were also made to IAS 28 when IFRS 11 "Joint arrangements" was adopted.

These amendments have no material effect on the Group.

OFFSETTING FINANCIAL ASSETS AND FINANCIAL LIABILITIES
The amendment to IAS 32 clarifies the requirements for offsetting of financial instruments. The amendments have no significance for the Group.

DISCLOSURES ON THE RECOVERABLE AMOUNT OF NON-FINANCIAL ASSETS
The amendment concerns adjustments and additional disclosures in cases where the recoverable amount of an impaired asset was calculated based on a fair value less selling costs.

NOVATION OF DERIVATIVES AND CONTINUATION OF HEDGE ACCOUNTING
Due to amendments to IAS 39, under certain conditions derivatives continue to be designated as hedging instruments in a continuing hedging relationship in spite of novation of the derivatives to a central counterparty as a result of legal requirements. These amendments currently have no effect on the Group.

All of the other new mandatory IFRSs were either not applicable to the Group or had no effect.

New standards and interpretations that have not yet been applied
A number of new standards, amendments to standards and interpretations are applicable for the first time in the first reporting period of a financial year beginning after 1 January 2014, and were not applied in these consolidated financial statements. Those that could be relevant for the Group are presented below. The Group is not planning early application of any of these standards.

New standards and changes to current reporting standards		Applicable as of
IFRIC 21	Levies	17.6.2014
IAS 19	Defined Benefit Plans: Employee Contributions	1.2.2015
all IFRS	Annual improvements (2010-2012 cycle)	1.2.2015
all IFRS	Annual improvements (2011-2013 cycle)	1.1.2015
IFRS 11	Joint Arrangements	not yet endorsed by the EU
IAS 16 and IAS 38	Clarification of acceptable methods of depreciation and amortisation	not yet endorsed by the EU
IAS 27	Equity method in separate financial statements	not yet endorsed by the EU
IFRS 10 and IAS 28	Sale or contribution of assets between an investor and its associate or joint venture	not yet endorsed by the EU
IFRS 5, IFRS 7, IAS 19, IAS 34	Annual improvements (2012-2014 cycle)	not yet endorsed by the EU
IFRS 14	Regulatory Deferral Accounts	not yet endorsed by the EU
IFRS 15	Revenue from contracts with customers	not yet endorsed by the EU

With respect to IFRSs applicable in the future, either no relevant transactions exist, or application is not expected to have any effect on the consolidated financial statements.

Retrospective restatement

As of 1 January 2014, VIG had adopted IFRS 10, 11 and 12 and the amendments to IAS 27 and IAS 28. The central focus, particularly with respect to the introduction of IFRS 10, is on establishing a uniform framework to be applied to all investees to determine which are to be included in the consolidated financial statements based on the existence of control. Based on the provisions, control can be said to exist if the parent company has the power to direct the activities of the investee, shares in the variable returns of the investee and can, by exercising its power, materially influence the size of the variable returns.

When adopting IFRS 10 and the amendments to IAS 28, VIG critically examined the scope of companies to be consolidated (fully or at equity). As a result, VIG decided to retrospectively include the following companies, which were previously not consolidated due to the materiality guidelines of the Group, in the scope of consolidation:

- Fully consolidated companies
  - Doverie

- At equity consolidated companies
  - Beteiligungs- und Immobilien GmbH
  - Beteiligungs- und Wohnungsanlagen GmbH
  - Österreichisches Verkehrsbüro
  - VBV – Betriebliche Altersvorsorge

Purchase price allocations were performed during retrospective first-time consolidation in accordance with IFRS 3, and the resulting goodwill values are presented on page 76.

In the case of Doverie, an insurance portfolio value of EUR 110,000,000 (book value as of 31 December 2014: EUR 15,258,000) was recognised as a result of purchase price allocation.

The following table shows the retrospective adjustments to the balance sheet as of 1 January 2013 for each consolidation method.

As of 1 January 2013	As originally reported	Fully consolidated companies	At equity consolidated companies	After adjustment
in EUR '000				
ASSETS				
Intangible assets	2,409,965	64,046	0	2,474,011
Investments	29,462,819	-132,347	26,564	29,357,036
Receivables	1,617,653	296	0	1,617,949
Other assets	339,054	736	0	339,790
Cash and cash equivalents	772,238	3,884	0	776,122
Deferred tax assets	150,361	56	0	150,417
LIABILITIES AND SHAREHOLDERS' EQUITY				
Non-underwriting provisions	508,368	10,914	0	519,282
Liabilities	3,028,844	888	0	3,029,732
Tax liabilities out of income tax	91,907	73	0	91,980
Deferred tax liabilities	226,634	3,399	0	230,033
Shareholders' equity	**5,688,612**	**-78,603**	**26,564**	**5,636,573**

Retrospective restatement had the following effects on the 2013 annual financial statements:

ASSETS		As originally reported	Fully consolidated companies	At equity consolidated companies	After adjustment
in EUR '000					
A.	Intangible assets	2,265,746	56,107	-4,315	2,317,538
B.	Investments	29,200,535	-138,538	31,616	29,093,613
C.	Investments for unit- and index-linked life insurance	6,707,275	0	0	6,707,275
D.	Reinsurers'share in underwriting provisions	1,028,426	0	0	1,028,426
E.	Receivables	1,560,699	1,183	0	1,561,882
F.	Tax receivables and advance payments out of income tax	82,253	0	0	82,253
H.	Other assets	335,109	692	0	335,801
I.	Cash and cash equivalents	705,025	14,928	0	719,953
Subtotal		**41,885,068**	**-65,628**	**27,301**	**41,846,741**
Deferred tax assets		91,823	59	0	91,882
Total ASSETS		**41,976,891**	**-65,569**	**27,301**	**41,938,623**

LIABILITIES AND SHAREHOLDERS' EQUITY		As originally reported	Fully consolidated companies	At equity consolidated companies	After adjustment
in EUR '000					
B.	Subordinated liabilities	1,029,944	0	0	1,029,944
C.	Underwriting provisions	25,980,464	0	0	25,980,464
D.	Underwriting provision for unit- and index-linked life insurance	6,489,366	0	0	6,489,366
E.	Non-underwriting provisions	600,125	11,953	0	612,078
F.	Liabilities	2,432,165	883	0	2,433,048
G.	Tax liabilities out of income tax	62,793	270	0	63,063
I.	Other liabilities	194,501	0	0	194,501
Subtotal		**36,789,358**	**13,106**	**0**	**36,802,464**
Deferred tax liabilities		167,438	2,169	0	169,607
Shareholders' equity		5,020,095	-80,844	27,301	4,966,552
Total LIABILITIES AND SHAREHOLDERS' EQUITY		**41,976,891**	**-65,569**	**27,301**	**41,938,623**

CONSOLIDATED INCOME STATEMENT	As originally reported	Fully consolidated companies	At equity consolidated companies	After adjustment
in EUR '000				
Premiums written – gross	9,218,574	0	0	9,218,574
Net earned premiums	8,479,051	0	0	8,479,051
Financial result excl. at equity consolidated companies	1,183,773	5,686	0	1,189,459
Income from investments	1,634,793	15,583	0	1,650,376
Expenses for investments and interest expenses	-451,020	-9,897	0	-460,917
Result from shares in at equity consolidated companies	35,042	0	2,352	37,394
Other income	143,897	0	0	143,897
Expenses for claims and insurance benefits	-7,210,552	0	0	-7,210,552
Acquisition and administrative expenses	-1,866,318	0	0	-1,866,318
Other expenses	-409,756	-8,028	0	-417,784
Profit before taxes	**355,137**	**-2,342**	**2,352**	**355,147**
Tax expenses	-98,755	-82	0	-98,837
Profit for the period	**256,382**	**-2,424**	**2,352**	**256,310**

There is no material effect on other comprehensive income.

Earnings per share	As originally reported	Fully consolidated companies	At equity consolidated companies	After adjustment
in EUR '000				
Earnings per share*	1.57	-0.02	0.02	1.57

* The calculation of this ratio includes accrued interest expenses for hybrid capital.

Scope and methods of consolidation

VIENNA INSURANCE GROUP AG Wiener Versicherung Gruppe, Vienna, is the parent company of Vienna Insurance Group. All companies that are under the control ("control principle") of Vienna Insurance Group ("subsidiaries") are fully consolidated in accordance with IFRS 10. The central focus, particularly with respect to the introduction of IFRS 10, is on establishing a uniform framework to be applied to all investees to determine which are to be included in the consolidated financial statements based on the existence of control. Based on the provisions, control can be said to exist if Vienna Insurance Group has the power to direct the activities of the investee, shares in the variable returns of the investee and can, by exercising its power, materially influence the size of the variable returns. VIG has power over a subsidiary if the rights it has on the balance sheet date allow it to materially direct the activities of the subsidiary. This is generally the case if VIG owns more than half of the voting rights or similar rights. Potential voting rights are also taken into account when determining whether a subsidiary is controlled. If a subsidiary has been formed in such a manner that voting rights or similar rights are not the deciding factor for control (for example if voting rights only apply to administrative tasks and the important activities are governed by contractual agreements), then control is examined based on the contractual relationship between VIG and the subsidiary. If a majority of the voting rights are held, but additional contractual agreements result in VIG not having control, but instead a significant influence, the subsidiary is treated as an associated company and consolidated at equity instead of fully consolidated.

Inclusion of a subsidiary begins when control is gained and ends when control is lost. The consolidated financial statements include a total of 64 domestic and 75 foreign companies. Subsidiaries that were not of material importance were not included within the scope of consolidation. A total of 47 domestic and 52 foreign subsidiaries were excluded for this reason.

Associated companies are companies over which Vienna Insurance Group has a significant influence, but does not exercise control. These companies are accounted for at equity. The consolidated financial statements include 18 domestic and 12 foreign companies accounted for at equity. 99 companies that have no material effect on the net assets, financial position and results of operations when considered individually or in aggregate have essentially been included in the consolidated financial statements at cost less impairment.

Fully controlled investment funds ("special funds") were fully consolidated in accordance with the requirements of IFRS 10. These consolidated special funds are not separate corporate entities, and therefore not special purpose vehicles (SPVs) under IFRS 10, but instead investment funds that have not been designed for public capital markets. Mutual funds in which Vienna Insurance Group holds the majority of units are not fully consolidated, since Vienna Insurance Group does not have control over such mutual funds.

The ability of subsidiaries to transfer funds (in the form of dividends) to the parent company can be restricted by corporate law, regulations and capital requirements.

Business combinations (IFRS 3)

Business combinations are accounted for using the purchase method. Minority interests are measured at the value of the share of the net assets of the acquired company attributable to the minority interest.

The amount reported as goodwill is the amount by which the acquisition costs, the value of the non-controlling shares of the acquired company and the fair value of any previously held equity interests as of the acquisition date exceeds the value of the Group's share of the net assets measured at fair value. If the acquisition costs are less than the net assets of the acquired subsidiary measured at fair value, the difference is checked again and recognised directly in the income statement. As a rule, the fair values of all assets and liabilities determined according to IFRS 13 are allocated to the regions. Goodwill and insurance portfolios are allocated to the region of the respective parent company.

Table 4 "Participations – details" provides an overview of all participations.

In 2014, the following changes occurred in the scope of consolidation:

The following companies were deconsolidated in financial year 2014:

Deconsolidations	Reason for deconsolidation	Date of deconsolidation
KÁMEN OSTROMĚŘ	Sale	1.1.2014
UNIGEO	Sale	30.9.2014

The interest in the company KÁMEN OSTROMĚŘ was sold to a company outside the Group in February 2014. As a result, the company was deconsolidated as of 1 January 2014.

The interest in the company UNIGEO was also sold to a company outside the Group at the end of September 2014. As a result, the company was deconsolidated as of 30 September 2014.

The following changes took place in the scope of consolidation during the reporting period:

Retrospective inclusion in the scope of consolidation	% share	Date of first consolidation	Goodwill
in EUR million			
Beteiligungs- und Immobilien GmbH	25.00	31.12.2005	0.00
Beteiligungs- und Wohnungsanlagen GmbH	25.00	31.12.2005	0.00
Doverie	92.58	30.6.2007	34.16
VBV Betriebliche Altersvorsorge	23.56	31.12.2007	0.00
Österreichisches Verkehrsbüro	36.58	31.12.2010	24.46

The reasons for the retrospective inclusion in the scope of consolidation are provided on page 72.

Inclusion in the scope of consolidation	% share	Date of first consolidation	Goodwill
in EUR million			
Bulgarski Imoti Asistans	100.00	1.1.2014	0.00
VIG Properties Bulgaria AD	99.97	1.1.2014	0.00
WILA GmbH	100.00	1.1.2014	0.00
WNH Liegenschaftsbesitz	100.00	1.1.2014	0.00

Companies acquired	Shares acquired (%)	Date of first consolidation	Goodwill
in EUR million			
Donaris (Remaining Markets property and casualty CGU group)	99.98	31.12.2014	7.99
Skandia Polen (Polish life CGU group)	100.00	1.7.2014	27.01
Vienna Life Biztosító (formerly AXA Biztosító) (Remaining Markets life CGU group)	100.00	1.7.2014	6.63

Non-controlling interests represented EUR 60 of the shareholders' equity of Donaris at the time of first consolidation and were calculated using the partial goodwill method.

VIG considers the reported goodwill to reflect the value of the ability to make use of the special expertise of the employees of the acquired company. When a market is entered, it represents the ability to offer insurance products in a new market or market segment and take advantage of the opportunities that exist there. In markets or market segments where VIG is already represented by one or more companies, the goodwill represents the possibility of taking advantage of potential synergies.

It must be noted that the purchase price allocation remains preliminary for newly acquired companies until the one-year limit has been reached, as VIG retains the right to compare the assumptions used to determine fair values with the latest reported results and take account of any variances in the final calculations. All company acquisitions were performed with cash and cash equivalents. Incidental acquisition costs were recognised as expenses.

All significant acquisitions occurring in financial year 2014 are presented below:

DONARIS

Donaris was established in 1998 and has its headquarters in the Moldovan capital city of Chisinau. The company offers property and casualty insurance and generated around EUR 5.8 million in premiums in 2014, representing a year-on-year increase of 7 percent. Around 80 percent of the premiums come from the motor vehicle lines of business. Insurance products are sold through the company's own business offices, agents and in cooperation with brokers, banks and leasing companies. The acquisition of Donaris enabled VIG to enter the Moldovan market, thereby expanding its operations to 25 countries.

After concluding the acquisition of a majority interest in Donaris in April 2014, Vienna Insurance Group was required to give the remaining minority shareholders of the company a mandatory takeover offer. VIG's right to exercise its voting rights was limited until this procedure was completed in August 2014. Furthermore, integration of the company into the Group-wide control system has not been fully completed yet. As a result, the company was not included in the scope of consolidation until 31 December 2014.

SKANDIA POLAND

VIG acquired 100% of the Polish life insurance company Skandia Poland on 30 May 2014. The company has operated in the Polish market for more than 14 years and sells its products through financial intermediaries such as banks, insurance brokers and insurance platforms. The focus of the product portfolio is mainly on unit-linked life insurance. The Skandia Poland acquisition gives VIG the opportunity to expand its current market presence in the area of unit-linked life insurance.

The acquisition of Skandia Poland had no material effect on total VIG sales or annual profit since the time of acquisition and no material effect if the date of acquisition is assumed to be 1 January 2014.

The constitutive supervisory board meeting of Skandia was held on 25 June 2014. As a result, the company was not included in the scope of consolidation until the 3rd quarter of 2014.

VIENNA LIFE BIZTOSÍTÓ (FORMERLY AXA BIZTOSÍTÓ)

On 3 June 2014, VIG acquired 100% of the shares of the Hungarian insurance company AXA Biztosító, which was renamed Vienna Life Biztosító as part of its integration into the Group.

The life insurance segment accounted for the large majority of the business volume (around 92%), with a strong focus on unit-linked life insurance products. The company operates nationwide and distributes its products through its own sales company, as well as financial intermediaries, such as brokers and banks. This transaction reflects the VIG strategy of growing by means of strategic acquisitions and partnerships in growth markets.

The acquisition of AXA Biztosító had no material effect on total Vienna Insurance Group sales or annual profit since the time of acquisition an no material effect if the date of acquisition is assumed to be 1 January 2014.

The constitutive supervisory board meeting of AXA Biztosító was held on 25 June 2014. As a result, the company was not included in the scope of consolidation until the 3rd quarter of 2014.

Significant changes in minority interests:

Acquisition of significant minority interests	Date of acquisition	Change of shareholding in %	Reduction of minority interest in consolidated shareholders' equity
in EUR '000			
Intersig	19.5.2014	14.98	-429
Sigma Interalbanian	9.10.2014	2.04	-82
Bulstrad Sach	between 7.2 and 21.3.2014	1.21	-296
S IMMO AG	between 30.12.2013 and 12.2.2014	0.18	-955

Change of consolidation method from full consolidation to at equity consolidation	% share	Date of change
Alpenländische Heimstätte GmbH	94.00	1.1.2014
Neue Heimat Oberösterreich GmbH	99.81	1.1.2014

Due to a contractual loss of control, the non-profit housing societies indicated in the table above are included at equity in the consolidated financial statements.

Benefia Life was merged into Compensa Life in September with an effective date of 1 January 2014. The two Group companies will operate in the market under the brand name Compensa Towarzystwo Ubezpieczeń Na Życie S.A. Vienna Insurance Group in the future.

Interalbanian was merged into SIGMA in October. The two Group companies will operate in the market under the brand name Sigma Interalbanian Vienna Insurance Group Sh.a in the future.

Information on the companies that are fully consolidated and included at equity in the consolidated financial statements of 31 December 2014 is provided in Note 4 "Participations" in the notes to the consolidated financial statements.

The following additions to assets and liabilities were recognised due to first-time consolidation of the companies indicated in 2014:

Balance sheet

in EUR '000	
Intangible assets	69,167
Investments	72,232
Investments for unit- and index-linked life insurance	555,597
Reinsurers' share in underwriting provisions	903
Receivables (incl. tax receivables and advance payments out of income tax)	12,278
Other assets (incl. deferred tax assets)	13,722
Cash and cash equivalents	8,591
Underwriting provisions	-32,692
Underwriting provisions for unit- and index-linked life insurance	-539,661
Non-underwriting provisions	-24,561
Liabilities (incl. tax liabilities out of income tax)	-12,019
Other liabilities (incl. deferred tax liabilities)	-12,346

The figures shown in the table above reflect the actual dates of first consolidation, as indicated in the “Inclusion in scope of consolidation” table on page 76.

Contribution to profit before taxes in financial year 2014

in EUR '000	
Net earned premiums	73,356
Financial result	3,162
Other income	562
Expenses for claims and insurance benefits	-53,809
Acquisition and administrative expenses	-20,764
Other expenses	-785
Profit before taxes	**1,722**

The following disposals of assets and liabilities were recognised as a result of the changeover from full to at equity consolidation for the non-profit housing societies listed below:

Balance sheet

in EUR '000	
Investments	1,037,448
thereof investment property	*1,011,780*
Other assets	31,094
Provisions	-17,524
Liabilities	-837,314

Contribution to profit before taxes in financial year 2013

in EUR '000	
Income	96,360
Expenses	-44,468
Financial result	-30,607
Profit before taxes	**21,285**

Based on valuation reports, Vienna Insurance Group believes that the Group's share of the equity of the deconsolidated companies essentially corresponds to the fair value and value in use of the at equity interests that were acquired, and has therefore reported the Group's equity interest as the fair value of these companies.

Non-profit housing societies

Due to a loss of contractual control, the following non-profit housing societies are included at equity in the consolidated financial statements. They were previously fully consolidated based on satisfaction of the criteria for control, a majority interest and extensive contractual agreements. The loss of control was primarily due to changes in contractual agreements on the dates indicated. Significant influence as defined in IAS 28 continues to exist. As a result, the following non-profit housing societies are included at equity in VIG's consolidated financial statements:

SINCE 1 JANUARY 2012

- Neuland GmbH
- Sozialbau AG
- Urbanbau GmbH
- Erste Heimstätte GmbH

SINCE 1 JANUARY 2013

- Gemeinnützige Industrie-Wohnungsaktiengesellschaft
- Gemeinnützige Mürz-Ybbs Siedlungsanlagen-GmbH
- Schwarzatal GmbH

SINCE 1 JANUARY 2014

- Alpenländische Heimstätte GmbH
- Neue Heimat Oberösterreich Gemeinnützige GmbH
- WNH Liegenschaftsbesitz GmbH

It must be noted that annual distributions and access to the assets of these companies are subject to statutory restrictions under the Austrian Non-Profit Housing Act (Wohnungsgemeinnützigkeitgesetz – WGG). As a result, the total amount of annual profit that can be distributed may not exceed an amount equal to the total paid-in share capital times the interest rate (currently 3.5%) applicable under § 14(1) no. 3 WGG. In addition, when members leave a housing society or a housing society is dissolved, the members may not receive more than their paid-in capital contributions and their share of distributable profits. Any remaining assets are to be used for the purposes of non-profit housing. Reorganisation possibilities are also limited, since merger agreements for merger of a housing society with other companies and spin-offs to other companies are not legally valid if the absorbing or newly formed company is not non-profit within the meaning of the WGG. Title to buildings, residential units and business units (co-ownership, condominium ownership) may only be transferred to the tenants or another building society within the meaning of the WGG.

When IFRS 10 was adopted, VIG examined whether a significant influence was still exercised over these investees and came to the conclusion that the companies indicated should continue to be included at equity in the consolidated financial statements. Due to the above restrictions on access to the assets of the housing societies, VIG checks the value of the non-profit housing societies at regular intervals. Based on the results of valuation reports from 2014, which the appraiser confirmed were still appropriate in March 2015, it was determined that both the value in use and fair value are higher than the at equity value.

Inclusion of the housing societies has the following effect on VIG's consolidated financial statements:

The at equity book value was EUR 565,187,000 (EUR 319,220,000).

At equity consolidated non-profit housing societies contributed profits of EUR 42,192,000 (EUR 22,623,000).

The property portfolio of the Vienna Insurance Group non-profit housing societies that were fully consolidated in the previous year had a value of EUR 1,011,780,000.

Classification of insurance policies

Contracts under which a Group company assumes a significant insurance risk from another party (the policyholder), by agreeing to provide compensation to the policyholder if a specified uncertain future event (the insured event) negatively affects the policyholder are treated as insurance policies for the purposes of IFRS. A distinction is made between insurance risk and financial risk. Financial risk is the risk of a possible future change in specific interest rates, securities prices, price indices, interest rate indices, credit ratings, credit indices, or some other variable, provided that the variable is not specific to one counterparty in the case of a non-financial variable. In many cases, particularly in the life insurance area, insurance policies as defined in IFRS also transfer financial risk.

Policies under which only an insignificant insurance risk is transferred from the policyholder to the Group company are treated as financial instruments ("financial insurance policies") for IFRS reporting purposes. Such policies exist only to a minor extent in the personal insurance area.

Both insurance contracts and financial insurance contracts can have contract terms that qualify as discretionary participation in net income ("profit participation", "profit-dependent premium refund"). Contractual rights are considered discretionary participation in net income if, in addition to guaranteed benefits, the policyholder also receives additional payments that likely constitute a significant portion of the total contractual payments, and are contractually based on:

- the profit from a certain portfolio of policies or a certain type of policy, or
- the realised and/or unrealised investment income from a certain portfolio of assets held by the insurance company, or
- the profit or loss of the company, investment fund, or business unit (e.g. balance sheet unit), holding the contract.

Policies with discretionary net income participation exist in all Vienna Insurance Group markets, primarily in the life insurance area, and to a secondary extent in the property and casualty and health insurance areas as well, and are treated as insurance policies in accordance with IFRS 4. The net income participation in life insurance exists essentially in the form of participation in the adjusted net income of the balance sheet unit in question calculated according to national accounting requirements. Net income or profit participation amounts that have already been allocated or committed to policyholders are reported in the actuarial reserve. Amounts reported in the local annual financial statements which have been committed or allocated to policyholders in the future by means of net income participation are reported on the balance sheet in the provision for performance-based premium refunds.

In addition, the profit-related portion resulting from IFRS measurement differences as compared to local measurement requirements ("deferred profit participation") is also reported in the provision for profit-related premium refunds. This primarily concerns Austrian and German policies that are eligible for profit participation, as the profit participation in these countries is governed by regulations. Deferred profit participation is not recognised on balance sheets in other countries, since policyholder participation is at the sole discretion of the company concerned. The rate used for calculating deferred profit participation is 80% of the difference between the value recognised in the local financial statements and the value recognised in the IFRS financial statements. As permitted by IFRS 4, the option to present unrealised gains and losses with the same effects on balance sheet measurements of underwriting provisions, capitalised acquisition costs and purchased insurance portfolios as realised gains and losses has been applied (shadow accounting). The first step is to allocate unrealised gains on available-for-sale financial instruments to a deferred actuarial reserve to serve as security for contractually agreed insurance payments. The policy holder's share of the surplus from the remaining unrealised gains is then allocated to a provision for deferred profit participation. Any remaining asset balance is reported as "deferred policyholder profit participation resulting from measurement differences". This deferred item is only recognised if it is highly probable, at the Group company level, that the item can be satisfied by future profits in which the policyholders participate.

Recognition and accounting methods for insurance policies

Vienna Insurance Group fully applies the rules of IFRS 4 with respect to the valuation of insurance policies. Accordingly, the values recognised in the consolidated financial statements prepared in accordance with applicable national law are carried over to the IFRS consolidated financial statements, provided the provisions formed under national law satisfy the minimum requirements of IFRS 4. Equalisation and catastrophe provisions are not recognised. In principle, accounting rules were not changed to differ from national accounting requirements, except when parameters used to calculate underwriting provisions did not lead to adequate funding for future provisions. In such cases, Vienna Insurance Group uses its own parameters which are consistent with these principles. In individual cases, the provisions formed locally by an insurance company for outstanding claims are increased in the consolidated financial statements based on corresponding analysis. Detailed information on the valuation of underwriting items is available in the remarks for each item.

Adequacy test for liabilities arising from insurance policies

Liabilities from insurance policies are tested at each balance sheet date for adequacy of the provisions recognised in the financial statements.

If the value calculated based on up-to-date estimates of current valuation parameters, taking into account all future cash flows associated with the insurance policies, is higher than the provisions formed for liabilities from insurance policies, an increase in the provisions is recognised in profit or loss to eliminate the shortfall.

Foreign currency translation

Foreign currency transactions

The individual Group companies recognise transactions in foreign currency using the mean rate of exchange on the date of each transaction. Monetary assets and liabilities in foreign currency existing on the balance sheet date are translated to euros using the mean rate of exchange on the balance sheet date. Any resulting foreign currency gains and losses are recognised in profit or loss during the reporting period.

Translation of separate financial statements in foreign currencies

As a rule, for purposes of the IFRS, the functional currency of Vienna Insurance Group subsidiaries located outside the Eurozone is the currency of their respective country. All assets and liabilities reported in the individual financial statements are translated to euros using the mean rate of exchange on the balance sheet date. Items in the income statement are translated using the average month-end mean rate of exchange during the reporting period. In the statement of cash flows, the mean rate of exchange on the balance sheet date is used for changes in balance sheet items; the mean rate of exchange at the end of the month is used for items on the income statement. Foreign exchange gains and losses have been recognised directly in other comprehensive income since 1 January 2004.

The following table shows the relevant exchange rates for the consolidated financial statements:

Name	Currency	Reporting date exchange rate 2014	Reporting date exchange rate 2013	Average exchange rate 2014
		1 EUR ≙	1 EUR ≙	1 EUR ≙
Albanian lek	ALL	140.1400	140.2000	139.9692
Bosnian Convertible Marka	BAM	1.9558	1.9558	1.9558
Bulgarian lev	BGN	1.9558	1.9558	1.9558
Georgian lari	GEL	2.2656	2.3891	2.3482
Croatian kuna	HRK	7.6580	7.6265	7.6344
Latvian lats	LVL	1.0000	0.7028	1.0000
Lithuanian litas	LTL	3.4528	3.4528	3.4528
Macedonian denar	MKD	61.4814	61.5113	61.6228
Moldovan leu	MDL	18.9966	17.9697	18.6321
Turkish new lira	TRY	2.8320	2.9605	2.9065
Polish zloty	PLN	4.2732	4.1543	4.1843
Romanian leu	RON	4.4828	4.4710	4.4437
Swiss franc	CHF	1.2024	1.2276	1.2146
Serbian dinar	RSD	120.9583	114.6421	117.2522
Czech koruna	CZK	27.7350	27.4270	27.5359
Ukraine hryvnia	UAH	19.2329	11.0415	15.6878
Hungarian forint	HUF	315.5400	297.0400	308.7061

Impairment

Financial assets

On each balance sheet date, the book values of financial assets not measured at fair value through profit or loss are tested for objective evidence of impairment (such as the debtor experiencing significant financial difficulties, a high probability of insolvency proceedings against the debtor, the loss of an active market for the financial asset, a significant change in the technological, economic, legal or market environment of the issuer, a permanent decrease in the fair value of the financial asset below amortised cost). Any impairment losses due to fair value lying below the book value are recognised in profit or loss. If any fair value impairments of available for sale financial assets were previously recognised directly in equity, these impairment amounts must be eliminated from equity and recognised in profit or loss on the income statement. Under Group guidelines, an impairment of equity instruments is to be recognised, as a rule, if the average market value during the last six months was consistently less than 80% of the historical cost of acquisition and/or if the market value as of the reporting date is less than 50% of the historical cost of acquisition.

Non-financial assets

Non-financial assets are tested for indications of impairment when circumstances indicate. Intangible assets with an indefinite useful life (goodwill and trademarks carried on the balance sheet) are also tested when circumstances indicate and, at a minimum, once per year. Since amortisation of goodwill resulting from business combinations is not permitted under IFRS 3 “Business Combinations”, Vienna Insurance Group performs impairment tests at least once a year. Testing is also performed during the year if triggering events occur. The subsidiaries are combined into separate cash generating units groups ("CGU group") for property and casualty, life insurance and health insurance and by region for this testing. The groups used for impairment testing essentially correspond to the Vienna Insurance Group operating segments. Impairment is only recognised if the recoverable amount for an entire cash generating unit group is less than the book value of the assets attributable to the group. The value in use of the cash generating units is calculated using the earnings-based discounted cash flow method and used as the recoverable amount. If the value in use is less than the book value, fair value is analysed for indications that fair value less selling costs is significantly higher than value in use. A discounted dividend model is used to calculate the fair value less selling costs. No impairment is recognised if one of the two values is higher than the book value. If both values are less than the book value, the asset is written down to the higher value. Budget projections for the next three years are used to calculate the value in use. Capitalised earnings values for the period after these three years are extrapolated for another two years using an annual growth rate. The budget projections are calculated using the plans that were approved by the supervisory board of the company concerned. Planning is performed in the local currency of each country. The currencies of the plans are translated using the last valid exchange rate on the reporting date. These are analysed at the Group level as part of the planning and control process. The growth rates are derived by further developing the budget projections. Among other things, both processes analyse the combined ratios, premium growth and financial income in the budgets based on past changes and expectations about future market trends. The present value of a perpetual annuity is calculated for the period following the fifth planning year. The values used for the perpetual annuity are based on the final planning period, adjusted using the growth rate for the second phase, and are adjusted by a growth factor after that in order to correspond to long-term achievable results. All of the underwriting business assets are assigned to the cash generating units. In addition to goodwill, these also include all insurance portfolios, investments, receivables and other assets. Underwriting provisions and current liabilities are deducted from the book values. Long-term debt that is economically similar to equity (subordinated debt and supplementary capital) is not deducted. Assets held at the Group level but used by the operating companies are assigned to the units as corporate assets for the calculations. When calculating the capitalised earnings values, the projected earnings of the company are adjusted appropriately for interest on supplementary capital bonds and subordinated bonds and allocated depreciation on assigned corporate assets.

The capital asset pricing model (CAPM) is used to determine a WACC for use in calculating the discount rates. A base rate (equal to the annual yield on German government bonds adjusted for inflation differentials using the Svensson method) is added to the country and sector-specific market risk to determine the cost of equity capital. The base rate is 1.75% (2.76%). The market risk of 5.75% (5.75%) was adjusted with an average beta factor of 1.01 (0.96) that was calculated using a specified peer group. To determine the cost of debt, the debt costs of the Group were adjusted to take into account the tax shield. The WACC was calculated using a ratio of 85 equity to 15 long-term debt. This ratio corresponds to the ratio in both the market and the Group. The weighted interest rate on Vienna Insurance Group supplementary capital bonds was equal to 4.71% (4.96%) on the balance sheet date and was used as the cost of debt. Based on current capital market transactions, VIG believes that the market value does not exceed this.

In the previous year, a separate discount rate was used for the perpetual annuity that implicitly takes into account a future rating upgrade in many countries. A uniform discount rate is used for calculations during a financial year.

The long-term growth rates were calculated separately for the life insurance and property and casualty segments, based on the assumption that the insurance penetration in the different countries would equal the current values in Germany in 50-70 years. An inflation adjustment equal to half of the inflation included in the cost of equity was also added.

Regions	Discount rates		Country risks	
	2014	2013	2014	2013
in %				
Austria	7.14	7.70	0.00	0.00
Czech Republic	8.39	9.22	1.05	1.43
Slovakia*	8.12	9.00	1.28	1.65
Poland	8.75	9.11	1.28	1.65
Romania*	10.60	11.39	3.30	3.38
Remaining Markets*	12.19	12.54	0.00 -15.00	0.00 -10.13
Central Functions	7.76	8.46	0.00 -1.05	0.00 -1.43

* The perpetual annuity discount rate was reduced in 2013 for these CGU groups to account for future rating upgrades

The discount rates and country risks shown were used for all lines of business.

CGU groups*	Long-term growth rate Property and casualty		Long-term growth rate Life	
	2014	2013	2014	2013
in %				
Austria	1.64	1.59	1.64	1.59
Czech Republic	4.01	3.92	3.96	3.88
Slovakia	4.69	4.60	4.66	4.57
Poland	5.12	4.76	4.73	4.37
Romania*	5.64	5.18	7.45	6.99
Remaining Markets	1.50 -8.41	1.50 -7.79	1.50 -11.74	1.50 -10.82
Central Functions	1.64 -4.01	1.59 -3.92	1.64 -3.96	1.59 -3.88

* No goodwill exists for the health insurance segment. This segment is therefore not included in the table.
** A safety margin of 0.5% was deducted from the long-term growth rates for the Romanian property and casualty CGU group and Romanian life insurance CGU group in 2013.

Land and buildings

Real estate appraisals are performed at regular intervals for self-used and third-party used land and buildings, for the most part by sworn and judicially certified building construction and real estate appraisers. Market value is determined based on asset value and capitalised earnings value, predominantly prorated capitalised earnings value as of the reporting date, with the net asset value method being used in exceptional cases. If fair value is below book value (cost less accumulated depreciation and write-downs), the asset is impaired. In this case, the book value is written down to fair value and the change recognised in profit or loss. The method used to test for impairment is also used to test for a reversal of impairment. On each balance sheet date, a test is performed for indications that a reversal of impairment has taken place. The book value after the reversal may not exceed the book value that would have existed (taking into account amortisation or depreciation) if no impairment had been recognised.

Estimates and discretionary decisions

Preparation of the IFRS consolidated financial statements requires that management make discretionary assessments and specify assumptions regarding future developments which could have a material effect on the recognition and value of assets and liabilities, the disclosure of other obligations on the balance sheet date, and the reporting of income and expenses during the financial year. There is a non-insignificant risk that the following items could lead to a material adjustment of assets and liabilities in the next financial year:

- Underwriting provisions
- Pension provisions and similar obligations
- Other non-underwriting provisions
- Fair values of investments not based on stock market prices or other market prices
- Goodwill
- Valuation allowances for receivables and other (accumulated) impairment losses
- Deferred tax assets from the capitalisation of tax loss carry-forwards

Please refer to the consolidated balance sheet on page 58 for information on the amounts estimated for these items.

Please refer to the risk report for information on sensitivity analyses for assets and liabilities from insurance operations.

Discretion has been used in some cases when deciding which companies to include in the scope of consolidation. For example, VIG reserves the right to include some companies at equity in consolidation even though they are immaterial in terms of the presentation of the net assets, financial position and results of operations.

Critical accounting estimates and assumptions

PENSION OBLIGATIONS

The present value of the pension obligation depends on a large number of factors based on actuarial assumptions. The assumptions used to calculate the net liability (or assets) for pensions include a discount rate. Every change to these assumptions has an effect on the book value of the pension obligation.

The Group calculates the appropriate discount rate at the end of each year. This is the rate used to calculate the present value of the future expected cash outflows needed to satisfy the obligation. The Group determines the discount rate using the interest rate on top quality industrial bonds that are denominated in the currency in which the benefits will be paid and have maturities matching those of the pension obligation.

Other important assumptions used to calculate pension obligations are based on market conditions. Further information on sensitivity analyses is provided in Table 22, “Provisions for pensions and similar obligations”, starting on page 163.

FAIR VALUE OF DERIVATIVES AND OTHER FINANCIAL INSTRUMENTS

Suitable valuation methods are used to calculate the fair value of financial instruments that are not traded in active markets. The assumptions used are based on market data available on the balance sheet date. The Group uses present value methods based on appropriate interest rate models to determine the fair value of many available-for-sale financial assets that are not traded in active markets.

ESTIMATED GOODWILL IMPAIRMENT

The Group tests goodwill for impairment each year based on the accounting policies presented in the “Impairment” section. The recoverable amount for CGU groups is determined based on calculations of value in use. These calculations require assumptions to be made.

Assuming a 10% reduction in the budget cash flows projected for the Romanian property and casualty CGU group decreases the value in use to a value close to the book value. This corresponds to the result in the previous year.

Reducing the growth rate by 1 percentage point would increase the impairment required for the Group by around EUR 10 million (EUR 0 million) and increasing the discount rate by 1 percentage point would result in additional impairment of around EUR 22 million (EUR 0 million).

A simultaneous 10% reduction in projected earnings and 1% increase in the discount rate would increase the impairment required for the Group by around EUR 49 million (EUR 23 million) in the Romanian property and casualty CGU group and EUR 23 million in the Remaining Markets property and casualty CGU group.

Value in use is less than book value in the Austrian life CGU group, while existing MCEV calculations and an external expert report indicate that the fair value of this segment is significantly higher than the value in use.

An objective enterprise value was calculated for this report based on standard assumptions using a discounting method corresponding to a level 3 method. It represents the enterprise value for the Company as a going concern based on the existing business concept with all realistic expectations for future market opportunities and risks, the Company's financial possibilities and other influencing factors. Fair value according to the standard international Market Consistent Embedded Value method ("MCEV method") was used as a valuation method for the life segments of Donau, s Versicherung and Wiener Städtische. In addition to valuing existing business including the limited liability put option according to the MCEV method, cash flows for future new business are also modelled using the MCEV model. Further information on the MCEV method is provided on page 115.

The results of such a valuation are suitable for use as fair value within the meaning of IAS 36.18 for impairment tests.

INCOME TAX

Income taxes must be estimated for each tax jurisdiction in which Vienna Insurance Group operates. The current income tax expected for each taxable entity must be calculated and the temporary differences due to differences between the tax treatment of certain balance sheet items and the treatment in the IFRS consolidated financial statements must be assessed. If temporary differences exist, as a rule they lead to the recognition of deferred tax assets and liabilities in the consolidated financial statements.

Management must make judgements when calculating current and deferred taxes. Deferred tax assets are only recognised to the extent that it is probable they can be utilised. The utilisation of deferred tax assets depends on the likelihood of achieving sufficient taxable income of a particular tax type for a particular tax jurisdiction, while taking into account any statutory restrictions concerning maximum loss carry-forward periods. A number of factors must be considered when assessing the probability of being able to utilise deferred tax assets in the future, such as past results of operations, operating plans, loss carryforward periods and tax planning strategies. If actual events diverge from the estimates or the estimates must be adjusted in future periods, this could have an adverse effect on net assets, financial position and results of operations. If the assessment of the recoverability of deferred tax assets changes, the book value must be reduced or increased and the change recognised in the income statement or charged or credited to equity, depending on the treatment used when the deferred tax asset was originally recognised.

Accounting policies for specific items in the consolidated financial statements

Intangible assets

GOODWILL (A)

The goodwill shown on the balance sheet is essentially the result of applying the purchase method for companies acquired since 1 January 2004 (date financial reporting was converted to IFRS).

Goodwill is measured at cost less accumulated impairment losses. In the case of participations in associated companies, goodwill is included in the adjusted book value of the participation.

PURCHASED INSURANCE PORTFOLIOS (B)

Purchased insurance portfolios relate, in particular, to the values of insurance portfolios recognised as a result of company acquisitions subsequent to 1 January 2004, using purchase price allocation under the election provided in IFRS 4.31. The values recognised correspond to the differences between the fair value and book value of the underwriting assets and liabilities acquired. Depending on the measurement of the underwriting provisions, amortisation of these items is performed using the declining-balance or straight-line method over a maximum of fifteen years.

OTHER INTANGIBLE ASSETS (C)

Purchased intangible assets are recognised on the balance sheet at cost less accumulated amortisation and impairment losses. No intangible assets were created by the companies in the scope of consolidation. With the exception of the "Asirom" trademark, all intangible assets have a finite useful life. The intangible assets are therefore amortised over their period of use. The indefinite useful life of the Asirom trademark results from the fact that there is no foreseeable end to its economic life. The useful lives of significant intangible assets are as follows:

Useful life in years	from	to
Software	3	15
Customer base (value of new business)	5	10

Software is amortised using the straight-line method. Customer bases ("value of new business") from corporate acquisitions recognised as intangible assets are also amortised using the straight-line method. VIG only performs limited research and development activities that are immaterial compared to its overall business.

The fair value shown on the balance sheet for Asirom's trademark with an indeterminate useful life was calculated using two methods, the relief-from-royalty method and the incremental cash flow method. The relief-from-royalty method calculates the value of a trademark from future notional royalties that the company would have to pay if the trademark were licensed from another company at standard market terms. The royalties were calculated using the Knoppe formula used in practice in the tax area. The incremental cash flow method calculates the value of a trademark using future earnings contributions generated as a result of the trademark. The cash flows resulting from the two methods above were discounted using a standard market discount rate for Romania. The calculation was performed based on the 16% Romanian corporate income tax rate. The "tax amortisation benefit" was also taken into account in the relief-from-royalty method. The average of the trademark values from the two methods was recognised in the balance sheet as the fair value of the trademark as part of the purchase price allocation during the corporate acquisition of "Asirom". This method is also used to test the trademark for impairment.

Investments

GENERAL INFORMATION ON THE ACCOUNTING AND VALUATION OF INVESTMENTS

In accordance with the relevant IFRS requirements, some Group assets and liabilities are carried at fair value in the accounts for the consolidated financial statements. This relates, in particular, to a significant portion of investments. Fair values are determined using the following hierarchy specified in IFRS 13:

- The determination of fair value for financial assets and liabilities is generally based on an established market value or a price offered by brokers and dealers (level 1).
- In the case of non-listed financial instruments, or if a price cannot be immediately determined, fair value is determined either through the use of generally accepted valuation models based to the greatest extent possible on market data, or as the amounts that could be realised from an orderly sale under current market conditions (level 2). Standard valuation models with inputs that are fully observable in the market are used for level 2 prices. These models are primarily used for illiquid bonds (present value method) and simply structured securities. For example, models related to the Black-Scholes model are used for securities with call options.
- The fair value of certain financial instruments, in particular unlisted derivative financial instruments, is determined using pricing models which take into account factors including contract and market prices and their relation to one another, current value, counterparty creditworthiness, yield curve volatility, and early repayment of the underlying (level 3).

The following table shows the methods used and the most important inputs. The fair values that are calculated can be used for level 2 and level 3 prices and for recurring and non-recurring measurements.

Pricing method	Used for	Fair value	Input parameters
Present value method	Bonds; borrower's note loans; liabilities and subordinated liabilities	Theoretical price	Issuer, sector and rating-dependent yield curves
Hull-White present value method	Bonds and borrower's note loans with call options; subordinated liabilities	Theoretical price	Maturity-dependent implied volatilities; issuer, sector and rating-dependent yield curves
Libor market model present value method	Bonds and borrower's note loans with call options; subordinated liabilities	Theoretical price	Money market and swap curves; implied volatility surface; cap & floor volatilities; issuer, sector and rating-dependent yield curves
Present value method	Currency futures contracts	Theoretical price	Exchange rates; money market curves for the currencies concerned
Present value method	Interest rate/currency swaps	Theoretical price	Exchange rates; money market and swap curves for the currencies concerned
Present value method	Stock options	Theoretical price	Stock prices on the valuation date; implied volatilities
Present value method	Interest rate swaps	Theoretical price	Money market and swap curves
Capitalised earnings method	Real estate	Appraisal value	Real estate-specific income and expense parameters; capitalisation rate; data on comparable transactions
Discounted cash flow model	Real estate	Theoretical price	Real estate-specific income and expense parameters; discount rate; indexes
Net asset value method	Funds	Audited NAV	Asset values corresponding to fund investments; fund fees
Multiples method	Shares	Theoretical price	Company-specific earnings figures; typical industry multipliers

We regularly review the validity of the last fair value classification performed on each valuation date. A reclassification is performed, for example, if needed inputs are no longer directly observable in the market.

Certain investments whose fair value is normally not measured repeatedly, are measured a single time at fair value when events or changes in circumstances indicate that the book value might no longer be recoverable. If financial assets are measured at fair value when impairment is recognised or fair value less selling costs is used as a measurement basis in accordance with IFRS 5, a disclosure to this effect is included in Note 29 "Impairment of financial assets" or Note 34 "Other expenses".

Measurement process
The measurement process aims to determine fair value using price quotations that are publicly available in active markets or valuations based on recognised economic models using observable inputs. If public price quotations and observable market data are not available for a financial asset, the asset is generally measured using valuation reports prepared by independent appraisers (e.g. expert reports). The organisational units responsible for valuing investments are independent of the units that assume the risk exposure of the investments, thereby ensuring separation of functions and responsibilities.

The following items are measured at fair value:

- Financial investments available for sale
- Financial instruments recognised at fair value through profit and loss (incl. trading assets)
- Derivative financial instruments (assets/liabilities)
- Investments for unit- and index-linked life insurance

Balance sheet items that are not reported at fair value are subject to non-recurring measurement at fair value. These items are measured at fair value when events occur that indicate that the book value might no longer be recoverable ("impairment"). The following items are not reported at fair value:

- Securities held to maturity
- Shares in at equity consolidated companies
- Shares in non-consolidated companies
- Land and buildings (self-used and investment property)
- Loans and receivables
- Receivables

The use of different pricing models and assumptions can lead to differing results for fair value. Changes in the estimates and assumptions used to determine the fair value of assets in cases where no market price quotations are available may necessitate a write-up or write-down of the book value of the assets in question and recognition of the corresponding income or expense on the income statement.

Information on the nature and extent of risks arising from financial instruments is provided in the section titled "Financial instruments and risk management" on page 100.

LAND AND BUILDINGS (D)
Both self-used and third-party used real estate are reported under land and buildings.

Costs incurred in later periods are only capitalised if they lead to a significant increase in future opportunities for use of the building (e.g. through building expansion or new building construction).

Property that is both self-used and third-party used is divided as soon as the self-used or third-party used portion exceeds 20%. If the 20% limit is not exceeded, the entire property is reported in the larger category (80:20 rule).

Self-used and investment buildings are both depreciated using the straight-line method over the expected useful life of the asset. The following useful lives are assumed when determining depreciation rates:

Useful life in years	from	to
Buildings	20	50

The fair values of these properties are presented in Note 2 "Land and buildings".

Land and buildings - self-used
Self-used land and buildings are measured at cost less accumulated depreciation and impairment losses. Cost comprises all costs incurred in putting the asset into its present location in its present condition.

For self-used real estate, imputed arm's length rental income is generally recognised as income from the invest ment, and an equivalent amount of rental expenses is recognised as operating expenses.

Investment property
Investment property consists of land and buildings that are held to earn rental income or for capital appreciation and not for the provision of services, administrative purposes or for sale in the ordinary course of business. Investment property is measured at cost less accumulated depreciation and write-downs.

In terms of the fair value hierarchy of IFRS 13, these are level 3 fair value measurements. The fair values of these properties are provided in Note 2 "Land and buildings".

FINANCIAL INSTRUMENTS (E)
Financial instruments reported as investments are divided into the following categories in accordance with the requirements of IAS 39:

- Loans and other receivables
- Financial instruments held to maturity
- Financial investments available for sale
- Financial instruments held for trading
- Financial assets recognised at fair value through profit or loss

On initial recognition, the corresponding investments are measured at cost, which equals fair value at the time of acquisition. For subsequent measurement of financial instruments, two measurement methods are used. Subsequent measurement of loans and other receivables takes place at amortised cost. Amortised cost is determined using the effective interest rate of the loan in question. A write-down is recognised in profit or loss in the case of permanent impairment.

Financial instruments held to maturity are subsequently measured at amortised cost. The amortised cost is determined using the effective interest rate of the financial investment in question. A write-down is recognised in profit or loss in the case of permanent impairment.

No separate calculation of amortised cost is performed for financial instruments recognised at fair value through profit or loss. Changes in fair value are recognised in profit or loss in the income statement. The financial instruments assigned to this category are predominantly structured investments ("hybrid financial instruments") that Vienna Insurance Group has elected under IAS 39.11A and IAS 39.12 to assign to the category of "financial assets at fair value through profit or loss". Structured investments are assigned to this category if the derivatives embedded in the host contract (as a rule securities or loans) are not closely related to the host contract so that otherwise the requirement under IAS 39 of isolating them from the host contract and measuring them separately at fair value would apply.

Financial assets available for sale are non-derivative financial assets that have been designated as available for sale and have not been classified as (a) loans and receivables, (b) investments held to maturity or (c) financial assets recognised at fair value through profit or loss. If financial instruments available for sale are sold, the value fluctuations in fair value are recognised directly in other reserves, except for impairment, which is recognised in profit or loss.

In addition, shares in affiliated companies that are immaterial and therefore not included in consolidation are also reported in this item. These are measured at amortised cost. These measurement principles are also applied to shares in associated companies that were not significant enough to be valued at equity. Information on the measurement of financial instruments available for sale is provided in the notes below on the accounting for financial instruments.

Spot transactions are accounted for at the settlement date.

Amendments to IAS 39 and IFRS 7 – "Reclassification of financial assets"
In October 2008, the IASB published amendments to IAS 39 and IFRS 7 under the title "Reclassification of financial assets". The adjusted version of IAS 39 permits reclassification of non-derivative financial assets (except for financial instruments that were measured using the fair value option upon initial recognition) in the "held-for-trading" and "available-for-sale" categories if the following conditions are satisfied:

- Financial instruments in the "held-for-trading" or "available-for-sale" categories can be transferred to the "loans and other receivables" category if they would have satisfied the definition of the "loans and other receivables" category at the time of initial recognition, and the company intends and is able to hold the financial instrument for the foreseeable future or until maturity.
- Financial assets in the "held-for-trading" category that would not have satisfied the definition of "loans and other receivables" at the time of initial recognition can only be transferred to the "held-to-maturity" or "available-for-sale" categories under exceptional circumstances. The IASB indicated that the developments in the financial markets during the 2nd half of 2008 were a possible example of exceptional circumstances.

The amendments to IAS 39 and IFRS 7 went into effect retroactively to 1 July 2008 and were applied prospectively from the time of reclassification. Reclassifications performed in Vienna Insurance Group before 1 November 2008 used the fair values as of 1 July 2008.

The measurement of financial instruments at the time of reclassification in 2008 had to be done at fair value as af the time of reclassification. In the case of reclassifications of assets in the "held-for-trading" category, gains or losses recognised from previous periods could not be reversed. In the case of reclassification of assets in the "available-for-sale" category, earlier gains or losses recognised in the revaluation reserve were locked in at the time of reclassification. The revaluation reserve remains unchanged for financial instruments without a fixed maturity until derecognition and is only then recognised in profit or loss, while for financial instruments with a fixed maturity it is amortised to profit or loss over the remaining life of the financial instrument using the effective interest method. This applies analogously to deferred profit participation.

Derecognition of financial instruments is performed when the Group's contractual rights to cash flows from the financial instruments expire.

Information on the recognition of impairment losses is provided in the section titled "General information on the accounting and valuation of investments."

DERIVATIVE FINANCIAL INSTRUMENTS
Derivative financial instruments such as swaps, options and futures are used to hedge market risks (i.e. interest rate, share price and exchange rate fluctuations) in Vienna Insurance Group investment portfolios.

Derivative financial instruments that do not satisfy the hedge accounting criteria are recognised at fair value under trading assets if they have a positive fair value, or as other liabilities if they have a negative fair value. Gains and losses resulting from fair value measurement are included in the financial result.

Derivative financial instruments that are held for hedging purposes and satisfy the hedge accounting criteria are divided into fair value hedges and cash flow hedges by the Group. The Group documents the hedging relationship, along with its risk management objectives and strategy for entering into hedging transactions. The Group assesses the hedging relationship both at inception and on an ongoing basis to determine whether the derivatives used for hedging transactions are highly effective in offsetting fluctuations in the fair value or cash flow of the hedged item. Derivative financial instruments that are included in hedge accounting are reported as follows:

FAIR VALUE HEDGES

A fair value hedge is used to hedge a precisely defined risk of fluctuations in the fair value of a recognised asset or liability or firm commitment. Changes in the fair value of the derivative hedging instrument are recognised, together with the share of the change in the fair value of the hedged item corresponding to the hedged risk, as gains from financial assets and financial liabilities (net) at fair value through profit or loss.

Vienna Insurance Group uses forward transactions (micro hedges) to hedge certain immaterial items of its stock portfolio and applies IFRS provisions to these transactions.

CASH FLOW HEDGES

Cash flow hedges eliminate the risk of fluctuations in expected future cash flows attributable to a particular risk associated with a recognised asset or liability, or a forecast transaction. Changes in the fair value of a derivative hedging instrument that provides an effective hedge are recognised in equity as other reserves and are not transferred to the consolidated income statement until the offsetting gain or loss from the hedged item is realised and recognised.

VIG uses cash flow hedges to a limited extent, primarily to minimise the effects of interest rate fluctuations on earnings.

The Group ends hedge accounting prospectively if it is determined that the derivative financial instrument no longer provides a highly effective hedge, the derivative financial instrument or hedged item expires, or is sold, terminated or exercised, or if Vienna Insurance Group determines that classification of the derivative financial instrument as a hedging instrument is no longer justified.

Investments for unit- and index-linked life insurance (F)

Investments for unit- and index-linked life insurance provide cover for unit- and index-linked life insurance underwriting provisions. The survival and surrender payments for these policies are linked to the performance of the associated investments for unit- and index-linked life insurance, with the income from these investments also credited in full to policyholders. As a result, policyholders bear the risk associated with the performance of the investments for unit- and index-linked life insurance.

These investments are held in separate cover funds, and managed separately from the other investments of the Group. Since the changes in value of the investments for unit-linked and index-linked life insurance are equal to the changes in value of the underwriting provisions, these investments are measured using the provisions of IAS 39.9. Investments for unit- and index-linked life insurance are therefore measured at fair value, and changes in value are recognised in the income statement.

Reinsurers' share in underwriting provisions (G)

The reinsurers' share in underwriting provisions is measured in accordance with contractual provisions.

The credit quality of each counterparty is taken into account when the reinsurers' share is measured. As a result of the good credit quality of the Group's reinsurers, no valuation allowances were needed for reinsurer shares as of the 31.12.2014 and 31.12.2013 balance sheet dates.

Information on the selection of reinsurers is provided in the explanatory notes in the "Risk reporting" section.

Receivables (H)
The receivables shown in the balance sheet relate in particular to the following receivables:

- Receivables from direct insurance business
  - from policyholders
  - from insurance intermediaries
  - from insurance companies
- Receivables from reinsurance business
- Other receivables

Receivables are generally reported at cost less impairment losses for expected uncollectible amounts. In the case of receivables from policyholders, expected impairment losses from uncollectible premium receivables are shown on the liabilities side of the balance sheet under "Other underwriting provisions" (provisions for cancellations), or deducted from the premium receivable using a valuation allowance.

Taxes (I)+(J)
Income tax expenses comprise actual taxes and deferred taxes. The income tax associated with transactions recognised directly in equity is also recognised directly in equity.

The actual taxes for the individual companies in Vienna Insurance Group are calculated using the company's taxable income and the tax rate applicable in the country in question.

Deferred taxes are calculated using the balance sheet liability method for all temporary differences between the asset and liability values recognised in the IFRS consolidated financial statements and the individual company tax bases for these assets and liabilities. Under IAS 12.47, deferred taxes are measured using the tax rates applicable at the time of realisation. In addition, any probable tax benefits realisable from existing loss carry-forwards are included in the calculation. Exceptions to this deferral calculation are differences from non-tax-deductible goodwill and any deferred tax differences linked to participations.

Deferred tax assets are not recognised if it is not probable that the tax benefits they contain can be realised. Deferred taxes are calculated using the following tax rates:

Tax rates	31.12.2014	31.12.2013
in %		
Austria	25	25
Czech Republic	19	19
Slovakia[1]	22	23
Poland	19	19
Romania	16	16
Albania[2]	15	10
Bosnia-Herzegovina	10	10
Bulgaria	10	10
Germany	30	30
Estonia[3]	0	0
Georgia	15	15
Croatia	20	20
Latvia	15	15
Liechtenstein	12.5	12.5
Lithuania	15	15
Macenonia[4]	10	0
Moldova	12	12
Netherlands[5]	25	25
Serbia	15	15
Turkey	20	20
Ukraine[6]	18	19
Hungary[7]	19	19

[1] Since 1 January 2013, the tax rate in Slovakia was 23%. On 1 January 2014 there was a decrease to 22%.
[2] As of 1 January 2014 the tax rate in Albania will be 15%.
[3] As a rule the retained profits of locally domiciled companies are not subject to income tax. Only certain payments of the Estonian companies are subject to income tax. The tax rate drops from 21% to 20% as of 1 January 2015.
[4] A new taxation scheme was approved in July 2014.
[5] The tax rate in the Netherlands is 20% for the first EUR 200,000 and 25% for amounts above this.
[6] The tax rate was changed to 18% on 1.6.2014. This tax is only collected in the non-underwriting area. Reduced tax rates of 0% (long-term life insurance premiums and pension insurance premiums) and 3% (all other insurance premiums) are used for the underwriting area.
[7] The tax rate in Hungary is 10% for the first HUF 500 Mio.; above that the tax rate is 19%.

GROUP TAXATION

Within the Group there is a corporate group of companies within the meaning of § 9 of the Austrian Corporate Income Tax Act (KStG), with Wiener Städtische Wechselseitiger Versicherungsverein – Vermögensverwaltung – Vienna Insurance Group as the parent company. The taxable earnings of group members are attributed to the parent company. The parent company has entered into agreements with each group member governing the allocation of positive and negative tax amounts for the purpose of allocating corporate income tax charges according to origin. If a group member earns positive income, 25% is allocated to the parent company. In the case of negative income, the group member receives lump-sum compensation equal to 22.5% of the tax loss. Since the tax allocation is 25% in the case of positive income, the group member should provide 10% of the tax benefit from group taxation resulting from inclusion of that group member in the group. Cash settlement of positive and negative tax allocations and tax benefits is performed for a period of 3 years.

Other assets (K)

Other assets are measured at cost less accumulated impairment losses.

TANGIBLE ASSETS AND INVENTORIES

The tangible assets are technical equipment and machinery, other equipment, vehicle fleet, IT hardware/telecommunications, operating and office equipment, and down payments on such goods. Inventories are primarily consumables and office supplies, down payments on such goods, and unbilled amounts of such goods. Tangible assets (not including land and buildings) are measured at cost less depreciation. Cost for tangible assets comprises all costs incurred in putting the asset into its present location in its present condition. Depreciation is performed using the straight-line method over the expected useful life of the asset.

Useful life in years	from	to
Office equipment	5	10
EDP facilities	3	8
Motor vehicles	5	8

Underwriting provisions

PROVISION FOR UNEARNED PREMIUMS (L)

Under the current version of IFRS 4, figures in annual financial statements prepared in accordance with national requirements may be used for the presentation of figures relating to insurance policies in the consolidated financial statements. In Austria, a cost discount of 15% is used when calculating provision for unearned premiums in the property and accident insurance area (10% for motor vehicle liability insurance), corresponding to EUR 31,405,000 (EUR 32,836,000). Acquisition expenses in excess of this figure are not capitalised in Austria. For foreign companies, in the property and casualty insurance area, a portion of the acquisition expenses is generally recognised in the same proportion as the ratio of earned premiums to written premiums. To ensure uniform presentation within the Group, these capitalised acquisition costs are also shown in the consolidated financial statements as a reduction in the provision for unearned premiums – 2014: EUR 28,411,000 (2013: EUR 34,712,000).

ACTUARIAL RESERVE (M)

Life insurance actuarial reserves are calculated using the prospective method as the actuarial present value of obligations (including declared and allocated profit shares and an administrative cost reserve) less the present value of all future premiums received. The calculation is based on factors such as expected mortality, costs, and the discount rate.

As a rule, the actuarial reserve and related tariff are calculated on the same basis, which is applied uniformly for the entire tariff and during the entire term of the policy. An annual adequacy test of the calculation basis is performed in accordance with IFRS 4 and applicable national accounting requirements (see section titled "Adequacy test for liabilities arising from insurance policies"). For information on the use of shadow accounting, please see page 81. As a rule the official mortality tables of each country are used for life insurance. If current mortality expectations differ to the benefit of policyholders from the calculation used for the tariff, leading to a corresponding insufficiency in the actuarial reserves, the reserves are increased appropriately in connection with the adequacy test of insurance liabilities.

In life insurance, acquisition costs are taken into account through zillmerisation or another actuarial method as a reduction of actuarial reserves. In accordance with national requirements, negative actuarial reserves resulting from zillmerisation are set to zero for Austrian insurance companies. Negative actuarial reserves are not set to zero for Group subsidiaries with registered offices outside Austria. These negative actuarial reserves are recognised in the actuarial reserve item in the consolidated financial statements. The following average discount rates are used to calculate actuarial reserves:

As of 31.12.2014: 2.84%
As of 31.12.2013: 2.92%

In Austria, the average discount rate for life insurance was 2.38% during the reporting period (2.46%). In health insurance, actuarial reserves are also calculated according to the prospective method as the difference between the actuarial present value of future policy payments less the present value of future premiums. The loss frequencies used to calculate the actuarial reserve derive primarily from analyses conducted on the Group's own insurance portfolio. As a rule, the mortality tables used correspond to published mortality tables.

The following discount rates are used for the great majority of transactions when calculating actuarial reserves:

As of 31.12.2014: 2.50%
As of 31.12.2013: 3.00%

PROVISION FOR OUTSTANDING CLAIMS (N)

According to national insurance law and regulations in Austria, the Austrian Corporate Code and the Austrian Insurance Supervision Act (Versicherungsaufsichtsgesetz — VAG), companies in Vienna Insurance Group are required to form provisions for outstanding claims for each business segment. These provisions are calculated for payment obligations arising from claims which have occurred up to the balance sheet date but whose basis or size has not yet been established, as well as all related claims settlement expenses expected to be incurred after the balance sheet date, and as a rule, are formed at the individual policy level. These policy-level provisions are marked up by a flat-rate allowance for unexpected additional losses. Except for the provisions for pension obligations, no discounting is performed. Insurance losses that have occurred up to the balance sheet date but were not known at the time that the balance sheet was prepared ("IBNR"), and losses that have occurred but have not been reported, or not reported in the correct amount ("IBNER"), are included in the provision (incurred but not reported claims provisions). Separate provisions for claims settlement expenses are formed for internally incurred expenses attributable to claims settlement under the allocation according to origin principle. Collectible recourse claims are deducted from the provision. Where necessary, actuarial estimation methods are used to calculate the provisions. The methods are applied consistently, with both the methods and calculation parameters tested continuously for adequacy and adjusted if necessary. The provisions are affected by economic factors, such as the inflation rate, and by legal and regulatory developments, which are subject to change over time. The current revision of IFRS 4 provides for provisions formed in accordance with applicable national requirements to be carried over into the consolidated financial statements.

PROVISION FOR PROFIT-UNRELATED PREMIUM REFUNDS (O)
The provisions for profit-unrelated premium refunds relate, in particular, to the “property and casualty insurance” and “health insurance” segments, and pertain to premium refunds in certain insurance classes that are contractually guaranteed to policyholders in the event that there are no claims or a low level of claims. These provisions are formed at the individual policy level. Since the provisions are predominantly short-term provisions, no discounting has been performed.

PROVISION FOR PROFIT-RELATED PREMIUM REFUNDS (P)
Profit shares that were dedicated to policyholders in local policies based on business plans, but have not been allocated or committed to policyholders as of the balance sheet date, are shown in the provision for profit-related premium refunds (“discretionary net income participation”).

In addition, both the portion realised through profit and loss and the portion realised directly in equity that result from measurement differences between IFRS and local measurement requirements (“deferred profit participation”) are reported in this item. Please see the section titled "Classification of insurance policies".

OTHER UNDERWRITING PROVISIONS (Q)
The other underwriting provisions item primarily includes provisions for cancellations. Cancellation provisions are formed for the cancellation of premiums that have been written but not yet paid by the policyholder, and therefore represent a liabilities-side allowance for receivables from policyholders. These provisions are formed based on the application of certain percentage rates to overdue premium receivables.

UNDERWRITING PROVISIONS FOR UNIT- AND INDEX-LINKED LIFE INSURANCE (R)
Underwriting provisions for unit- and index-linked life insurance represent obligations to policyholders that are linked to the performance and income of the corresponding investments. The measurement of these provisions corresponds to the measurement of the investments for unit- and index-linked life insurance, and is based on the fair value of the investment fund or index serving as a reference.

Provisions for pensions and similar obligations (S)

PENSION OBLIGATIONS
Pension obligations are based on individual contractual obligations and collective agreements. The obligations are defined-benefit obligations.

The plans are based on average final salary and/or the number of years of service with the company.

These obligations are recognised in accordance with IAS 19 by determining the present value of the defined benefit obligation (DBO). Calculation of the DBO is performed using the projected unit credit method. In this method, future payments, calculated based on realistic assumptions, are accrued linearly over the period in which the beneficiary acquires these entitlements. The necessary provision amount is calculated for the relevant balance sheet date using actuarial reports that have been provided for 31 December 2013 and 31 December 2014.

The calculations for 31 December 2014 and 31 December 2013 are based on the following assumptions:

Pension assumptions	2014	2013
Interest rate	2.00%	3.00%
Pension increases	1.8%	2%
Salary increases	1.9%	2%
Labour turnover rate	age-dependent 0.5%-7.5%	age-dependent 0.5%-7.5%
Retirement age, women	62+ Transitional arrangement	62+ Transitional arrangement
Retirement age, men	62+ Transitional arrangement	62+ Transitional arrangement
Life expectancy	for employees according to (AVÖ 2008-P)	for employees according to (AVÖ 2008-P)

The weighted average length of the DBO for pensions was 14.75 years in financial year 2014.

A portion of the direct pension obligations are administered as an occupational group insurance plan following conclusion of an insurance contract in accordance with § 18f to 18j VAG.

SEVERANCE OBLIGATIONS

Vienna Insurance Group is required by law, supplemented by collective agreements, to make a severance payment to all employees in Austria whose contracts are terminated by their employer or who begin retirement, and whose employment started before 1 January 2003. The size of this payment depends on the number of years of service and on the earnings at the time employment ends, and is equal to between two and 18 months of earnings. A provision is formed for this obligation.

The provision is calculated using the projected unit credit method. Under this method, the sum of the present values of future payments is calculated up to the point in time when the claims reach their highest value. The calculation for the balance sheet date in question is based on an actuarial report.

The calculations for 31 December 2014 and 31 December 2013 are based on the following assumptions:

Severance payment assumptions	2014	2013
Interest rate	2.00%	3.00%
Pension and salary increases	2.25%	2.25%
Labour turnover rate	age-dependent	
	0.5%-7.5%	0.5%-7.5%
Retirement age, women	62+	62+
	Transitional arrangement	
Retirement age, men	62+	62+
	Transitional arrangement	
Life expectancy	for employees according to	
	(AVÖ 2008-P)	(AVÖ 2008-P)

The weighted average length of the DBO for severance pay was 9.86 years in financial year 2014.

For all employment relationships in Austria which began after 31 December 2002, Vienna Insurance Group pays 1.53% of earnings into an occupational employee pension fund each month, where the contributions are invested in an employee account and paid out or passed on to the employee as a claim when employment ends. Vienna Insurance Group's obligations in Austria are strictly limited to the payment of these amounts. As a result, no provision needs to be set up for this defined contribution plan.

A portion of the severance obligations was outsourced to an insurance company. As a result of this outsourcing, part of the severance provision loses its character as a defined benefit obligation (DBO).

OTHER NON-UNDERWRITING PROVISIONS (T)

Other non-underwriting provisions are recognised if a present legal or constructive obligation to a third party resulting from a past event exists, if it is probable that this obligation will lead to an outflow of resources, and if a reliable estimate can be made of the amount of the obligation.

The provisions are recognised at the value representing the best possible estimate of the expenditure needed to fulfil the obligation. If the present value of the provision determined using a normal market rate of interest differs significantly from the nominal value, the present value of the obligation is recognised.

The other non-underwriting provisions item also includes personnel provisions other than provisions for pensions and similar obligations. These relate primarily to provisions for anniversary benefits. Anniversary benefit obligations are measured using the calculation method described for severance obligations and the same calculation parameters.

(Subordinated) liabilities (U))
As a rule, liabilities are measured at amortised cost. This also applies to liabilities arising from financial insurance policies.

Net earned premiums*
As a rule, unearned premiums (provision for unearned premiums) are determined on a pro rata basis over time. No deferral of unit- and index-linked life insurance premiums is performed, since the full amount of the premiums written in the reporting period is included in the calculation of the underwriting provisions for unit- and index-linked life insurance. The change in the provision for cancellations, primarily in Austria, is also recognised under net earned premiums.

* The exception in § 81o (6) VAG was applied.

Expenses for claims and insurance benefits
All payments to policyholders arising from loss events, claims settlement expenses directly related to loss events, and internal costs attributable to claims settlement under the allocation according to origin principle, are shown as expenses for claims and insurance benefits. Expenses for loss prevention are also reported in this item. Expenses for claims and insurance benefits are reduced by the in come gained from using existing contractual and statutory avenues of recourse (this applies in particular to property and casualty insurance). Changes in underwriting provisions, except for the change in the provision for cancellations, are also shown primarily in Austria under expenses for claims and insurance benefits.

Acquisition and administrative expenses
The Group's personnel and materials expenses are assigned to the following income statement items using the allocation according to origin principle:

- Expenses for claims and insurance benefits (claims settlement expenses)
- Expenses arising from investments (expenses for asset investment)
- Acquisition and administrative expenses
- Other underwriting expenses
- Other non-underwriting expenses

FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Vienna Insurance Group's core competence is dealing professionally with risk. The Group's primary business is assuming risks from its customers using a variety of insurance packages. The insurance business consists of consciously assuming diverse risks and managing them profitably. One of the primary responsibilities of risk management is to ensure that the obligations assumed under insurance policies can be satisfied at all times.

VIG is exposed to a number of other risks in addition to the underwriting risks of its insurance policy portfolio. Established risk management processes are used to identify, analyse, evaluate, report, control and monitor these risks. The risk control measures used are avoidance, reduction, diversification, transfer and acceptance of risks and opportunities.

The overall risk of the Group can be divided into the following risk categories:

Underwriting risks
Vienna Insurance Group's core business consists of the transfer of risk from policyholders to the insurance company.

Credit risk
Credit risk quantifies the potential loss due to a deterioration of the situation of a counterparty against which claims exist.

Market risk
Market risk is taken to mean the risk of changes in the value of investments caused by unforeseen fluctuations in interest rate curves, share prices and currency rates, and the risk of changes in the market value of real estate and participations.

Strategic risks
Strategic risks can arise due to changes in the economic environment, case law, or the regulatory environment.

Operational risks
These may result from deficiencies or errors in business processes, controls or projects caused by technology, employees, organisation or external factors.

Liquidity risk
This category includes the risk that Vienna Insurance Group may not have sufficient assets that can be liquidated at short notice to satisfy its payment obligations.

Concentration risk
Concentration risk is a single direct or indirect position, or a group of related positions, with the potential to significantly endanger the insurance company, its core business or key performance measures. Concentration risk is caused by a collection of positions with common holders, guarantors or managers, or by sector concentrations.

General information

In general, each company within VIG is responsible for managing its own risks in line with framework guidelines defined for all Group companies by the Group's corporate risk management department. The requirements set in the investments and reinsurance areas are particularly strict.

Effective risk management requires a risk management system that is consistent throughout the Group, and a risk policy and risk strategy set by management. The objective of such risk management is not complete avoidance of risk, but rather a conscious acceptance of desired risks and the implementation of measures to monitor and possibly even reduce existing risks based on economic factors. The risk-return ratio is therefore a key measure that must be optimised in order to guarantee adequate security for the policyholder and the insurer itself while giving due consideration to the need to create value.

Risk management responsibilities within Vienna Insurance Group are bundled together in independent organizational units in which a well-established risk and control culture ensures that each individual employee contributes to successful management of risk. Transparent, verifiable decisions and processes within an enterprise are very important aspects of its risk culture.

Internal guidelines
Risk management is governed by a number of internal guidelines in Vienna Insurance Group. Property and casualty underwriting risks are primarily managed using actuarial models for setting tariffs and monitoring loss experience, as well as guidelines regarding the assumption of insurance risks. The most important underwriting risks in life and health insurance are primarily biometric risks, such as life expectancy, occupational disability, illness and the need for nursing care. To account for these underwriting risks, Vienna Insurance Group has formed provisions for future insurance payments.

Reinsurance
Vienna Insurance Group limits the potential liability from its insurance business by passing on some of the risks it assumes to the international reinsurance market. It spreads this reinsurance coverage over a large number of different international reinsurance companies that Vienna Insurance Group believes offer adequate credit quality, so as to minimise the risk (credit risk) due to the insolvency of one reinsurer. No significant reinsurer default has occurred in the history of Vienna Insurance Group. The monetary limit per reinsurer is set individually for each subsidiary.

For business segments where claims take a long time to be settled, especially for motor and general third-party liability, Vienna Insurance Group uses reinsurance companies with outstanding ratings (at least a Standard & Poor's rating of A, preferably a rating of AA or higher) that in all likelihood will also continue to exist over the long term. Even for business segments with claims that are settled quickly (for example, natural catastrophes, fire, technology, transportation, storm,burglary, household, piped water, motor own damage), where the number of reinsurers is greater, the preferred rating is Standard & Poor's "A" or higher. Only in a few cases – and for limited periods of time – are reinsurers with lower ratings accepted.

Other measures
VIG monitors the various market risks of its security portfolio using fair value valuations, value-at-risk (VaR) calculations, sensitivity analyses and stress tests. Liquidity risk is limited by matching the investment portfolio to insurance obligations. Operational and strategic risks which might be caused by deficiencies or errors in business processes, controls and projects, or changes in the business environment, are also continuously monitored by the internal control system.

Areas involved in risk monitoring and control

ENTERPRISE RISK MANAGEMENT (ERM)
The enterprise risk management department (ERM) reports to the Managing Board and is responsible for Group-wide risk management and implementation of the European solvency regulations (Solvency II). ERM assists the Managing Board with updating the corporate risk strategy, and with improvements to the risk organisation and further corporate risk management topics. ERM also creates a framework for Group-wide risk management that uses key principles and concepts, uniform terminology and clear instructions and support.

INTERNATIONAL ACTUARIAL SERVICES
Underwriting risks are managed by the Group's international actuarial department. This department subjects all insurance solutions to in-depth actuarial analysis covering all lines of insurance business (life, health, and property and casualty). Stochastic simulations are performed regularly as part of the ALM process.

REINSURANCE
Reinsurance for all Group companies is managed and monitored by the corporate reinsurance department established within Vienna Insurance Group.

CORPORATE BUSINESS
The corporate business department underwrites insurance contracts for large Austrian and international customers. The department also assists VIG subsidiaries with resources and know-how. The aim is to achieve a uniform underwriting philosophy and approach in all Group companies that perform such business.

ASSET RISK MANAGEMENT
The asset risk management department prepares a quarterly risk budget for the investment area. Compliance with the risk budget is reviewed regularly. Compliance with securities guidelines and the Company's own limit system is monitored on an ongoing basis. Periodic VaR calculations and analyses, as well as detailed stress tests, are performed for purposes of this monitoring. To satisfy the quantitative requirements of the new Solvency II framework, the asset risk management department determines solvency capital requirements for the market risks of the assets of material subsidiaries at regular intervals.

ASSET MANAGEMENT
One of the key responsibilities of the asset management department is to define a strategic orientation for the investments of each insurance company in Vienna Insurance Group and for the Group as a whole, and to specify an investment strategy and investment process aimed at ensuring regular earnings that are as high as possible, but also as secure as possible, while simultaneously taking ad vantage of opportunities to increase the value of investments. Guidelines and limits are used to manage investments in the Group. Regular reports are also provided on investments, limits and income.

CONTROLLING
The Group controlling department is responsible for performance of an annual planning process and subsequently for monitoring day-to-day business development of the Group insurance companies. Regular reports are used for this purpose, including variance analyses and forecast accounts for the financial year.

INTERNAL AUDIT
The internal audit department systematically monitors operating and business processes, the internal control system of all operational business areas, including compliance with legal requirements, and the functionality and adequacy of risk management. The internal audit department operates continuously and reports directly to the Managing Board.

GROUP IT
The VIG Group IT department is responsible for coordinating IT responsibilities at the Group level (IT strategy, Group solutions and systems related to the IT environment, IT governance, IT procurement and controlling, IT security, etc.), for assisting VIG Group companies with large IT projects, and for developing Group-wide guidelines and common standards. The Austrian business organisation assists Group IT with this by providing outside IT and telephony services.

Business risks

VIG calculates its underwriting provisions using recognised actuarial methods and assumptions. These assumptions include estimates of the long-term interest rate trend, returns on investments, the allocation of investments between equities, interest-bearing instruments and other categories, net income participations, mortality and morbidity rates, lapse rates and future costs. The Group monitors actual experience relating to these assumptions and adjusts its long-term assumptions where changes of a long-term nature occur.

Guaranteed minimum interest rates

Vienna Insurance Group also has a considerable portfolio of policies with guaranteed minimum interest rates, including annuity and endowment insurance. For existing life insurance policies, Vienna Insurance Group guarantees a minimum interest rate averaging around 2.84% p.a. (2013: 2.92% p.a.). If interest rates fall below the guaranteed average minimum rate for any length of time, Vienna Insurance Group could find itself forced to use its capital to subsidise reserves for these products.

Loss reserves

In accordance with normal industry practice and accounting and supervisory requirements, the companies in Vienna Insurance Group work together with the Group actuarial department to independently form loss reserves and provisions for claims settlement expenses arising from the property and casualty insurance business. The reserves are based on estimates of the payments that will be made for these claims and the related claims settlement expenses. These estimates are made both on a case-by-case basis in light of the facts and circumstances available at the time the reserves are formed, as well as for losses that have already been incurred but which have not been reported, or not reported in the correct amount to Vienna Insurance Group ("IBNR", "IBNER"). These reserves represent the expected costs required for final settlement of all known pending claims and IBNR and IBNER losses.

Loss reserves, including IBNR and IBNER reserves, may vary depending on a number of variables that affect the total costs of a claim, such as changes in the statutory framework, the outcome of court proceedings, changes in processing costs, repair costs, loss frequency, claim size and other factors such as inflation and interest rates.

Interest rate fluctuations

VIG is exposed to market risk, that is, the risk of suffering losses as a result of changes to market parameters. For Vienna Insurance Group, interest rates and issuer spreads are the most relevant parameters formarket risk. Ignoring investments held for the account of and at the risk of policyholders, VIG's investments consist largely of fixed-income securities. The majority of these securities are denominated in euros and Czech koruna. Consequently, interest rate fluctuations in these currencies have an effect on the value of these financial assets.

Share price risk

Vienna Insurance Group has a share portfolio which, even including shares held by funds, constitutes approximately 4% of investments. Among other things, Vienna Insurance Group's share investments include participations in a number of Austrian companies and equity positions in other companies whose shares trade primarily on the Vienna Stock Exchange or stock exchanges in the Eurozone or CEE region. A deterioration of the current economic situation could result in the share portfolio losing value.

Aspects of legal tax framework affecting earnings

Changes to tax law may negatively affect the attractiveness of certain VIG products that currently enjoy tax advantages. For example, the introduction of laws to reduce the tax advantages of the Group's retirement benefit products or other life insurance products could considerably diminish the attractiveness of those products.

Developments in Central and Eastern Europe

The expansion and development of business operations in the countries of Central and Eastern Europe is a core component of Vienna Insurance Group's strategy. It has a very strong presence in these countries. Prescribed risk guidelines create a uniform risk management philosophy in all CEE countries. The presence of the corporate risk management department in the holding company makes risk management more consistent within the Group.

Risks from acquisitions

In the past, Vienna Insurance Group acquired a number of companies in Central and Eastern European countries, or acquired participations in these companies.

Acquisitions often bring challenges in terms of corporate management and financing, such as:

- the need to integrate the infrastructure of the acquired company, including management information systems, and risk management and controlling systems;
- handling unsettled matters of a legal or supervisory nature resulting from the acquisition;
- integration of marketing, customer support and product ranges; and
- integration of different corporate and management cultures.

Climate change
The environmental disasters that have been becoming increasingly common in recent years, such as floods, mudslides, landslides, storms, etc., may have been brought about by general climate change. The number of claims caused in this way may continue to rise in the future.

Credit risk from investments
When managing risks related to credit quality, a distinction must be made between "liquid" and "marketable" risks (for example exchange-listed bonds) and "bilateral" risks, such as, for example, time deposits, OTC derivatives, loans, private placements and securities accounts/depositories. The risk is limited at the portfolio level by means of rating and diversification limits.

Consideration is only given to those issuers or contracting parties whose credit quality or reliability can be assessed by Vienna Insurance Group, whether on the basis of an analysis performed by the Group, credit assessments/ratings from recognised sources, provision of security (e.g. guarantor's liability) or the possibility of recourse to reliable mechanisms for safeguarding investments.

Credit risk from reinsurance
VIG follows a policy of ceding a portion of assumed risks to reinsurance companies. This transfer of risk to reinsurers does not, however, relieve Vienna Insurance Group of its obligations to policyholders. Vienna Insurance Group is therefore exposed to the risk of insolvency on the part of reinsurers.

Currency risks
To diversify its portfolio, the investment area also makes use of international capital markets and, to a very small extent, foreign currencies. Vienna Insurance Group's high degree of involvement in the CEE region results in currency risks at the Group level in spite of matching local currency investments made at the local level.

Concentration risk
Internal guidelines and Vienna Insurance Group's limit system are used to keep concentrations within the desired safety margin. Coordination across lines of business provides for a comprehensive view of all significant risks.

Regulatory environment
Vienna Insurance Group is subject to domestic and foreign (insurance) supervisory regulations. These regulations govern such matters as:

- capital requirements of insurance companies and groups;
- admissibility of investments as security for underwriting provisions;
- licences of the various companies of Vienna Insurance Group;
- marketing activities and the sale of insurance policies; and
- cancellation rights of policyholders.

Changes to the statutory framework may make restructuring necessary, thus resulting in increased costs.

Investments

The Group invests in fixed-income securities (bonds, loans/credits), shares, real estate, participations and other investment products, taking into account the overall risk position of the Group and the investment strategy provided for this purpose.

The investment strategy is laid down in the investment guidelines for each of the Group's insurance companies. Compliance is continuously monitored by the asset management and asset risk management departments and by the internal audit department on a sample basis. Investment guidelines are laid down centrally and must be followed by all Group companies. When determining exposure volumes and limits as part of establishing the strategic orientation of investments, the risk inherent in the specified categories and market risks are of fundamental importance.

The investment strategy principles may be summarised as follows:

- Vienna Insurance Group practices a conservative investment policy designed for the long term.
- VIG focuses on its asset mix as a way to ensure that cash flows match its long-term liability profile and to create sustainable increases in value through the use of correlation and diversification effects of the individual asset classes.
- Investment management depends on the asset class in question or on the objective within asset classes, and is performed internally or by an outside manager.
- The currency profile of the investments should match as closely as possible the obligations to policyholders and other liabilities in foreign currency (currency matching).
- Risk management for securities is aimed at providing a transparent view of the risk exposure arising from price, interest-rate, and currency fluctuations as they affect profitability and the value of investments, and at limiting these risks. Risks are limited by a limit system at position level and by a two-level value-at-risk limit system for risk exposure.
- Market developments are monitored continuously and the allocation of portfolio assets is managed actively.

Around 78% of VIG's investment portfolio consists of direct holdings of fixed-income securities and loans. Direct holdings of shares and real estate amount to approximately 2% and 6%, respectively, in each case relative to the book value of the total investment portfolio.

The table below shows the breakdown of Vienna Insurance Group investments as of 31 December 2014 and 31 December 2013 in thousands of euros, broken down by property and casualty, health and life insurance segments:

Composition Investments	31.12.2014				31.12.2013 restated
Book values	Property and casualty	Life	Health	Total	Total
in EUR '000					
Land and buildings	**828,336**	**916,419**	**106,464**	**1,851,219**	**2,678,898**
Self-used land and buildings	266,511	128,598	32,275	427,384	446,237
Third-party used land and buildings	561,825	787,821	74,189	1,423,835	2,232,661
Shares in at equity consolidated companies	**694,665**	**111,976**	**0**	**806,641**	**556,299**
Loans	**160,254**	**1,112,268**	**123,774**	**1,396,296**	**1,284,878**
Reclassified loans	**62,424**	**413,319**	**14,478**	**490,221**	**583,035**
Bonds classified as loans	**21,304**	**1,199,032**	**0**	**1,220,336**	**1,451,380**
Other securities	**4,043,988**	**18,629,741**	**972,877**	**23,646,606**	**21,326,076**
Financial instruments held to maturity	643,558	1,501,764	0	2,145,322	2,089,887
Government bonds	620,096	1,235,723	0	1,855,819	1,789,052
Covered bonds	5,246	196,394	0	201,640	205,203
Corporate bonds	12,174	46,269	0	58,443	57,067
Bonds from financial institutions	6,042	23,220	0	29,262	36,820
Subordinated bonds	0	158	0	158	1,745
Financial instruments reclassified as held to maturity	190,854	709,759	0	900,613	928,822
Government bonds	175,166	616,105	0	791,271	800,352
Covered bonds	15,688	80,578	0	96,266	102,389
Bonds from banks	0	13,076	0	13,076	26,081
Financial instruments available for sale	3,004,431	16,177,453	952,617	20,134,501	17,681,384
Bonds	2,254,907	14,879,446	876,756	18,011,109	15,726,864
Shares and other participations*	161,767	540,395	14,610	716,772	764,758
Investment funds	587,757	757,612	61,251	1,406,620	1,188,459
Others	0	0	0	0	1,303
Held for trading	137,092	57,791	0	194,883	282,564
Bonds	38,117	14,327	0	52,444	96,180
Shares and other non-fixed-interest securities	19,053	3,892	0	22,945	80,692
Investment funds	28,959	37,327	0	66,286	74,493
Derivatives	50,963	2,245	0	53,208	31,199
Financial instruments recognised at fair value through profit and loss	68,053	182,974	20,260	271,287	343,419
Bonds	60,959	140,677	20,260	221,896	297,707
Shares and other non-fixed-interest securities	98	15,199	0	15,297	17,418
Investment funds	6,011	25,129	0	31,140	28,294
Others	985	1,969	0	2,954	0
Other investments	**376,998**	**563,847**	**7,379**	**948,224**	**1,213,047**
Bank deposits	373,143	460,161	7,379	840,683	1,101,498
Deposits on assumed reinsurance business	464	98,576	0	99,040	102,270
Other	3,391	5,110	0	8,501	9,279
Total	**6,187,969**	**22,946,602**	**1,224,972**	**30,359,543**	**29,093,613**

* Includes shares in non-consolidated subsidiaries and other participations.

Maturity structures and rating categories

Maturity structure Financial instruments held to maturity	Amortised cost 31.12.2014	31.12.2013	Fair value 31.12.2014	31.12.2013
in EUR '000				
up to one year	190,351	132,981	194,462	135,965
more than one year up to five years	585,953	531,025	645,271	561,567
more than five years up to ten years	743,105	621,196	935,110	699,155
more than ten years	625,913	804,685	826,879	900,537
Total	**2,145,322**	**2,089,887**	**2,601,722**	**2,297,224**

Maturity structure Financial instruments reclassified as held to maturity	Amortised cost 31.12.2014	31.12.2013	Fair value 31.12.2014	31.12.2013
in EUR '000				
up to one year	107,872	16,490	109,497	16,754
more than one year up to five years	271,365	386,928	297,639	421,603
more than five years up to ten years	395,285	390,393	493,372	448,792
more than ten years	126,091	135,011	190,440	163,417
Total	**900,613**	**928,822**	**1,090,948**	**1,050,566**

Fair value of financial instruments held to maturity by measurement hierarchy level in accordance with IFRS 13	31.12.2014	31.12.2013
in EUR '000		
Level 1	2,142,911	1,892,110
Level 2	455,492	402,183
Level 3	3,319	2,931

Fair value of reclassified financial instruments held to maturity by measurement hierarchy level in accordance with IFRS 13	31.12.2014	31.12.2013
in EUR '000		
Level 1	973,650	937,610
Level 2	117,298	112,956

The composition of “Financial instruments held to maturity” is provided in Note 6, “Other securities”.

Rating categories Financial instruments held to maturity (incl. reclassified)	Amortised cost 31.12.2014	31.12.2013
in EUR '000		
AAA	77,903	76,564
AA	2,073,163	2,026,156
A	618,259	620,982
BBB	49,600	170,010
BB and lower	199,599	109,048
No rating	27,411	15,949
Total	**3,045,935**	**3,018,709**

Maturity structure Financial instruments available for sale	Fair value 31.12.2014	 31.12.2013 restated
in EUR '000		
no maturity	1,774,321	1,832,197
up to one year	693,219	670,251
more than one year up to five years	4,074,809	3,488,523
more than five years up to ten years	6,937,750	5,867,009
more than ten years	6,654,402	5,823,404
Total	**20,134,501**	**17,681,384**

Rating categories Fixed-interest financial instruments available for sale	Fair value 31.12.2014	 31.12.2013
in EUR '000		
AAA	3,134,731	2,896,604
AA	4,365,722	3,336,701
A	7,054,554	6,423,503
BBB	2,539,878	2,311,823
BB and lower	817,466	678,199
No rating	98,758	80,034
Total	**18,011,109**	**15,726,864**

In the case of “Financial instruments available for sale”, the balance sheet value corresponds to the fair value.

Maturity structure Derivatives (asset side)	Nominal value 31.12.2014	 31.12.2013
in EUR '000		
up to one year	162,284	97,014
more than one year up to five years	109,041	102,600
more than ten years	51,825	98,089
Total	**323,150**	**297,703**

Maturity structure Derivatives (liabilities side)	Nominal value 31.12.2014	 31.12.2013
in EUR '000		
up to one year	-240,761	-192,000
more than one year up to five years	-125,788	-120,000
more than five years up to ten years	0	-1,035
more than ten years	-609	0
Total	**-367,158**	**-313,035**

The following table shows the maturity structure of assets recognised at fair value through profit or loss:

Maturity structure Financial instruments recognised at fair value through profit and loss*	Fair value 31.12.2014	31.12.2013 restated
in EUR '000		
no maturity	30,960	28,135
up to one year	28,641	18,032
more than one year up to five years	124,565	153,424
more than five years up to ten years	48,858	109,276
more than ten years	38,263	34,552
Total	**271,287**	**343,419**

* Excluding held for trading

Rating categories Fixed-interest financial instruments recognised at fair value through profit and loss*	Fair value 31.12.2014	31.12.2013 restated
in EUR '000		
AAA	36,800	15,036
AA	19,251	17,088
A	177,773	258,801
BBB	27,649	50,792
BB and lower	9,750	40,538
No rating	3,117	11,632
Total	**274,340**	**393,887**

* Including held for trading

The “second best rating” method specified under Solvency II is used as a rating method. The latest (issue or issuer) rating from each of the three major rating agencies is used to determine the second best rating.

If the latest rating is an issuer rating, and this rating cannot be directly used due to a difference in quality of the security (e.g. senior unsecured debt rating and a lower tier II bond), the rating is adjusted downwards appropriately. The adjustment is one notch down for lower tier II bonds and two notches down for upper tier II and tier I bonds.

This results in up to three valid ratings for each bond. These ratings are then ranked according to increasing probability of default, and the rating with the second-highest probability of default is taken as the "second best rating". If the ratings in first and second place have the same probability of default, both of these ratings are simultaneously the “second best rating”. In cases where a rating has only been assigned by one rating agency, then due to a lack of other information, this rating is used as the “second best rating”.

Bonds

Bonds represented approximately 71% of VIG's total investments as of 31 December 2014. Vienna Insurance Group manages its bond portfolio using estimates of changes in interest rates, spreads and credit quality, taking into account limits related to individual issuers, credit quality, maturities, countries, currencies and issue volume. Vienna Insurance Group is currently not planning any investment strategy changes with respect to its bond portfolio.

Under the investment guidelines of the Austrian Group companies, bond investments are made almost entirely in the investment grade range. Investments in non-investment grade bonds are only made in individual cases and in accordance with decisions made by the managing board of the local company. The goal is to achieve the greatest possible diversification among individual issuers, to avoid accumulation risks, to ensure good average creditworthiness, to control foreign currency effects, and to make the majority of investments in medium to long-term maturities in order to match the maturity profile of the liabilities as efficiently as possible.

Shares

As of 31 December 2014, Vienna Insurance Group's share investments (including those contained in the funds) represented around 4% of the book value of the total investment portfolio. In accordance with the investment guidelines for Austria, management is carried out using a top-down approach, subject to the constraint that diversification be used to minimise the market risk of the shares. The overall proportion of shares is very small for Group companies in the CEE countries.

Risk spreading within Vienna Insurance Group's share portfolio is mainly achieved by geographic diversification primarily in the home markets of the Group and in the Eurozone. Share investments are predominantly made by the Austrian companies.

Loans

Vienna Insurance Group loans had a book value of EUR 3,106.9 million as of 31 December 2014 and a book value of EUR 3,319.3 million as of 31 December 2013. In the CEE region, investments in loans and credits have much less importance.

Impairments of loans	Gross book value 31.12.2014	Impairment 31.12.2014	Net book value 31.12.2014
in EUR '000			
Non-impaired loans	2,600,045	0	2,600,045
Impaired loans	128,296	111,709	16,587
Total	**2,728,341**	**111,709**	**2,616,632**

Impairments of loans	Gross book value 31.12.2013	Impairment 31.12.2013	Net book value 31.12.2013
in EUR '000			
Non-impaired loans	2,713,299	0	2,713,299
Impaired loans	93,765	70,806	22,959
Total	**2,807,064**	**70,806**	**2,736,258**

Impairments of reclassified loans	Gross book value 31.12.2014	Impairment 31.12.2014	Net book value 31.12.2014
in EUR '000			
Non-impaired reclassified loans	490,222	0	490,222
Total	**490,222**	**0**	**490,222**

Impairments of reclassified loans	Gross book value 31.12.2013	Impairment 31.12.2013	Net book value 31.12.2013
in EUR '000			
Non-impaired reclassified loans	583,035	0	583,035
Total	**583,035**	**0**	**583,035**

A portfolio analysis and an analysis of remaining time to maturity for Vienna Insurance Group's loan portfolio are provided in Note 5, "Loans and other investments", in the notes to the consolidated financial statements.

Land and buildings

Vienna Insurance Group's real estate portfolio had a book value of EUR 1,851.2 million as of 31 December 2014 (market value of EUR 2,684.6 million), and a book value of EUR 2,678.9 million as of 31 December 2013 (market value of EUR 3,385.2 million).

The portfolio of directly held real estate and real estate held in the form of participations is used primarily to create highly inflation-resistant long-term positions for the insurance business, and to create hidden reserves. The real estate portfolio represents approximately 6% of Vienna Insurance Group's total investment portfolio.

The following table shows VIG real estate investments as of 31 December 2014 and 31 December 2013, broken down by location and type of use of the properties:

Use of property	% of the real estate portfolio	
	31.12.2014	31.12.2013 restated
Region Austria	**62.92**	**40.23**
Self-used	8.38	6.12
Investment property	54.54	34.11
Central Functions	**20.85**	**48.44**
Self-used	1.01	0.64
Investment property	19.84	47.80
Other Regions	**16.23**	**11.33**
Self-used	13.70	9.91
Investment property	2.53	1.42

At equity consolidated companies

Vienna Insurance Group's shares in at equity consolidated companies had a book value of EUR 806.6 million as of 31 December 2014 and a book value of EUR 556.3 million as of 31 December 2013. Shares in at equity consolidated companies therefore represented around 2.6% of the book value of the total investment portfolio as of 31 December 2014.

Market risk

Vienna Insurance Group divides market risk into interest rate, spread, share price, currency, real estate, and participation risks. For Vienna Insurance Group, interest rates, spreads and share prices are the most relevant parameters for market risk. Vienna Insurance Group uses fair value measurements, value-at-risk (VaR) calculations, sensitivity analyses and stress tests to monitor market risks.

The composition of investments is aimed at providing coverage for insured risks that is appropriate for the insurance business and the maturities of Vienna Insurance Group liabilities.

Interest rate and share price risk

In VIG's investment model, the bond segment serves primarily to ensure stable earnings over the long term. Derivatives are only used to reduce investment risk. Relevant investment guidelines expressly govern the use of derivatives for bond portfolios managed by third parties such as investment funds.

The share segment serves to increase earnings over the long term, provide diversification and compensate for long-term erosion in value due to inflation. Vienna Insurance Group assesses share price risk by considering diversification within the overall portfolio and correlation with other securities exposed to price risk.

Market risk affecting earnings is controlled by calculating value-at-risk at regular intervals based on the "Investment and Risk Strategy" guideline for securities and comparing it to the limit relative to the risk budget. Value-at-risk is determined using a variance/covariance calculation. Vienna Insurance Group statistically estimates the variances and covariances from market data.

Depending on the purpose of the application, VIG performs value-at-risk calculations for different sub-portfolios. Confidence levels range between 95% and 99.5%, and the holding period varies from 20 to 250 days. Due to the nature of the portfolio, interest rate and spread risk make the largest contributions to value-at-risk. As a plausibility check of the calculations, the value-at-risk for the most important sub-portfolios is determined using both the parametric method described above and the historical calculation method.

The following table shows the VaR (at a 99% confidence level) for Vienna Insurance Group securities that are held as available for sale or at fair value through profit or loss.

VaR Vienna Insurance Group	31.12.2014	31.12.2013
in EUR million		
10-day holding period	247.61	201.0
20-day holding period	350.17	284.3
60-day holding period	606.51	492.4
Total risk capacity	1,443.33	1,300.2
20-day VaR as % of risk capacity	24%	22%

Capital market scenario analysis

This analysis is carried out annually for all Vienna Insurance Group companies in order to check the risk capacity of the investments. The following table shows the stress parameters and the effect on capital of each scenario for 31 December 2014.

Reduction in market value	Scenario 0	Scenario 1	Scenario 2	Scenario 3	Scenario 4	Scenario 5
of shares	0%	-20%	-10%	-20%	-20%	0%
of bonds	0%	-5%	-3%	-5%	0%	-5%
of real estate	0%	-5%	-10%	0%	-10%	-10%
Market value of assets less liabilites (in EUR millions)	**6,760.16**	**5,120.68**	**5,611.26**	**5,254.91**	**6,264.49**	**5,213.65**

In scenario 1, the market value of shares, bonds and real estate all decrease sharply at the same time – ceteris paribus. The market value of the assets is still considerably higher than the value of the liabilities after stress testing, which confirms the good rating given to Vienna Insurance Group by Standard & Poor’s.

Life insurance

The following table shows the changes in endowment insurance (not including risk insurance), risk insurance, annuity insurance, unit- and index-linked insurance, government-sponsored pension plans and the total.

	Endowment insurance (not incl. risk insurance)		Risk insurance		Annuity insurance		Unit- and index-linked insurance		Government sponsored pension plans		Total	
	No. of policies	Amt. insured	No. of policies	Amt. insured	No. of policies	Amt. insured	No. of policies	Amt. insured	No. of policies	Amt. insured	No. of policies	Amt. insured
Amount insured in EUR '000												
As of 31.12.2013	**2,313,625**	**24,508,967**	**1,432,641**	**47,587,266**	**575,902**	**10,537,466**	**1,598,967**	**14,671,663**	**496,073**	**9,221,194**	**6,417,208**	**106,526,556**
Exchange rate changes	0	-99,545	0	-323,624	0	-3,933	0	-86,107	0	0	0	-513,209
As of 1.1.2014	**2,313,625**	**24,409,422**	**1,432,641**	**47,263,642**	**575,902**	**10,533,533**	**1,598,967**	**14,585,556**	**496,073**	**9,221,194**	**6,417,208**	**106,013,347**
Changes in scope of consolidation	**2,625**	**1,343**	**1,577**	**10,863**	**0**	**0**	**119,654**	**551,933**	**0**	**0**	**123,856**	**564,139**
Additions												
New business	156,176	1,901,173	495,913	7,401,042	37,213	980,351	325,629	1,781,284	8,819	429,250	1,023,750	12,493,100
Increases	5,412	108,426	402,353	4,432,633	8,879	160,170	40,031	313,496	9,935	304,192	466,610	5,318,917
Total additions	**161,588**	**2,009,599**	**898,266**	**11,833,675**	**46,092**	**1,140,521**	**365,660**	**2,094,780**	**18,754**	**733,442**	**1,490,360**	**17,812,017**
Changes												
Changes in additions	80,898	1,879,345	19,839	896,403	10,812	360,171	48,963	800,849	8,781	185,377	169,293	4,122,145
Changes in disposals	-58,118	-1,567,442	-53,946	-2,939,059	-6,333	-327,641	-28,499	-947,178	-9,077	-223,221	-155,973	-6,004,541
Total changes	**22,780**	**311,903**	**-34,107**	**-2,042,656**	**4,479**	**32,530**	**20,464**	**-146,329**	**-296**	**-37,844**	**13,320**	**-1,882,396**
Disposals due to maturity												
Due to expiration	-109,546	-1,132,084	-71,575	-692,717	-19,991	-266,722	-16,853	-57,938	-941	-14,288	-218,906	-2,163,749
Due to death	-19,331	-107,521	-3,972	-58,222	-1,428	-24,817	-3,190	-30,195	-543	-8,269	-28,464	-229,024
Total disposals due to maturity	**-128,877**	**-1,239,605**	**-75,547**	**-750,939**	**-21,419**	**-291,539**	**-20,043**	**-88,133**	**-1,484**	**-22,557**	**-247,370**	**-2,392,773**
Premature disposals												
Due to non-redemption	-4,070	-50,960	-71,866	-3,976,686	-1,187	-32,531	-48,453	-144,848	-437	-15,380	-126,013	-4,220,405
Due to cancel-lation without payment	-29,682	-231,517	-191,111	-2,078,558	-2,675	-52,362	-77,837	-468,857	-4,002	-2,663	-305,307	-2,833,957
Due to redemption	-103,277	-1,057,159	-119,479	-1,002,499	-22,104	-236,679	-84,134	-576,750	-12,990	-207,166	-341,984	-3,080,253
Due to waiver of premium	-3,707	-156,967	-2,034	-49,738	-3,915	-119,367	-19,908	-330,291	-6,129	-330,671	-35,693	-987,034
Total premature disposals	**-140,736**	**-1,496,603**	**-384,490**	**-7,107,481**	**-29,881**	**-440,939**	**-230,332**	**-1,520,746**	**-23,558**	**-555,880**	**-808,997**	**-11,121,649**
As of 31.12.2014	**2,231,005**	**23,996,059**	**1,838,340**	**49,207,104**	**575,173**	**10,974,106**	**1,854,370**	**15,477,061**	**489,489**	**9,338,355**	**6,988,377**	**108,992,685**

Market Consistent Embedded Value sensitivity analyses for the life and health insurance businesses

Market Consistent Embedded Value is determined in accordance with the Market Consistent Embedded Value Principles published by the CFO Forum in June 2008, and will be published on 14 April 2015 after a separate review is performed.

Market Consistent Embedded Value consists of two components: the adjusted net assets at market value and the value of the life and health insurance portfolio, which equals the present value of distributable net profits minus the capital commitment costs on the solvency capital. Market Consistent Embedded Value is thus an actuarial measurement of the value of a company, assuming continuation of current operations (going concern), but explicitly excluding the value of future new business. In addition to the Market Consistent Embedded Value, the increase in value due to new business written during the reporting period is also determined.

The estimated trend of future profits is based on “best estimate” assumptions, i.e. a realistic assessment of economic and operational conditions based on future expectations and historical data, in which future risk is taken into account using stochastic models and an explicit calculation of capital commitment costs. When calculating the market consistent embedded value, numerous assumptions are made regarding operational and economic conditions, as well as other factors, some of which lie outside the control of Vienna Insurance Group. Although Vienna Insurance Group considers these assumptions sound and reasonable, future developments may differ materially from expectations. Publication of the Market Consistent Embedded Value is therefore no guarantee or warranty that the expected future profits on which this value is based will be realised in this fashion.

The shareholder margin is calculated taking into account surpluses from all available income sources, with the profit participation regulation promulgated on 20 October 2006 being taken into account in the life insurance class for Austria. For the other lines of businesses and markets, the amount of profit participation assumed is based on local practice and the respective regulatory provisions. The projections of future profits are based on realistic assumptions for investment income, inflation, costs, taxes, cancellations, mortality and other key figures.

The interest rate curve used depends on the capital market on the measurement date. In order to be able to make a statement on the impact of alternative interest rate curves, the Market Consistent Embedded Value as of 31 December 2014 and the increase in value resulting from new business in 2014 were calculated using an interest curve alternately increased and decreased by 1%. For interest rate sensitivities, a change of +/- 100 basis points is applied to capital market interest rate data. Interest rates that extend beyond the last liquid market data are extrapolated using a long-term interest rate level of 4.2% (ultimate forward rate). The long-term level is also held constant for the sensitivities. The sensitivities therefore do not represent a simple parallel shift.

Sensitivities are shown in the following table:

Sensitivities of the Market Consistent Embedded Value of life and health insurance in Austria as of 31.12.2014	Change in % of the base value
Market Consistent Embedded Value, Austria	
Decrease in share prices and property values -10%	-3.83
Interest rate curve shift +1%	15.92
Interest rate curve shift -1%	-28.46
Administrative costs +10%	-3.49
Administrative costs -10%	3.31
Lapse rate improvement 10%	-0.03
Lapse rate deterioration 10%	-0.37
Improvement in mortality and morbidity rates, endowment insurance +5%	0.73
Improvement in mortality rates for annuities +5%	-1.41
Value of new business, Austria	
Interest rate curve shift +1%	66.93
Interest rate curve shift -1%	-77.50
Administrative costs +10%	-13.56
Administrative costs -10%	11.19
Lapse rate improvement 10%	6.48
Lapse rate deterioration 10%	-11.85
Improvement in mortality and morbidity rates, endowment insurance +5%	8.17
Improvement in mortality rates for annuities +5%	-4.73

Property and casualty insurance provisions

General information

If claims are asserted by or against policyholders, all amounts that a company in Vienna Insurance Group's property and casualty segment pays or expects to have to pay to the claimant are referred to as losses, and the costs of investigating, adjusting and processing these claims are referred to as "claims settlement expenses". Vienna Insurance Group has formed provisions by lines of business, extent of cover and year for each Group company to pay for losses and claims settlement expenses due to claims under its property and casualty insurance policies.

Losses and claims settlement expenses can be divided into two categories: reserves for known but still outstanding claims, and reserves for claims that have been incurred but have not yet been reported, or the correct amount has not been reported ("IBNR", "IBNER"). Provisions for outstanding claims are based on estimates of future payments, including claims settlement expenses, for these claims. These estimates are made on a case-by-case basis in accordance with facts and circumstances ascertainable at the time the provision is formed.

The estimates reflect the well-founded judgement of Group adjusters based on general practices for forming insurance provisions and a knowledge of the nature and value of each type of claim. These provisions are adjusted regularly during normal processing and represent the expected eventual costs necessary to finally settle all pending reported claims, taking into account inflation and other social and economic factors that could affect the amount of provisions that are required.

Historical developments in distribution patterns and claims payments, the level of reported and still outstanding claims and the nature of the extent of cover are also taken into account. In addition, court decisions and economic conditions can also affect the estimate of provisions and the eventual size of claims.

IBNR and IBNER provisions are formed to offset the expected costs of losses that have been incurred but not yet reported to the individual Group companies. These provisions, just like the provisions for reported claims, are formed to pay the expected costs, including claims settlement expenses, necessary to finally settle these claims. Because, by definition, the extent of these losses is still unknown when the provisions are formed, the Group calculates its IBNR and IBNER liabilities based on historical loss experience, adjusted for current developments in loss-related factors. These provisions are based on estimates made using actuarial and statistical forecasts of the expected costs to finally settle these claims. The analyses are based on the facts and circumstances known at the time and on expectations regarding changes in legal and/or economic factors that determine the level of loss, such as case law, the inflation rate and labour costs. These provisions are regularly reviewed and revised once additional information is known and claims are actually reported. The time needed to learn of these claims and settle them is an important factor that must be taken into account when forming provisions.

Claims which are easy to settle, such as property damage under motor vehicle insurance, are reported within a few days or weeks and are normally settled within a year.

More complicated claims, such as personal injury under motor vehicle or general liability insurance, typically require longer settlement times (on average four to six years, in some cases considerably longer). Difficult claims, where settlement regularly depends on the results of often protracted litigation, also lead to substantially longer settlement times, especially in the liability, casualty, building and professional liability lines of business.

The final costs of the claims and claims settlement expenses depend on a number of variable circumstances. Between the time a claim is reported and final settlement, changing circumstances may require that the provisions that were formed be revised upwards or downwards. For example, changes in the law, the outcome of litigation and changes in medical costs, costs for materials for auto and house repair and hourly wage rates can have a substantial effect on the costs of claims. These factors may result in actual developments differing from expectations – sometimes substantially. Loss reserve estimates are regularly reviewed and updated, using the most recent information available to management. Any changes to provision estimates are reflected in the operating result. The Vienna Insurance Group's conservative policy toward provisions is shown in part by the fact that liquidation of loss reserves generally leads to a profit. Based on the Group's internal procedures and the information currently available to it, management believes that the Group's provisions in the property and casualty insurance area are adequate. However, forming loss reserves is by nature an uncertain process, and therefore no guarantee can be given that in the end losses will not differ from the Group's initial estimates.

Change in gross loss reserve

The following table shows the changes in Vienna Insurance Group's direct loss reserve as of the end of each year indicated. The provisions reflect the amount of expected losses, based on claims that occurred in the current and all previous loss years and had not yet been paid as of the balance sheet date, including IBNR and IBNER.

Interpreting the information contained in this table requires caution, because each amount contains the effects of all changes from the previous periods. The circumstances and trends that affected liability in the past could possibly recur in the future and therefore no conclusions can be drawn from the information given in this table as to future results.

Claims payments for each year of occurrence (per calendar year, gross)

				Calender year					
Year of occurrence	**≤2006**	**2007**	**2008**	**2009**	**2010**	**2011**	**2012**	**2013**	**2014**
in EUR '000									
2006 and before	2,834,008	668,602	231,481	135,644	91,397	66,518	50,316	50,993	37,070
2007		1,339,481	671,210	122,452	66,345	30,865	25,531	16,834	11,336
2008			1,642,675	692,806	146,180	72,889	36,326	27,159	21,992
2009				1,687,960	713,178	180,476	69,027	38,112	25,020
2010					1,714,403	705,902	161,705	73,596	44,006
2011						1,616,214	651,472	101,100	107,425
2012							1,711,639	775,993	194,023
2013								1,811,908	705,274
2014									1,545,509
Total	**2,834,008**	**2,008,083**	**2,545,366**	**2,638,862**	**2,731,503**	**2,672,864**	**2,706,016**	**2,895,695**	**2,691,655**

Loss reserve for each year of occurrence on the applicable balance sheet date (gross)

	Calender year								
Year of occurrence	**≤2006**	**2007**	**2008**	**2009**	**2010**	**2011**	**2012**	**2013**	**2014**
in EUR '000									
2006 and before	2,553,831	1,812,816	1,094,022	884,389	678,220	625,741	493,930	425,654	390,801
2007		1,095,292	660,620	362,431	259,021	183,198	136,620	109,141	97,478
2008			1,485,738	624,658	406,960	231,204	169,373	132,211	113,272
2009				1,411,010	652,504	387,685	234,289	162,221	134,309
2010					1,517,287	649,304	392,364	229,725	170,829
2011						1,578,321	760,478	406,674	266,855
2012							1,576,927	759,820	433,582
2013								1,670,557	783,546
2014									1,712,857
Total	**2,553,831**	**2,908,108**	**3,240,380**	**3,282,488**	**3,513,992**	**3,655,453**	**3,763,981**	**3,896,003**	**4,103,529**

Currency translation effects and changes in the scope of consolidation can lead to differences in the figures for previous years.

Reinsurance

Vienna Insurance Group limits its liability arising from the insurance business by passing on, to the extent necessary, a portion of the assumed risks to the international reinsurance market. Some of the risks of Group companies are reinsured within Vienna Insurance Group. These risks are in turn ceded to reinsurers at the Group level.

Reinsurance guidelines

VIG's reinsurance guidelines are jointly determined each year by the corporate reinsurance department and the member of the Managing Board responsible for reinsurance during the development of the reinsurance strategy for the next financial year. The reinsurance guidelines require each Group company to provide, in conjunction with the corporate reinsurance department, reinsurance coverage that is appropriate for its local company. The reinsurance guidelines govern the following issues:

REINSURANCE IS A PREREQUISITE FOR A COMMITMENT TO PROVIDING INSURANCE COVERAGE

Underwriting departments may only make a binding commitment to insure a risk if sufficient reinsurance coverage has already been assured.

RETENTION

It is Group-wide policy that no more than EUR 45 million for the first two natural disaster events and EUR 20 million for each additional event can be placed at risk on a PML (probable maximum loss) basis. The maximum Group-wide retention per individual loss is less than EUR 10 million.

SELECTION OF REINSURERS – DIVERSIFICATION

Vienna Insurance Group and its Group companies divide their reinsurance coverage among many different international reinsurance companies of appropriate credit quality, so as to minimise the risk arising from one reinsurer's inability to pay. No significant reinsurer default has occurred in the history of Vienna Insurance Group.

SELECTION OF REINSURERS – RATINGS

For business segments where claims settlement takes a long time, in particular for motor vehicle liability, general liability and aviation, Vienna Insurance Group uses reinsurers with outstanding ratings (at least a Standard & Poor's rating of "A", preferably a rating of "AA" or higher), which in all likelihood will also continue to exist over the long term. Even for business segments with claims that are settled quickly (for example, natural disasters, fire, technology, transportation, storm, burglary, household, piped water, motor own damage), where the number of reinsurers is greater, the preferred rating is Standard & Poor's "A" or higher. Only in a few cases – and for limited periods of time – are reinsurers with lower ratings accepted.

DESIGN OF REINSURANCE PROGRAMMES

If it can be justified economically, any Group company can purchase reinsurance coverage individually from external reinsurers. If individual reinsurance policies can only be purchased by a Group company at uneconomical terms, Vienna Insurance Group strives, as far as possible, to jointly place reinsurance policies covering risks from natural disasters, property lines of business, casualty, transport, aviation and motor liability. If necessary, intra-Group assumptions of reinsurance are also passed on as retrocession in the reinsurance market for safety reasons. The guidelines for Wiener Städtische reinsurance coverage are presented below. Retentions for all other companies in the Group are below those of Wiener Städtische.

Reinsurance coverage using the example of Wiener Städtische

NATURAL DISASTERS
Wiener Städtische provides insurance for damage caused by natural disasters such as storms, hail, flooding or earthquakes. Wiener Städtische AG uses reinsurance coverage to limit its retention for natural disasters to EUR 20 million for the first loss event and EUR 4.5 million for each additional event.

PRIVATE CUSTOMER BUSINESS
The private customer business consists of essentially stable insurance portfolios having calculable results that are characterised above all by a stable claims frequency. Thus, such recurrent claims are only reinsured in exposed lines of business, for example storm insurance, with a targeted use of proportional reinsurance to reduce the effects on the retention. The effects on the retention of the small number of expected major losses are covered by non-proportional reinsurance. Even in this business segment, Wiener Städtische's maximum net loss is between EUR 1 million and EUR 2 million, depending on the line of business.

Solvency II is discussed in detail in the "Legal environment" section of the management report.

Management and control

Liquidity management

Vienna Insurance Group manages its liquidity using guidelines approved by the Managing Board of Vienna Insurance Group Holding. As a rule, Vienna Insurance Group Holding and each subsidiary are responsible for their own liquidity planning. As the Group parent company, Vienna Insurance Group Holding is responsible for allocating capital for the Group as a whole. This allows capital to be efficiently distributed within the Group. It also allows Vienna Insurance Group Holding to ensure that the target levels of liquidity and capital resources are available both at the Group level and in the individual operating units.

Most of the liquidity for day-to-day operations comes from premiums received from primary insurance, regular income from investments and proceeds from the sale of investments. These inflows are offset by payments for property and casualty insurance claims, and benefit payments for life and health insurance. The remaining net liquidity is used to cover acquisition and operating costs.

The maturity pattern of the insurance business provides a natural liquidity buffer. Unlike the premiums received, Vienna Insurance Group guarantees insurance coverage for a certain period of time, and no cash outflow occurs during this period until an insured event occurs. The liquidity buffer is invested during this period and generates investment income. A portion is held in the form of liquid investments to ensure that it can be quickly converted into cash to pay claims. In addition, the bond portfolio, in particular, is structured so that the proceeds from maturing bonds are received on the dates it is anticipated they will be needed. External influence factors, such as capital market developments and the interest rate level, affect the liquidity situation by improving or restricting the ability to sell the investment portfolio at market value.

The time, frequency and size of insured claims are also important for the liquidity situation of property and casualty insurance. The number of policy extensions also plays a role. The liquidity needs for life insurance are generally affected by the difference between actual mortality experience and the assumptions used to calculate underwriting provisions. Market returns or minimum interest rates and the behaviour of life insurance customers, such as the number of policies surrendered or terminated, also have an effect on Vienna Insurance Group liquidity needs.

Capital management

Vienna Insurance Group Holding's ability to raise funding from external sources depends on a variety of factors:

- General capital market conditions
- The availability of bank loans
- Its own credit rating
- Its own legal capacity to borrow

The sources that Vienna Insurance Group Holding uses to cover medium and long-term funding needs are described in more detail below. In general, these needs are primarily covered using subordinated bonds, hybrid capital and no-par value ordinary shares.

CAPITAL RESOURCES

As of 31 December 2014, Vienna Insurance Group Holding had share capital of EUR 132,887,468.20 registered in the commercial register, divided into 128,000,000 no-par value bearer ordinary shares with voting rights. VIG Holding held no own shares on 31 December 2014 (2013: 0). In addition, the shareholders of VIG Holding can, according to the authorisation by the shareholders, increase its shareholders' equity by issuing common or preferred shares. The individual authorisations are listed in Note 14 "Consolidated shareholders' equity".

LONG-TERM DEBT FINANCING

As of 31 December 2014, VIG Holding had senior and subordinate bonds and hybrid capital with a variety of maturities outstanding. Detailed information on the VIG Holding bond program is available in Note 15 "Subordinated liabilities". As shown by the maturities, our focus is on long-term funding. General capital market conditions and other circumstances that affect the financial services sector as a whole or VIG in particular could have an adverse effect on the cost and availability of debt financing. Our goal, therefore, is to actively manage our financing structure to keep refinancing risks as small as possible.

1. INTANGIBLE ASSETS

Composition	31.12.2014	31.12.2013 restated
in EUR '000		
Goodwill	1,643,721	1,625,714
Purchased insurance portfolios	70,478	57,067
Other intangible assets	655,647	634,757
Purchased software	616,803	597,518
Other	38,844	37,239
Total	**2,369,846**	**2,317,538**

Development of goodwill	31.12.2014	31.12.2013 restated
in EUR '000		
Acquisition cost	1,818,305	1,875,580
Cumulative impairment as of 31.12. of the previous year	-192,591	-118,218
Book value as of 31.12. of the previous year	**1,625,714**	**1,757,362**
Exchange rate changes	-24,647	-64,456
Book value as of 1.1.	**1,601,067**	**1,692,906**
Additions	42,654	7,853
Impairment	0	-75,045
Book value as of 31.12.	**1,643,721**	**1,625,714**
Cumulative impairment as of 31.12.	192,551	192,591
Acquisition cost	**1,836,272**	**1,818,305**

Additions mainly result from acquisition of the subsidiaries indicated in the section “Scope and methods of consolidation” and are based on preliminary purchase price allocations.

The impairment in the previous year mainly consisted of EUR 75,000,000 in impairment for the Romanian property and casualty CGU group.

Book value of goodwill for cash-generating units*	Property and casualty		Life	
	31.12.2014	31.12.2013 restated	31.12.2014	31.12.2013
in EUR '000				
Austria	0	0	301,716	301,716
Czech Republic	112,523	113,787	294,419	297,725
Slovakia	0	0	111,257	111,257
Poland	105,993	109,026	33,740	6,925
Romania	126,766	127,101	134,657	135,012
Remaining Markets	330,996	336,110	81,369	76,977
Central Functions	10,285	10,078	0	0
Total	**686,563**	**696,102**	**957,158**	**929,612**

* There is no goodwill in the health insurance segment. This segment is therefore not shown in the table.

Information on the assumptions used in impairment testing is provided under “Impairment” in the “Summary of significant accounting policies” section.

Development of purchased insurance portfolios	31.12.2014	31.12.2013 restated
in EUR '000		
Acquisition cost	349,985	349,174
Cumulative depreciation as of 31.12. of the previous year	-292,918	-261,945
Book value as of 31.12. of the previous year	**57,067**	**87,229**
Exchange rate changes	-56	-459
Book value as of 1.1.	**57,011**	**86,770**
Additions	26,700	9,000
Amortisation	-13,233	-15,377
Impairment	0	-23,326
Book value as of 31.12.	**70,478**	**57,067**
Cumulative amortisation as of 31.12.	305,556	292,918
Acquisition cost	**376,034**	**349,985**

The purchased insurance portfolio results from the acquisition of existing portfolios and the assets acquired during acquisition of the insurance companies indicated in the section "Scope and methods of consolidation".

The impairment in the previous year mainly consisted of EUR 19,652,000 in impairment of insurance portfolios.

The additions to the insurance portfolio were due to the newly acquired companies Vienna Life Biztosító, Skandia Poland and Donaris.

Development of purchased software	31.12.2014	31.12.2013 restated
in EUR '000		
Acquisition cost	803,236	696,566
Cumulative amortisation as of 31.12. of the previous year	-205,718	-175,600
Book value as of 31.12. of the previous year	**597,518**	**520,966**
Exchange rate changes	-632	-527
Book value as of 1.1.	**596,886**	**520,439**
Reclassifications	-1,332	0
Additions	119,210	114,346
Disposals	-252	-2,844
Changes in scope of consolidation	518	-58
Amortisation	-48,227	-34,365
Impairment	-50,000	0
Book value as of 31.12.	**616,803**	**597,518**
Cumulative amortisation as of 31.12.	294,376	205,718
Acquisition cost	**911,179**	**803,236**

The change in the scope of consolidation was mainly due to the first-time consolidation of Donaris and Skandia Poland. The impairment is due to the company Central Point. Central Point is beneficial owner of the insurance software solution using the name SAP Smile. This consists of a portfolio management module for each segment (property and casualty, life, health insurance) and additional modules needed for insurance operations, such as collections-disbursements, claims settlement, commissions, etc. During evaluation of the focus of the development programme, the portfolio management modules were assessed on a project basis with respect to features that are not currently used or are not attributed any functional use in the future. Based on this assessment, VIG identified EUR 50,000,000 in write-downs required in the property and casualty line of business.

Development of other intangible assets	31.12.2014	31.12.2013 restated
in EUR '000		
Acquisition cost	200,588	214,393
Cumulative amortisation as of 31.12. of the previous year	-163,349	-105,939
Book value as of 31.12. of the previous year	**37,239**	**108,454**
Exchange rate changes	-131	-11,784
Book value as of 1.1.	**37,108**	**96,670**
Reclassifications	1,290	0
Additions	3,108	2,081
Disposals	-172	-264
Changes in scope of consolidation	294	-470
Amortisation	-2,784	-6,128
Impairment	0	-54,650
Book value as of 31.12.	**38,844**	**37,239**
Cumulative amortisation as of 31.12.	172,753	163,349
Acquisition cost	**211,597**	**200,588**

The impairment in the previous year consisted of an impairment of EUR 25,000,000 for the Asirom brand, and impairment of EUR 29,650,000 for customer bases.

Information on the assumptions used in impairment testing is provided under “Impairment” in the “Summary of significant accounting policies” section.

2. LAND AND BUILDINGS

Development	Self-used 31.12.2014	31.12.2013 restated
in EUR '000		
Acquisition cost	609,306	609,302
Cumulative depreciation as of 31.12. of the previous year	-163,069	-156,690
Book value as of 31.12. of the previous year	**446,237**	**452,612**
Exchange rate changes	-4,615	-16,794
Book value as of 1.1.	**441,622**	**435,818**
Reclassifications	-9,587	2,062
Additions	12,540	10,582
Disposals	-907	-1,522
Changes in scope of consolidation	111	14,927
Reversals of write-downs	0	1,072
Depreciation	-15,947	-16,679
Impairment	-448	-23
Book value as of 31.12.	**427,384**	**446,237**
Cumulative depreciation as of 31.12.	177,043	163,069
Acquisition cost	**604,427**	**609,306**
thereof land	*40,413*	*48,377*
Fair value of land and buildings as of 31.12.*	600,976	620,086
thereof level 3	*600,976*	*620,086*

Development	Investment property 31.12.2014	31.12.2013
in EUR '000		
Acquisition cost	3,097,134	3,956,772
Cumulative depreciation as of 31.12. of the previous year	-864,473	-1,185,962
Book value as of 31.12. of the previous year	**2,232,661**	**2,770,810**
Exchange rate changes	-1,121	-3,169
Book value as of 1.1.	**2,231,540**	**2,767,641**
Reclassifications	9,340	-2,469
Additions	232,916	174,397
Disposals	-14,334	-45,705
Changes in scope of consolidation	-995,297	-612,516
Reversals of write-downs	11,200	22,826
Depreciation	-41,398	-69,767
Impairment	-10,132	-1,746
Book value as of 31.12.	**1,423,835**	**2,232,661**
Cumulative depreciation as of 31.12.	558,467	864,473
Acquisition cost	**1,982,302**	**3,097,134**
thereof land	*355,626*	*468,914*
Fair value of land and buildings as of 31.12.*	2,083,662	2,765,091
thereof level 3	*2,083,662*	*2,765,091*

* Market values are based on internal and external appraisal reports.

The **changes in the scope of consolidation** are due to the change of consolidation method from full consolidation to at equity consolidation for the non-profit housing societies Alpenländische Heimstätte GmbH (EUR -613,910,000) and Neue

Heimat Oberösterreich GmbH (EUR -397,869,000), and first-time inclusion of WILA GmbH (EUR +10,916,000), Bulgarski Imoti Assistance (EUR +5,566,000) and Donaris (EUR +111,000).

Rental income from third-party used land and buildings was EUR 105,729,000 (EUR 191,902,000), while operating expenses were EUR 35,646,000 (EUR 64,807,000).

3. SHARES IN AT EQUITY CONSOLIDATED COMPANIES

Development	31.12.2014	31.12.2013 restated
in EUR '000		
Book value as of 31.12. of the previous year	**556,299**	**472,354**
Exchange rate changes	**-48**	**0**
Book value as of 1.1.	**556,251**	**472,354**
Additions	4,829	0
Disposals	-4,869	-605
Changes in scope of consolidation	-4,165	4,275
Additions due to loss of control of previously fully consolidated companies	209,015	59,679
Share of changes in OCI	-3,438	-7,906
Share of the result for the period of at equity consolidated companies	69,512	45,247
Dividend payment	-20,494	-16,745
Book value as of 31.12.	**806,641**	**556,299**

All associated companies are measured at equity. The additions due to loss of control of previously fully consolidated companies resulted from the change of consolidation method used for the non-profit housing societies. For further information, please see the section entitled “Non-profit housing societies” on page 80.

Shares in material associated companies	Alpenländische Heimstätte GmbH 2014	Beteiligungs- und Wohnungs-anlagen GmbH 2014	Erste Heimstätte GmbH 2014	Gemeinnützige Industrie-Wohnungsaktien-gesellschaft 2014	Neue Heimat Oberösterreich GmbH 2014	S IMMO AG 2014	Sozialbau AG 2014
in EUR '000							
Group interest in %	**94.00%**	**25.00%**	**78.732%**	**40.831%**	**99.81%**	**10.2195%[1]**	**34.154%**
Income	43,359	6	66,688	53,293	51,789	193,962	51,165
Expenses	-19,537	-164	-30,716	-24,664	-27,286	-102,148	-33,418
Financial result	-16,023	9,569	-19,610	-16,669	-14,386	-57,505	-7,480
Taxes	-1	2,917	-5	0	-1	-5,532	0
Annual profit	7,798	12,328	16,357	11,960	10,116	28,777	10,267
Parent company minority interests	0	0	0	0	0	-899	0
Annual profit less minority interests	7,798	12,328	16,357	11,960	10,116	27,878	10,267
attributable to non-controlling interests	780	12	1,636	1,196	1,012	1,459	1,027
attributable to shareholders of investee	7,018	12,316	14,721	10,764	9,104	27,318	9,240
Share of result	**7,330**	**3,082**	**12,878**	**4,883**	**10,097**	**2,836**	**3,507**
Fixed assets	649,431	340,336	737,934	495,867	438,106	1,738,116	443,700
Current assets (incl. other assets)	18,351	12,663	22,232	30,203	29,685	102,197	40,062
Liabilities	-551,739	-282,392	-548,369	-314,271	-354,288	-1,282,019	-264,079
Net assets	116,043	70,607	211,797	211,799	113,503	532,878	219,683
attributable to non-controlling interests	11,604	71	21,180	21,180	11,350	27,017	21,968
attributable to shareholders of investee	104,439	70,536	190,617	190,619	102,153	505,861	197,715
Share of net assets	**109,080**	**17,652**	**166,752**	**86,480**	**113,287**	**54,696**	**75,031**
Elimination of intercompany capital increases	0	0	-34,569	-1,207	0	0	-32,793
Book value of interest	**109,080**	**17,652**	**132,183**	**85,273**	**113,287**	**54,696**	**42,238**

[1] Percentage interest: Q1 2014: 10.0392%, as of Q2 2014: 10.2195%

Book value of interest	Alpenländische Heimstätte GmbH 2014	Beteiligungs- und Wohnungs-anlagen GmbH 2014	Erste Heimstätte GmbH 2014	Gemeinnützige Industrie-Wohnungsaktien-gesellschaft 2014	Neue Heimat Oberösterreich GmbH 2014	S IMMO AG 2014	Sozialbau AG 2014
in EUR '000							
Book value as of 31.12. of the previous year	**0**	**15,484**	**122,162**	**81,548**	**0**	**54,628**	**41,351**
Book value as of 1.1.	**0**	**15,484**	**122,162**	**81,548**	**0**	**54,628**	**41,351**
Additions	0	0	0	0	0	400	66
Disposals	0	0	0	0	0	-4,094	0
Changes in scope of consolidation	103,176	0	0	-99	105,938	0	0
Share of changes in OCI	-1,416	0	-329	-440	-2,433	926	-1,181
Share of result for the period of at equity consolidated companies	7,330	3,082	12,878	4,883	10,097	2,836	3,507
Dividend payment	-10	-914	-2,528	-619	-315	0	-1,505
Book value as of 31.12.	**109,080**	**17,652**	**132,183**	**85,273**	**113,287**	**54,696**	**42,238**

Development of immaterial joint ventures and associated companies	31.12.2014	31.12.2013
in EUR '000		
Book value as of 31.12. of the previous year	**241,126**	**179,931**
Exchange rate changes	**-48**	**0**
Book value as of 1.1.	**241,078**	**179,931**
Reclassifications	0	7,374
Additions	4,363	0
Disposals	-775	0
Changes in scope of consolidation	-4,165	45,733
Share of changes in OCI	1,435	-1,614
Share of result for the period of at equity consolidated companies	24,899	22,385
Dividend payment	-14,603	-12,683
Book value as of 31.12.	**252,232**	**241,126**

Materiality of associated companies is generally determined based on the size of the at equity book value.

Although Vienna Insurance Group only holds slightly more than 10% of the shares of S IMMO AG, the Group has a significant influence over the company because the Group appoints the chairman of the supervisory board and one other supervisory board member. Vienna Insurance Group is also the largest shareholder of S IMMO AG. In the case of the non-profit housing societies, control is exercised on the basis of contracts by Wiener Städtische Versicherungsverein, which also holds an interest of 10% in these companies.

4. PARTICIPATIONS – DETAILS

Participations were held in the following companies as of 31 December 2014:

Affiliated companies and participations of VIENNA INSURANCE GROUP AG Wiener Versicherung Gruppe

Company	Country of domicile	Equity interest 2014 (%)[1]	Equity interest 2013 (%)[1]	Capital (EUR '000)[2]
Fully consolidated companies				
"BULSTRAD LIFE VIENNA INSURANCE GROUP" JOINT STOCK COMPANY, Sofia	Bulgaria	95.53	95.53	4,950
"Grüner Baum" Errichtungs- und Verwaltungsges.m.b.H., Vienna	Austria	100.00	100.00	38,828
"POLISA-ŻYCIE" Towarzystwo Ubezpieczeń S.A. Vienna Insurance Group, Warsaw	Poland	98.57	98.57	11,827
"WIENER RE" akcionarsko društvo za reosiguranje, Beograd	Serbia	100.00	100.00	6,592
Anděl Investment Praha s.r.o., Prague	Czech Republic	100.00	100.00	24,661
Arithmetica Versicherungs- und Finanzmathematische Beratungs-Gesellschaft m.b.H., Vienna	Austria	100.00	100.00	380
Asigurarea Românească - ASIROM Vienna Insurance Group S.A., Bucharest	Romania	99.44	99.10	40,648
BCR Asigurări de Viață Vienna Insurance Group S.A., Bucharest	Romania	93.98	92.36	25,436
BENEFIA Towarzystwo Ubezpieczeń S.A. Vienna Insurance Group, Warsaw	Poland	100.00	100.00	20,555
Blizzard Real Sp. z o.o., Warsaw	Poland	100.00	100.00	6,789
BML Versicherungsmakler GmbH, Vienna	Austria	100.00	100.00	805,258
Bulgarski Imoti Asistans EOOD, Sofia	Bulgaria	100.00	0.00	-309
Business Insurance Application Consulting GmbH, Vienna	Austria	100.00	100.00	2,819
Businesspark Brunn Entwicklungs GmbH, Vienna	Austria	100.00	100.00	10,765
CAL ICAL "Globus", Kiev	Ukraine	80.00	80.00	3,803
CAME Holding GmbH, Vienna	Austria	100.00	100.00	28,314
CAPITOL, akciová spoločnosť, Bratislava	Slovakia	100.00	100.00	241
CENTER Hotelbetriebs GmbH, Vienna	Austria	80.00	80.00	-592
Central Point Insurance IT-Solutions GmbH, Vienna	Austria	100.00	100.00	83,630
Česká podnikatelská pojišťovna, a.s., Vienna Insurance Group, Prague	Czech Republic	100.00	100.00	90,786
Compania de Asigurari "DONARIS VIENNA INSURANCE GROUP" Societate pe Actiuni, Chisinau	Moldova	99.98	0.00	2,284
COMPENSA Holding GmbH, Wiesbaden	Germany	100.00	100.00	21,403
Compensa Life Vienna Insurance Group SE, Tallinn	Estonia	100.00	100.00	17,065
Compensa Towarzystwo Ubezpieczeń Na Życie S.A. Vienna Insurance Group, Warsaw	Poland	100.00	100.00	50,605
Compensa Towarzystwo Ubezpieczeń S.A. Vienna Insurance Group, Warsaw	Poland	99.92	99.92	87,124
DBLV Immobesitz GmbH & Co KG, Vienna	Austria	100.00	100.00	1,683
DBLV Immobesitz GmbH, Vienna	Austria	100.00	100.00	19
DBR-Liegenschaften GmbH & Co KG, Stuttgart	Germany	100.00	100.00	13,991
DBR-Liegenschaften Verwaltungs GmbH, Stuttgart	Germany	100.00	100.00	22
Deutschmeisterplatz 2 Objektverwaltung GmbH, Vienna	Austria	100.00	100.00	3,111
Donau Brokerline Versicherungs-Service GmbH, Vienna	Austria	100.00	100.00	90,555
DONAU Versicherung AG Vienna Insurance Group, Vienna	Austria	99.24	99.24	92,782
DVIB GmbH, Vienna	Austria	100.00	100.00	90,388
ELVP Beteiligungen GmbH, Vienna	Austria	100.00	100.00	25,182
Erste osiguranje Vienna Insurance Group d.d., Zagreb	Croatia	95.00	95.00	12,130
ERSTE Vienna Insurance Group Biztosító Zrt., Budapest	Hungary	95.00	95.00	7,046
Gesundheitspark Wien-Oberlaa Gesellschaft m.b.H., Vienna	Austria	100.00	100.00	27,618
GPIH B.V., Amsterdam	Netherlands	91.11	91.11	9,020
INSURANCE JOINT-STOCK COMPANY "BULSTRAD VIENNA INSURANCE GROUP", Sofia	Bulgaria	99.21	98.00	36,046
International Insurance Company "IRAO" LTD, Tbilisi	Georgia	100.00	100.00	2,370

Company	Country of domicile	Equity interest 2014 (%)[1]	Equity interest 2013 (%)[1]	Capital (EUR '000)[2]
InterRisk Lebensversicherungs-AG Vienna Insurance Group, Wiesbaden	Germany	100.00	100.00	23,518
InterRisk Towarzystwo Ubezpieczeń S.A. Vienna Insurance Group, Warsaw	Poland	99.98	99.98	105,623
InterRisk Versicherungs-AG Vienna Insurance Group, Wiesbaden	Germany	100.00	100.00	44,300
INTERSIG VIENNA INSURANCE GROUP Sh.A., Tirana	Albania	89.98	75.00	2,545
Joint Stock Company for Insurance and Reinsurance Makedonija Skopje - Vienna Insurance Group, Skopje	Macedonia	94.25	94.25	21,227
Joint Stock Company Insurance Company GPI Holding, Tbilisi	Georgia	90.00	90.00	14,982
Joint Stock Insurance Company WINNER-Vienna Insurance Group, Skopje	Macedonia	100.00	100.00	4,699
Kaiserstraße 113 GmbH, Vienna	Austria	100.00	100.00	2,306
KÁLVIN TOWER Immobilienentwicklungs- und Investitionsgesellschaft m.b.H., Budapest	Hungary	100.00	100.00	1,919
Kapitol pojišťovací a finanční poradenství, a.s., Brno	Czech Republic	100.00	100.00	3,788
KOMUNÁLNA poisťovňa, a.s. Vienna Insurance Group, Bratislava	Slovakia	100.00	100.00	51,459
KOOPERATIVA poisťovňa, a.s. Vienna Insurance Group, Bratislava	Slovakia	100.00	100.00	307,342
Kooperativa pojišťovna, a.s., Vienna Insurance Group, Prague	Czech Republic	98.39	98.39	497,396
LVP Holding GmbH, Vienna	Austria	100.00	100.00	567,394
MAP Bürodienstleistung Gesellschaft m.b.H., Vienna	Austria	100.00	100.00	80,479
MH 54 Immobilienanlage GmbH, Vienna	Austria	100.00	100.00	26,357
Neue Heimat Oberösterreich Holding GmbH, Vienna	Austria	90.00	90.00	63,600
OMNIASIG VIENNA INSURANCE GROUP S.A., Bucharest	Romania	99.47	99.40	140,075
Palais Hansen Immobilienentwicklung GmbH, Vienna	Austria	56.55	56.55	40,371
Passat Real Sp. z o.o., Warsaw	Poland	100.00	100.00	1,371
Pension Insurance Company Doverie AD, Sofia	Bulgaria	92.58	92.58	18,470
PFG Holding GmbH, Vienna	Austria	89.23	89.23	120,045
PFG Liegenschaftsbewirtschaftungs GmbH & Co KG, Vienna	Austria	92.88	92.88	40,844
Poisťovňa Slovenskej sporiteľne, a.s. Vienna Insurance Group, Bratislava	Slovakia	95.00	95.00	41,031
Pojišťovna České spořitelny, a.s.,Vienna Insurance Group, Pardubice	Czech Republic	95.00	95.00	127,774
Private Joint-Stock Company "Insurance company" Ukrainian insurance group", Kiev	Ukraine	100.00	100.00	7,126
Private Joint-Stock Company "JUPITER LIFE INSURANCE VIENNA INSURANCE GROUP", Kiev	Ukraine	97.80	97.80	2,321
PRIVATE JOINT-STOCK COMPANY "UKRAINIAN INSURANCE COMPANY "KNIAZHA VIENNA INSURANCE GROUP", Kiev	Ukraine	99.99	99.99	5,961
PROGRESS Beteiligungsges.m.b.H., Vienna	Austria	60.00	60.00	16,474
Projektbau GesmbH, Vienna	Austria	100.00	100.00	19,944
Projektbau Holding GmbH, Vienna	Austria	90.00	90.00	21,325
Rathstraße 8 Liegenschaftsverwertungs GmbH, Vienna	Austria	100.00	100.00	1,033
Ray Sigorta A.Ş., Istanbul	Turkey	94.96	94.96	40,583
Schulring 21 Bürohaus Errichtungs- und Vermietungs GmbH & Co KG, Vienna	Austria	100.00	100.00	8,496
Schulring 21 Bürohaus Errichtungs- und Vermietungs GmbH, Vienna	Austria	100.00	100.00	34
SECURIA majetkovosprávna a podielová s.r.o., Bratislava	Slovakia	100.00	100.00	9,782
Senioren Residenz Fultererpark Errichtungs- und Verwaltungs GmbH, Innsbruck	Austria	100.00	100.00	-5,026
Senioren Residenz Veldidenapark Errichtungs- und Verwaltungs GmbH, Innsbruck	Austria	66.70	66.70	8,738
Sigma Interalbanian Vienna Insurance Group Sh.a, Tirana	Albania	89.05	87.01	11,970
Skandia Życie Towarzystwo Ubezpieczeń S.A., Warsaw	Poland	100.00	0.00	34,143
Sparkassen Versicherung AG Vienna Insurance Group, Vienna	Austria	95.00	95.00	512,153
SVZ GmbH, Vienna	Austria	100.00	100.00	39,604
SVZI GmbH, Vienna	Austria	100.00	100.00	40,254
T 125 GmbH, Vienna	Austria	100.00	100.00	9,036
TBI BULGARIA EAD, Sofia	Bulgaria	100.00	100.00	41,628
TBIH Financial Services Group N.V., Amsterdam	Netherlands	100.00	100.00	287,260
UNION Vienna Insurance Group Biztosító Zrt., Budapest	Hungary	100.00	100.00	30,961

Company	Country of domicile	Equity interest 2014 (%)[1]	Equity interest 2013 (%)[1]	Capital (EUR '000)[2]
V.I.G. ND a.s., Prague	Czech Republic	100.00	100.00	105,347
Vienna Life Vienna Insurance Group Biztosító Zártkörüen Müködö Részvénytársaság, Budapest	Hungary	100.00	0.00	14,023
Vienna-Life Lebensversicherung AG Vienna Insurance Group, Bendern	Liechtenstein	100.00	100.00	11,720
VIG FUND uzavreny investicni fond, a.s., Prague (Consolidated Financial Statements)	Czech Republic	100.00	100.00	130,722
VIG Properties Bulgaria AD, Sofia	Bulgaria	99.97	99.97	3,806
VIG RE zajišťovna, a.s., Prague	Czech Republic	100.00	100.00	133,653
VIG REAL ESTATE DOO, Belgrade	Serbia	100.00	100.00	9,621
VIG Real Estate GmbH, Vienna	Austria	100.00	100.00	103,826
VIG-CZ Real Estate GmbH, Vienna	Austria	100.00	100.00	103,682
VLTAVA majetkovosprávní a podílová spol.s.r.o., Prague	Czech Republic	100.00	100.00	4,924
WGPV Holding GmbH, Vienna	Austria	100.00	100.00	103,807
Wiener nekretnine d.o.o. za poslovanje nekretninama, Zagreb	Croatia	100.00	100.00	696
Wiener Osiguranje Vienna Insurance Group ad, Banja Luka	Bosnia-Herzegovina	100.00	100.00	6,907
Wiener osiguranje Vienna Insurance Group dioničko društvo za osiguranje, Zagreb	Croatia	99.47	99.47	72,102
WIENER STÄDTISCHE Beteiligungs GmbH, Vienna	Austria	100.00	100.00	838,247
WIENER STÄDTISCHE Finanzierungsdienstleistungs GmbH, Vienna	Austria	100.00	100.00	830,552
WIENER STÄDTISCHE OSIGURANJE akcionarsko drustvo za osiguranje, Belgrade	Serbia	100.00	100.00	14,521
WIENER STÄDTISCHE VERSICHERUNG AG Vienna Insurance Group, Vienna	Austria	99.90	99.90	950,567
WIENER VEREIN BESTATTUNGS- UND VERSICHERUNGSSERVICE-GESELLSCHAFT M.B.H., Vienna	Austria	100.00	100.00	1,528
WILA GmbH, Vienna	Austria	100.00	100.00	1,716
WSBV Beteiligungsverwaltung GmbH & Co KG, Vienna	Austria	100.00	100.00	352
WSV Immoholding GmbH, Vienna	Austria	100.00	100.00	214,698
At equity consolidated companies	**Country of domicile**	**Equity interest 2014 (%)[1]**	**Equity interest 2013 (%)[1]**	**Capital (EUR '000)[2]**
"Schwarzatal" Gemeinnützige Wohnungs- und Siedlungsanlagen-GmbH, Vienna	Austria	55.00	55.00	117,628
AIS Servis, s.r.o., Brno	Czech Republic	100.00	100.00	2,701
Alpenländische Heimstätte, gemeinnützige Wohnungsbau- und Siedlungsgesellschaft m.b.H., Innsbruck	Austria	94.00	94.00	112,501
Benefita, a.s., Prague	Czech Republic	100.00	100.00	407
Beteiligungs- und Immobilien GmbH, Linz	Austria	25.00	25.00	17,406
Beteiligungs- und Wohnungsanlagen GmbH, Linz	Austria	25.00	25.00	157,697
ČPP servis, s.r.o., Prague	Czech Republic	100.00	100.00	38
CROWN-WSF spol. s.r.o., Prague	Czech Republic	30.00	30.00	9,639
Erste gemeinnützige Wohnungsgesellschaft Heimstätte Gesellschaft m.b.H., Vienna	Austria	99.77	99.77	232,529
Gemeinnützige Industrie-Wohnungsaktiengesellschaft, Leonding	Austria	55.00	55.00	232,907
Gemeinnützige Mürz-Ybbs Siedlungsanlagen-GmbH, Kapfenberg	Austria	55.00	55.00	102,568
Gewista-Werbegesellschaft m.b.H., Vienna	Austria	33.00	33.00	62,884
GLOBAL ASSISTANCE, a.s., Prague	Czech Republic	100.00	100.00	3,733
Global Expert, s.r.o., Pardubice	Czech Republic	100.00	100.00	359
HOTELY SRNÍ, a.s., Prague	Czech Republic	100.00	100.00	7,273
KIP, a.s., Prague	Czech Republic	100.00	100.00	8,554
Medial Beteiligungs-Gesellschaft m.b.H., Vienna	Austria	29.63	29.63	33,627
NEUE HEIMAT Oberösterreich Gemeinnützige Wohnungs-und SiedlungsgesmbH, Linz	Austria	99.81	99.81	126,510
Neuland gemeinnützige Wohnbau-Gesellschaft m.b.H., Vienna	Austria	50.12	50.12	88,493
Österreichisches Verkehrsbüro Aktiengesellschaft, Vienna (Consolidated Financial Statements)	Austria	36.58	36.58	76,106

Company	Country of domicile	Equity interest 2014 (%)[1]	Equity interest 2013 (%)[1]	Capital (EUR '000)[2]
S - budovy, a.s., Prague	Czech Republic	100.00	100.00	2,756
S IMMO AG, Vienna (Consolidated Financial Statements)	Austria	10.22	10.04	558,294
Sanatorium Astoria, a.s., Karlsbad	Czech Republic	92.71	92.71	5,290
SOZIALBAU gemeinnützige Wohnungsaktiengesellschaft, Vienna	Austria	50.12	50.12	277,712
S-správa nemovitosti, a.s., Prague	Czech Republic	100.00	100.00	806
SURPMO, a.s., Prague	Czech Republic	100.00	100.00	105
TECH GATE VIENNA Wissenschafts- und Technologiepark GmbH, Vienna	Austria	60.00	60.00	31,861
Urbanbau Gemeinnützige Bau-, Wohnungs- und Stadterneuerungsgesellschaft m.b.H., Vienna	Austria	50.12	50.12	100,867
VBV - Betriebliche Altersvorsorge AG, Vienna (Consolidated Financial Statements)	Austria	23.56	23.56	161,589
WNH Liegenschaftsbesitz GmbH, Vienna	Austria	100.00	100.00	4,055

Company	Country of domicile	Equity interest 2014 (%)[1]
Non-consolidated companies		
"Assistance Company Ukrainian Assistance Service" LLC, Kiev	Ukraine	100.00
"Auto-Ekspert" Spolka z organiczona odpowiedzialnoscia, Warsaw	Poland	100.00
"Compensa Services" SIA, Riga	Latvia	100.00
"DUNAJ - Finanse" - Spolka z organiczona odpowiedzialnoscia, Warsaw	Poland	50.00
"Medical Clinic DIYA" LLC, Kiev	Ukraine	100.00
AISMP Meditzinski Tsentar Bulstrad Zdrave EOOD, Sofia	Bulgaria	100.00
Akcionarsko družstvo za životno osiguranje Wiener Städtische Podgorica a.d., Podgorica	Montenegro (Rep.)	100.00
Alpenlachs Soravia GmbH, Vienna	Austria	33.30
Amadi GmbH, Wiesbaden	Germany	100.00
AQUILA Hausmanagement GmbH, Vienna	Austria	100.00
AREALIS Liegenschaftsmanagement GmbH, Vienna	Austria	50.00
Autosig SRL, Bucharest	Romania	100.00
B&A Insurance Consulting s.r.o., Moravska Ostrava	Czech Republic	49.00
Brunn N68 Sanierungs GmbH, Vienna	Austria	50.00
Bulstrad Trudova Meditzina EOOD, Sofia	Bulgaria	100.00
Camelot Informatik und Consulting Gesellschaft m.b.H., Villach	Austria	99.48
CAPITOL BROKER DE PENSII PRIVATE S.R.L., Bucharest	Romania	100.00
CAPITOL INTERMEDIAR DE PRODUSE BANCARE S.R.L., Bucharest	Romania	100.00
CAPITOL INTERMEDIAR DE PRODUSE DE LEASING S.R.L., Bucharest	Romania	100.00
CAPITOL Sp. z o. o., Warsaw	Poland	100.00
CARPLUS Versicherungsvermittlungsagentur GmbH, Vienna	Austria	100.00
CCA EDV für Versicherungswirtschaft GmbH, Vienna	Austria	24.28
Compensa Dystrybucja Spolka z organiczona odpowiedzialnoscia, Warsaw	Poland	100.00
DIRECT-LINE Direktvertriebs-GmbH, Vienna	Austria	100.00
DVS Donau-Versicherung Vermittlungs- und Service-Gesellschaft m.b.H., Vienna	Austria	100.00
EBS Wohnungsgesellschaft mbH Linz, Linz	Austria	25.00
EBV-Leasing Gesellschaft m.b.H., Vienna	Austria	49.49
EGW Wohnbau gemeinnützige Ges.m.b.H., Vienna	Austria	100.00
ERSTE d.o.o. - mandatory and voluntary pension fund management company, Zagreb	Croatia	29.00
Erste S Biztositasi Alkusz Kft, Budapest	Hungary	100.00
European Insurance & Reinsurance Brokers Ltd., London	United Kingdom	85.00
EXPERTA Schadenregulierungs-Gesellschaft mbH, Vienna	Austria	100.00
Finanzpartner GmbH, Vienna	Austria	50.00
Foreign limited liability company "InterInvestUchastie", Minsk	Belarus	100.00
Gain Capital SA, SICAV-FIS Real Estate Car Parks I, Luxembourg	Luxembourg	40.01
GELUP GmbH, Vienna	Austria	33.33

Company	Country of domicile	Equity interest 2014 (%)[1]
GEO HOSPITALS LLC, Tbilisi	Georgia	100.00
Glamas Beteiligungsverwaltungs GmbH & Co "Beta" KG, Vienna	Austria	23.33
Glamas Beteiligungsverwaltungs GmbH, Vienna	Austria	23.33
GLOBAL ASSISTANCE SERVICES s.r.o., Prague	Czech Republic	100.00
GLOBAL ASSISTANCE SLOVAKIA s.r.o., Bratislava	Slovakia	100.00
Henderson Global Investors Immobilien Austria GmbH, Vienna	Austria	35.00
HORIZONT Personal-, Team- und Organisationsentwicklung GmbH, Vienna	Austria	100.00
IICS Polska sp. z o.o., Warsaw	Poland	100.00
InterRisk Informatik GmbH, Wiesbaden	Germany	100.00
Jahorina auto d.o.o., Brcko	Bosnia-Herzegovina	100.00
Jahorina Konseko Progres a.d., Pale	Bosnia-Herzegovina	28.00
Joint Stock Company "Curatio", Tbilisi	Georgia	100.00
Joint Stock Insurance Company WINNER LIFE - Vienna Insurance Group, Skopje	Macedonia	100.00
KUPALA Belarusian-Austrian Closed Joint Stock Insurance Company, Minsk	Belarus	98.26
KWC Campus Errichtungsgesellschaft m.b.H., Klagenfurt	Austria	50.00
Lead Equities II Auslandsbeteiligungs AG, Vienna	Austria	21.59
Lead Equities II.Private Equity Mittelstandsfinanzierungs AG, Vienna	Austria	21.59
LiSciV Muthgasse GmbH & Co KG, Vienna	Austria	23.33
MC EINS Investment GmbH, Vienna	Austria	50.00
Money & More Pénzügyi Tanácsadó Zártkörüen Müködö Részvéntársaság, Budapest	Hungary	100.00
People's Pharmacy LLC, Tbilisi	Georgia	50.00
PFG Liegenschaftsbewirtschaftungs GmbH, Vienna	Austria	83.57
Privat Joint-stock company "VAB Insurance", Kiev	Ukraine	100.00
Renaissance Hotel Realbesitz GmbH, Vienna	Austria	40.00
RISK CONSULT Sicherheits- und Risiko- Managementberatung Gesellschaft m.b.H., Vienna	Austria	51.00
S.C. CLUB A.RO S.R.L., Bucharest	Romania	100.00
S.O.S.- EXPERT d.o.o. za poslovanje nekretninama, Zagreb	Croatia	100.00
Senioren Residenzen gemeinnützige Betriebsgesellschaft mbH, Vienna	Austria	100.00
Slovexperta, s.r.o., Žilina	Slovakia	100.00
Soleta Beteiligungsverwaltungs GmbH, Vienna	Austria	23.33
Soravia Food Market GmbH, Vienna	Austria	33.33
Sparkassen-Versicherungsservice Gesellschaft m.b.H., Vienna	Austria	100.00
Spoldzielnia Uslugowa VIG EKSPERT W WARSZAWIE, Warsaw	Poland	100.00
SVZ Immoholding GmbH & Co KG, Vienna	Austria	100.00
SVZ immoholding GmbH, Vienna	Austria	100.00
TBI Asset Management EAD, Sofia	Bulgaria	100.00
TBI CONSULTING EOOD, Sofia	Bulgaria	100.00
TBI Info EOOD, Sofia	Bulgaria	100.00
TBI Invest EAD, Sofia	Bulgaria	100.00
Thermenland Congress Center Loipersdorf GmbH & Co KG, Loipersdorf	Austria	32.26
TOGETHER Internet Services GmbH, Vienna	Austria	24.99
UAB "Compensa Services", Vilnius	Lithuania	100.00
UNION-Informatikai Szolgáltató Kft., Budapest	Hungary	100.00
Untere Donaulände 40 GmbH & Co KG, Vienna	Austria	100.00
Untere Donaulände 40 GmbH, Vienna	Austria	100.00
Versicherungsbüro Dr. Ignaz Fiala Gesellschaft m.b.H., Vienna	Austria	33.33
Vienna Insurance Group Contact CenterBulgaria AD, Sofia	Bulgaria	100.00
Vienna Insurance Group Polska Spółka z organiczoną odpowiedzialnością, Warsaw	Poland	100.00
Vienna International Underwriters GmbH, Vienna	Austria	100.00
VIG Asset Management investiční společnost, a.s., Prague	Czech Republic	100.00
VIG Management Service SRL, Bucharest	Romania	100.00
VIG Services Bulgaria EOOD, Sofia	Bulgaria	100.00

Company	Country of domicile	Equity interest 2014 (%)[1]
VIG Services Shqiperi Sh.p.K., Tirana	Albania	100.00
VIG Services Ukraine, LLC, Kiev	Ukraine	100.00
VILE BAREDINE d.o.o., Zagreb	Croatia	30.00
VÖB Direkt Versicherungsagentur GmbH, Graz	Austria	50.00
VVT Vermögensverwaltung GmbH, Vienna	Austria	33.33
VVTH GmbH, Vienna	Austria	33.33
WAG Wohnungsanlagen Gesellschaft m.b.H., Linz	Austria	25.00
Wien 3420 Aspern Development AG, Vienna	Austria	33.33
Wiener Städtische Donau Leasing GmbH, Vienna	Austria	100.00
WSBV Beteiligungsverwaltung GmbH, Vienna	Austria	100.00
WSV Vermögensverwaltung GmbH, Vienna	Austria	100.00

[1] Equity interest equals the controlling interest before any non-controlling interests.

[2] The value shown for capital corresponds to the latest local annual financial statements available.

An internal Group guideline is used to determine the scope of consolidation. The guideline includes quantitative thresholds and qualitative criteria that take into account the provisions of IFRS 10. A distinction is made between insurance companies and other companies based on the object of the company. The materiality threshold is calculated annually based on pre-defined criteria and compared to relevant financial data for the company participations. Companies that exceed the pre-defined thresholds and satisfy the qualitative criteria are included in the scope of consolidation. After examining the individual company participations, an additional check is made to ensure that the non-consolidated participations are immaterial when considered as a whole.

Additional information on changes in the scope of consolidation is provided in the "Scope and methods of consolidation" section on page 75.

The information required under § 265(2) no. 4 of the Austrian Commercial Code (UGB) is provided in the overview of participations in the separate financial statements.

5. LOANS AND OTHER INVESTMENTS

Loans and other investments	31.12.2014	31.12.2013 restated
in EUR '000		
Loans	1,396,296	1,284,878
Reclassified loans	490,221	583,035
Bonds classified as loans	1,220,336	1,451,380
Subtotal	**3,106,853**	**3,319,293**
Other investments	948,224	1,213,047
Total	**4,055,077**	**4,532,340**

The "Other investments" item essentially consists of bank deposits in the amount of EUR 840,684,000 (EUR 1,101,498,000) and deposits on assumed reinsurance business in the amount of EUR 99,039,000 (EUR 102,271,000).

Development of total loans	31.12.2014	31.12.2013
in EUR '000		
Acquisition cost	3,438,946	3,663,261
Cumulative amortisation as of 31.12. of the previous year	-119,653	-114,294
Book value as of 31.12. of the previous year	**3,319,293**	**3,548,967**
Exchange rate changes	-1,325	-628
Book value as of 1.1.	**3,317,968**	**3,548,339**
Reclassifications	-1,827	9,953
Additions	258,856	442,994
Disposals	-405,634	-627,302
Changes in scope of consolidation	-9,067	-45,963
Reversals of impairment	3,916	1,058
Impairment	-57,359	-9,786
Book value as of 31.12.	**3,106,853**	**3,319,293**
Cumulative amortisation as of 31.12.	111,710	119,653
Acquisition cost	**3,218,563**	**3,438,946**

Information on impairment of loans is provided in the "Financial instruments and risk management" section on page 111.

Composition of loans	Amortised cost	
	31.12.2014	31.12.2013
in EUR '000		
Loans to non-consolidated affiliated companies	86,216	102,618
Loans to participations	18,305	18,747
Mortgage loans	563,314	421,149
Policy loans and prepayments	33,065	38,000
Other loans	695,396	704,364
to public authorities	154,794	159,378
to financial institutions	165,000	202,000
to other commercial debtors	334,615	303,486
to private persons	1,739	2,670
other	39,248	36,830
Total	**1,396,296**	**1,284,878**
Fair Value	1,512,716	1,294,244

Composition of reclassified loans	Amortised cost	
	31.12.2014	31.12.2013
in EUR '000		
Other loans		
to financial institutions	358,805	432,810
to other commercial debtors	36,912	36,631
other	94,504	113,594
Total	**490,221**	**583,035**
Fair Value	574,835	671,682

Composition of bonds classified as loans	Amortised cost	
	31.12.2014	31.12.2013
in EUR '000		
Bonds classified as loans		
to public authorities	132,270	134,170
to financial institutions	1,043,328	1,270,550
to other commercial debtors	44,738	46,660
Total	**1,220,336**	**1,451,380**
Fair Value	1,444,249	1,560,746

Maturity structure of loans	Amortised cost	
	31.12.2014	31.12.2013
in EUR '000		
up to one year	38,877	75,478
more than one year up to five years	327,279	249,934
more than five years up to ten years	474,167	436,341
more than ten years	555,973	523,125
Total	**1,396,296**	**1,284,878**

Maturity structure of reclassified loans	Amortised cost	
	31.12.2014	31.12.2013
in EUR '000		
up to one year	29,738	18,970
more than one year up to five years	216,072	208,338
more than five years up to ten years	116,993	177,228
more than ten years	127,418	178,499
Total	**490,221**	**583,035**

Maturity structure of bonds classified as loans	Amortised cost	
	31.12.2014	31.12.2013
in EUR '000		
up to one year	69,338	15,185
more than one year up to five years	231,144	187,603
more than five years up to ten years	353,374	446,128
more than ten years	566,480	802,464
Total	**1,220,336**	**1,451,380**

Fair value of loans by measurement hierarchy level in accordance with IFRS 13	31.12.2014	31.12.2013
in EUR '000		
Level 1	560,393	568,396
Level 2	2,925,289	2,916,633
Level 3	46,119	41,643

Financial instruments in the "Financial instruments available for sale" category that were reclassified as loans in 2008 had a fair value of EUR 1,037,036,000 as of the reclassification date.

6. OTHER SECURITIES

Development	Held to maturity total		Available for sale		Held by trading		Recognised at fair value through profit and loss	
	31.12.2014	31.12.2013	31.12.2014	31.12.2013 restated	31.12.2014	31.12.2013	31.12.2014	31.12.2013 restated
in EUR '000								
Acquisition cost	3,033,331	3,199,793						
Cumulative amortisation as of 31.12. of the previous years	-14,622	-18,970						
Book value as of 31.12. of the previous year	**3,018,709**	**3,180,823**	**17,681,384**	**16,874,496**	**282,564**	**277,164**	**343,419**	**437,164**
Exchange rate changes	-29,067	-190,467	-7,184	-60,240	-6,309	-2,398	1,020	-4,143
Book value as of 1.1.	**2,989,642**	**2,990,356**	**17,674,200**	**16,814,256**	**276,255**	**274,766**	**344,439**	**433,021**
Reclassifications	14	-6,722	790	-6,687	10,984	55	1,328	821
Additions	217,116	368,521	4,526,516	5,450,732	468,213	627,910	100,329	121,426
Disposals/repayments	-163,198	-334,824	-3,655,761	-4,297,518	-589,259	-641,913	-174,119	-188,416
Change in scope of consolidation	2,951	2,150	17,710	-74,568	0	10,480	-10,955	-28,025
Changes in value recognised in profit and loss	0	32	16,477	508	28,690	11,266	10,265	4,592
Changes recognised directly in equity	0	0	1,603,121	-167,551	0	0	0	0
Impairment	-590	-804	-48,552	-37,788	0	0	0	0
Book value as of 31.12.	**3,045,935**	**3,018,709**	**20,134,501**	**17,681,384**	**194,883**	**282,564**	**271,287**	**343,419**
Cumulative amortisation as of 31.12.	13,316	14,622						
Acquisition cost	**3,059,251**	**3,033,331**						

Composition Financial instruments held to maturity	Amortised cost 31.12.2014	 31.12.2013	Fair value 31.12.2014	 31.12.2013
in EUR '000				
Government bonds	1,855,819	1,789,052	2,245,686	1,971,094
Covered bonds	201,640	205,203	258,770	224,732
Corporate bonds	58,443	57,067	66,468	61,730
Bonds from financial institutions	29,262	36,820	30,639	37,910
Subordinated bonds	158	1,745	159	1,758
Total	**2,145,322**	**2,089,887**	**2,601,722**	**2,297,224**

Composition Financial instruments reclassified as held to maturity	Amortised cost 31.12.2014	 31.12.2013	Fair value 31.12.2014	 31.12.2013
in EUR '000				
Government bonds	791,271	800,352	973,650	914,500
Covered bonds	96,266	102,389	100,865	107,440
Bonds from financial institutions	13,076	26,081	16,433	28,626
Total	**900,613**	**928,822**	**1,090,948**	**1,050,566**

Financial instruments in the “Financial instruments held to maturity” category that were reclassified as financial instruments available for sale in 2008 had a fair value of EUR 1,393,784,000 as of the reclassification date. Vienna Insurance Group made use of the “Reclassification of financial assets” provision of IAS 39.50ff due to financial market developments in the second half of 2008. Since the required information is not available and the cost to obtain the information would be excessively high, it would not be possible to determine the book values if reclassification had not been performed.

Information on breakdown by measurement hierarchy level is provided in the “Financial instruments and risk management” section on page 108.

Composition Financial instruments available for sale	Fair value 31.12.2014	 31.12.2013 restated
in EUR '000		
Bonds	**18,011,109**	**15,726,864**
Government bonds	9,204,436	7,822,321
Covered bonds	1,562,112	1,440,843
Corporate bonds	2,947,594	2,351,070
Bonds from financial institutions	3,407,781	3,221,016
Subordinated bonds	889,186	891,614
Shares and other participations*	**716,772**	**764,758**
Investment funds	**1,406,620**	**1,188,459**
Equity funds	423,809	344,580
Bond funds	518,881	303,768
Alternative funds	278	49,954
Real estate funds	112,652	122,995
Balanced funds	351,000	367,162
Others	**0**	**1,303**
Total	**20,134,501**	**17,681,384**

* Includes shares in non-consolidated subsidiaries and other participations of EUR 154,363,000 (EUR 182,168,000).

Unrealised gains and losses on financial instruments available for sale	Fair value		Unrealised gains	Unrealised losses	Unrealised gains	Unrealised losses
	31.12.2014	31.12.2013 restated	31.12.2014	31.12.2014	31.12.2013	31.12.2013
in EUR '000						
Bonds	18,011,109	15,726,864	2,607,621	-88,407	1,124,081	-145,498
Shares and other participations	716,772	764,758	126,710	-14,036	164,055	-14,066
Investment funds	1,406,620	1,188,459	65,171	-39,294	51,177	-20,856
Others	0	1,303	0	0	0	0
Total	**20,134,501**	**17,681,384**	**2,799,502**	**-141,737**	**1,339,313**	**-180,420**

In the case of "Financial instruments available for sale", the balance sheet value corresponds to the fair value. Unrealised gains and losses represent the difference between amortised cost and fair value.

Impairment – available for sale*	Gross book value 31.12.2014	Impairment 31.12.2014	Net book value 31.12.2014
in EUR '000			
Bonds	62,289	35,702	26,587
Shares	39,144	8,467	30,677
Investment funds	54,063	2,611	51,452
Total	**155,496**	**46,780**	**108,716**

* Not including impairment of shares in affiliated companies and other participations

Impairment – available for sale*	Gross book value 31.12.2013	Impairment 31.12.2013	Net book value 31.12.2013
in EUR '000			
Bonds	7,020	2,463	4,557
Shares	6,219	2,586	3,633
Investment funds	111,615	21,559	90,056
Total	**124,854**	**26,608**	**98,246**

* Not including impairment of shares in affiliated companies and other participations

Composition Financial instruments recognised at fair value through profit and loss*	Fair value	
	31.12.2014	31.12.2013 restated
in EUR '000		
Bonds	**274,340**	**393,887**
Government bonds	113,544	146,071
Corporate bonds	648	15,907
Bonds from financial institutions	151,889	200,341
Subordinated bonds	8,259	31,568
Shares and other non-fixed-interest securities	**38,242**	**98,110**
Investment funds	**97,426**	**102,787**
Equity funds	31,585	39,442
Bond funds	30,497	8,306
Alternative funds	1,729	7
Real estate funds	319	640
Balanced funds	33,296	54,392
Derivatives	**53,208**	**31,199**
Others	**2,954**	**0**
Total	**466,170**	**625,983**

* Including held for trading

Composition of book values of government bonds*	Held to maturity total		Available for sale		Recognised at fair value through profit and loss	
	31.12.2014	31.12.2013	31.12.2014	31.12.2013	31.12.2014	31.12.2013 restated
Government bonds						
Austria	0.47%	0.58%	20.77%	24.17%	0.00%	0.56%
Germany	0.00%	0.00%	3.06%	3.74%	54.97%	36.11%
Czech Republic	71.18%	71.04%	6.30%	8.31%	0.00%	0.00%
Slovakia	5.99%	6.77%	10.88%	11.30%	0.00%	0.00%
Poland	10.31%	9.12%	11.04%	12.04%	33.78%	50.88%
Romania	0.20%	0.68%	2.86%	2.08%	2.64%	1.14%
Remaining Markets	11.85%	11.81%	45.09%	38.36%	8.61%	11.31%

* Government bonds also include government-guaranteed bonds and bonds issued by supranational organisations and federal or constituent states.

Financial instruments measured at fair value by measurement hierarchy level in accordance with IFRS 13	Level 1		Level 2		Level 3	
	31.12.2014	31.12.2013 restated	31.12.2014	31.12.2013 restated	31.12.2014	31.12.2013 restated
in EUR '000						
Financial instruments available for sale	**16,765,424**	**14,244,177**	**3,224,929**	**3,312,538**	**144,148**	**124,669**
Bonds	15,006,430	12,749,793	2,920,716	2,920,827	83,963	56,244
Shares and other participations	463,453	470,221	198,175	226,112	55,144	68,425
Investment funds	1,295,541	1,022,860	106,038	165,599	5,041	0
Other securities	0	1,303	0	0	0	0
Held for trading	**135,592**	**243,502**	**1,793**	**1,527**	**57,498**	**37,535**
Bonds	50,253	96,180	0	0	2,191	0
Shares and other non-fixed-interest securities	17,059	72,774	187	187	5,699	7,731
Investment funds	66,076	74,493	210	0	0	0
Derivatives	2,204	55	1,396	1,340	49,608	29,804
Financial instruments recognised at fair value through profit and loss	**56,063**	**63,664**	**190,553**	**255,227**	**24,671**	**24,528**
Bonds	24,824	35,254	172,401	237,925	24,671	24,528
Shares and other non-fixed-interest securities	99	116	15,198	17,302	0	0
Investment funds	31,140	28,294	0	0	0	0
Other securities	0	0	2,954	0	0	0
Total	**16,957,079**	**14,551,343**	**3,417,275**	**3,569,292**	**226,317**	**186,732**

Models used for level 3 measurement must be disclosed if the use of alternative inputs leads to a significant change in fair value.

A present value method is used to determine the fair value of certain corporate bonds that are regularly measured at fair value. An issuer-specific risk premium is the primary input for this method, and may not be observable in the market. A significant increase in this spread, which might be calculated based on a sector or rating category, has a large negative maturity-dependent effect on fair value, while a decrease in the spread raises the fair value of such financial investments.

With respect to the value of shares measured using a level 3 method (multiples approach), VIG assumes that alternative inputs and alternative methods do not lead to significant changes in value.

The following sensitivities were calculated for a derivative used to hedge a share: a 15% decrease in share value leads to a 19% increase in option value; a 15% increase leads to a drop of 14%. Increasing or decreasing the interest rate does not lead to a significant change in derivative value. The following sensitivities were calculated for another derivative: a 100 bp increase in the discount rate leads to a 35% increase in option value; a 100 bp decrease leads to a 49% drop in option value.

Development of financial instruments by level	Financial instruments available for sale					
	31.12.2014			31.12.2013		
	Level 1	Level 2	Level 3	Level 1	Level 2 restated	Level 3
in EUR '000						
Book value as of 31.12. of the previous year	**14,244,179**	**3,312,536**	**124,669**	**12,945,167**	**3,746,943**	**182,386**
Exchange rate changes	-3,813	-2,835	-536	-55,135	-4,956	-149
Book value as of 1.1.	**14,240,366**	**3,309,701**	**124,133**	**12,890,032**	**3,741,987**	**182,237**
Reclassification between securities categories	-11,149	10,746	1,193	-3,010	-5,000	1,323
Reclassification between levels	-3,147	-5,319	8,466	37,723	72,260	-109,983
Additions	4,222,458	242,222	61,836	4,744,043	634,526	72,163
Disposals	-3,087,332	-514,611	-53,818	-3,284,892	-992,205	-20,421
Change in scope of consolidation	24,301	-7,088	497	-628	-72,272	-1,668
Changes in value recognised in profit and loss	4,848	11,629	0	508	0	0
Changes recognised directly in equity	1,392,406	208,086	2,629	-127,785	-41,592	1,826
Impairment	-17,327	-30,437	-788	-11,814	-25,166	-808
Book value as of 31.12.	**16,765,424**	**3,224,929**	**144,148**	**14,244,177**	**3,312,538**	**124,669**

Development of financial instruments by level	Financial instruments recognised at fair value through profit and loss					
	31.12.2014			31.12.2013		
	Level 1	Level 2	Level 3	Level 1 restated	Level 2 restated	Level 3 restated
in EUR '000						
Book value as of 31.12. of the previous year	**63,664**	**255,227**	**24,528**	**93,286**	**307,807**	**36,071**
Exchange rate changes	-16	1,075	-39	-667	-2,237	-1,239
Book value as of 1.1.	**63,648**	**256,302**	**24,489**	**92,619**	**305,570**	**34,832**
Reclassification between securities categories	1,563	-235	0	357	1	463
Reclassification between levels	0	0	0	464	37	-501
Additions	88,160	7,365	4,804	104,069	15,695	1,662
Disposals	-87,030	-81,076	-6,013	-107,088	-69,227	-12,101
Change in scope of consolidation	-11,073	118	0	-28,016	-9	0
Changes in value recognised in profit and loss	795	8,079	1,391	1,259	3,160	173
Book value as of 31.12.	**56,063**	**190,553**	**24,671**	**63,664**	**255,227**	**24,528**

Development of financial instruments by level	Held for trading 31.12.2014 Level 1	Level 2	Level 3	31.12.2013 Level 1	Level 2	Level 3
in EUR '000						
Book value as of 31.12. of the previous year	**243,501**	**1,528**	**37,535**	**243,873**	**602**	**32,689**
Exchange rate changes	-4,720	-1,371	-218	-2,277	255	-376
Book value as of 1.1.	**238,781**	**157**	**37,317**	**241,596**	**857**	**32,313**
Reclassification between securities categories	7,431	0	3,553	1,847	0	-1,792
Reclassification between levels	-15	15	0	0	0	0
Additions	459,834	2,424	5,955	625,909	0	2,001
Disposals	-572,949	-323	-15,987	-631,812	-7,122	-2,979
Change in scope of consolidation	-526	526	0	3,730	6,750	0
Changes in value recognised in profit and loss	3,036	-1,006	26,660	2,232	1,042	7,992
Book value as of 31.12.	**135,592**	**1,793**	**57,498**	**243,502**	**1,527**	**37,535**

Please refer to Note 29 for information on the effects of changes in value recognised in profit and loss.

A new system for managing investments was implemented in Romania during the reporting period. The source of prices for some financial assets was changed as a result, leading to a number of reclassifications between level 1 and level 2 and to level 3 as well. Other reasons for reclassification include, for example, changes in liquidity conditions in the local capital markets concerned.

Fair value of derivative financial instruments	Fair value 31.12.2014	31.12.2013
in EUR '000		
Options	49,617	29,804
Swaps	2,204	342
Futures	1,355	0
Other structured products	32	1,053
Total	**53,208**	**31,199**

Negative fair value of derivative financial instruments	Fair value 31.12.2014	31.12.2013
in EUR '000		
Options	-8,455	-359
Forward transactions	0	-13,693
Swaps	-9,238	-8,220
Other structured products	-4,065	0
Total	**-21,758**	**-22,272**

Composition of derivative financial instruments by risk type	Fair value 31.12.2014	31.12.2013
in EUR '000		
Interest rate risk		
traded on stock exchange	2,204	0
Currency risk		
over the counter	1,387	1,395
Share and index risk		
over the counter	12,417	20,604
Participation risk		
over the counter	37,200	9,200
Total	**53,208**	**31,199**

Vienna Insurance Group secured a fixed interest rate until 2017 by entering into an interest rate swap for a floating rate supplementary capital bond that was issued in 2005 with a nominal value of EUR 120,000,000. The differential payments under the interest rate swap occur at the same time as the interest payments on the bond and are recognised as interest expenses in the financial result. The interest rate swap is accounted for as a cash flow hedge. The fair value of the swap is accordingly recognised in other reserves under other comprehensive income. The swap had a negative fair value of EUR -7,127,000 as of 31 December 2014 (EUR -8,220,000).

As a result of an amendment to a shareholder agreement governing, among other things, the exercise of a put option on shares of an associated company between Vienna Insurance Group and a co-shareholder, it became necessary to value an option in accordance with IAS 39. The valuation resulted in an option market value of EUR 37,200,000 (EUR 9,200,000) which was recognised in the financial result.

7. INVESTMENTS FOR UNIT-LINKED AND INDEX-LINKED LIFE INSURANCE

Composition	Unit-linked 31.12.2014	Index-linked 31.12.2014	Total 31.12.2014	Total 31.12.2013
in EUR '000				
Investment funds	5,476,445	57,076	5,533,521	4,689,435
Bonds	0	2,137,823	2,137,823	1,915,391
Shares	0	3,458	3,458	3,591
Bank deposits	54,076	4,304	58,380	97,226
Deposit on assumed reinsurance business	6,752	0	6,752	0
Other receivables / liabilities	2,251	-4	2,247	1,632
Total	**5,539,524**	**2,202,657**	**7,742,181**	**6,707,275**

The balance sheet value corresponds to fair value.

Maturity structure	31.12.2014	31.12.2013
in EUR '000		
no maturity	5,397,788	4,454,058
up to one year	162,415	64,830
more than one year up to five years	528,641	491,809
more than five years up to ten years	1,331,985	1,318,331
more than ten years	321,352	378,247
Total	**7,742,181**	**6,707,275**

8. REINSURERS' SHARE IN UNDERWRITING PROVISIONS

Composition	Property and casualty 31.12.2014	Life 31.12.2014	Health 31.12.2014	Total 31.12.2014	Total 31.12.2013
in EUR '000					
Provision for unearned premiums	129,359	5,067	12	134,438	139,386
Actuarial reserve	19	66,413	2,104	68,536	108,461
Provision for outstanding claims	873,914	10,087	107	884,108	764,107
Provision for profit-unrelated premium refunds	10,958	0	0	10,958	11,333
Other underwriting provisions	7,669	34	0	7,703	5,139
Total	**1,021,919**	**81,601**	**2,223**	**1,105,743**	**1,028,426**

Development	Book value as of 1.1.	Exchange rate changes	Allocations	Amount used/ released	Changes in scope of consolidation	Book value as of 31.12.
in EUR '000						
Provision for unearned premiums	139,386	-548	151,941	-157,003	662	134,438
Actuarial reserve	108,461	-139	5,829	-45,615	0	68,536
Provision for outstanding claims	764,107	-8,371	797,773	-669,652	251	884,108
Provision for profit-unrelated premium refunds	11,333	-63	5,418	-5,730	0	10,958
Other underwriting provisions	5,139	-129	5,333	-2,640	0	7,703
Total	**1,028,426**	**-9,250**	**966,294**	**-880,640**	**913**	**1,105,743**

Maturity structure	31.12.2014	31.12.2013
in EUR '000		
up to one year	443,132	426,023
more than one year up to five years	307,978	279,419
more than five years up to ten years	131,818	124,796
more than ten years	222,815	198,188
Total	**1,105,743**	**1,028,426**

9. RECEIVABLES

Composition	Property and casualty 31.12.2014	Life 31.12.2014	Health 31.12.2014	Total 31.12.2014	Total 31.12.2013 restated
in EUR '000					
Underwriting	**652,194**	**80,785**	**8,867**	**741,846**	**812,734**
Receivables from direct insurance business	541,760	78,170	8,806	628,736	688,550
from policyholders	400,168	67,362	7,975	475,505	508,189
from insurance intermediaries	103,545	9,623	0	113,168	134,303
from insurance companies	38,047	1,185	831	40,063	46,058
Receivables from reinsurance business	110,434	2,615	61	113,110	124,184
Non-underwriting	**309,340**	**432,873**	**17,968**	**760,181**	**749,148**
Other receivables	309,340	432,873	17,968	760,181	749,148
Total	**961,534**	**513,658**	**26,835**	**1,502,027**	**1,561,882**

Composition Other receivables	Property and casualty 31.12.2014	Life 31.12.2014	Health 31.12.2014	Total 31.12.2014	Total 31.12.2013 restated
in EUR '000					
Receivables from financial services and leasing	887	3,451	0	4,338	4,487
Pro rata interest and rent	66,999	351,920	16,971	435,890	435,337
Receivables from tax authority and advance payments (excl. income tax)	36,264	25,557	106	61,927	44,705
Receivables from employees	3,258	1,012	4	4,274	4,028
Receivables from sales of investments	76,135	9,549	0	85,684	84,232
Receivables from facility managers	10,520	1,116	21	11,657	12,150
Receivables from third party claims settlement	20,794	56	0	20,850	18,704
Outstanding interest and rent	3,198	9,926	113	13,237	18,119
Receivables from green card deposits	4,213	0	0	4,213	4,605
Receivables from surety	22,556	1,511	0	24,067	21,733
Receivables from advanced payments	8,757	2,547	523	11,827	12,576
receivables from public funding	0	0	0	0	165
receivables from funding of housing projects	760	720	0	1,480	551
receivables from fees of every kind	1,843	484	0	2,327	1,469
Receivables arising from social contributions	263	50	0	313	220
Other receivables	52,893	24,974	230	78,097	86,067
Total	**309,340**	**432,873**	**17,968**	**760,181**	**749,148**

Other receivables primarily relate to receivables of EUR 34,816,000 from charging for services (EUR 41,860,000), and receivables of EUR 7,213,000 from advance payments (EUR 2,990,000).

Maturity structure	Premium receivables 31.12.2014	Non-underwriting 31.12.2014	Total 31.12.2014	Total 31.12.2013 restated
in EUR '000				
up to one year	278,514	725,135	1,003,649	997,635
more than one year up to five years	25,842	18,249	44,091	46,848
more than five years up to ten years	0	349	349	85
more than ten years	0	16,448	16,448	20,855
Total	**304,356**	**760,181**	**1,064,537**	**1,065,423**
Premium receivables not yet due			218,475	240,400
Receivables from reinsurance business			113,110	124,184
Other underwriting receivables			105,905	131,875
Total			**1,502,027**	**1,561,882**

10. TAX RECEIVABLES AND ADVANCE PAYMENTS OUT OF INCOME TAX

Composition	31.12.2014	31.12.2013
in EUR '000		
Property and casualty insurance	81,459	65,747
Life insurance	37,727	16,467
Health insurance	23	39
Total	**119,209**	**82,253**

Maturity structure	31.12.2014	31.12.2013
in EUR '000		
up to one year	99,438	26,002
more than one year	19,771	56,251
Total	**119,209**	**82,253**

11. DEFERRED TAXES

The deferred tax assets and liabilities reported relate to temporary differences in the balance sheet items listed in the table below. (The differences were measured using the applicable tax rates.) It should be noted that deferred taxes, as far as permissible, are offset at the taxpayer level, and accordingly the different balances are shown either as assets or liabilities on the balance sheet. Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that the deferred tax assets can be used. Deferred tax assets are examined each balance sheet date and reduced to the extent that it is no longer probable that the associated tax benefits will be realised.

Composition	Assets 31.12.2014	Liabilities 31.12.2014	Assets restated 31.12.2013	Liabilities restated 31.12.2013
in EUR '000				
Intangible assets	8,549	8,091	10,055	4,459
Investments	53,960	328,553	143,198	266,763
Receivables and other assets	20,908	11,629	21,157	25,239
Accumulated losses carried forward	65,299	0	69,377	0
Tax-exempt reserves	0	38,236	0	41,848
Underwriting provisions	123,605	114,488	80,551	107,785
Non-underwriting provisions	81,637	1,158	69,534	1,429
Liabilities and other liabilities	5,744	6,958	9,090	7,193
Total before write-downs	**359,702**	**509,113**	**402,962**	**454,716**
Write-downs of deferred tax assets	-24,134	0	-25,971	0
Total before netting	**335,568**	**509,113**	**376,991**	**454,716**
Netting	-222,324	-222,324	-285,109	-285,109
Total after netting	**113,244**	**286,789**	**91,882**	**169,607**

Maturity structure	Assets 31.12.2014	Liabilities 31.12.2014	Assets restated 31.12.2013	Liabilities restated 31.12.2013
in EUR '000				
up to one year	4,714	1,245	3,894	2,825
more than one year	108,530	285,544	87,988	166,782
Total	**113,244**	**286,789**	**91,882**	**169,607**

Deferred tax assets from seven-year amortisation of participations to going concern value were recognised in the amount of EUR 34,498,000 (EUR 40,094,000) and the amount of EUR 2,390,000 (EUR 1,922,000) was not recognised. Deferred tax liabilities and deferred tax assets of consolidated taxable entities in the tax group that were levied by the same tax authority were netted, resulting in a deferred tax liability of EUR 31,436,000 (EUR 599,000). EUR 53,160,000 (EUR 51,106,000) in deferred taxes on loss carry-forwards was not recognised. The unrecognised losses related primarily to the following countries:

Deferred tax assets on tax loss carryforwards not recognised		2014 Expiration			2013 Expiration	
	2014	2015	2016 ff	2013	2014	2015 ff
in EUR '000						
Netherlands	19,271	0	19,271	19,263	0	19,263
Romania	14,089	0	14,089	16,852	0	16,852
Austria	11,838	0	11,838	8,355	0	8,355
Hungary	2,611	0	2,611	0	0	0
Serbia	2,399	0	2,399	1,688	0	1,688
Bulgaria	1,985	0	1,985	1,401	0	1,401
Turkey	0	0	0	1,239	1,239	0
Poland	0	0	0	442	442	0
Others	967	0	967	1,866	0	1,866
Total	**53,160**	**0**	**53,160**	**51,106**	**1,681**	**49,425**

Taxes reported in revaluation reserve (OCI)	2014 Before taxes	2014 Tax income (expense)	2014 After taxes	2013 Before taxes	2013 Tax income (expense)	2013 After taxes
in EUR '000						
Underwriting gains and losses from provisions for employee benefits	-208,957	35,844	-173,113	-130,750	22,732	-108,018
Financial assets available for sale	2,657,765	-161,104	2,496,661	1,158,893	-98,873	1,060,020
Cash flow hedge reserve	-7,128	1,782	-5,346	-8,220	2,055	-6,165
Total	**2,441,680**	**-123,478**	**2,318,202**	**1,019,923**	**-74,086**	**945,837**

12. OTHER ASSETS

Composition	Property and casualty 31.12.2014	Life 31.12.2014	Health 31.12.2014	Total 31.12.2014	Total 31.12.2013 restated
in EUR '000					
Tangible assets and inventories	67,789	24,173	213	92,175	89,534
Down payments for projects	259	0	0	259	3,978
Other assets	30,191	75,946	0	106,137	117,939
Deferred charges	48,854	83,832	50	132,736	124,350
Total	**147,093**	**183,951**	**263**	**331,307**	**335,801**

Composition of tangible assets and inventories	Total 31.12.2014	Total 31.12.2013 restated
in EUR '000		
Office equipment	23,892	26,212
IT hardware / telecommunication	16,458	17,234
Technical equipment and machinery	6,157	4,390
Vehicle fleet	11,376	12,439
Other	30,164	25,423
Inventory	4,128	3,836
Total	**92,175**	**89,534**

Maturity structure	31.12.2014	31.12.2013 restated
in EUR '000		
up to one year	155,347	138,980
more than one year up to five years	83,821	89,350
more than five years up to ten years	70,774	84,990
more than ten years	21,365	22,481
Total	**331,307**	**335,801**

Development of tangible assets and inventories	31.12.2014	31.12.2013 restated
in EUR '000		
Acquisition cost	285,814	275,675
Cumulative depreciation as of 31.12. of the previous year	-196,280	-188,164
Book value as of 31.12. of the previous year	**89,534**	**87,511**
Exchange rate changes	-1,217	-2,646
Book value as of 1.1.	**88,317**	**84,865**
Reclassifications	0	407
Additions	36,694	32,190
Disposals	-14,778	-14,750
Changes in scope of consolidation	986	6,941
Depreciation	-18,945	-20,119
Impairment	-99	0
Book value as of 31.12.	**92,175**	**89,534**
Cumulative depreciation as of 31.12.	198,687	196,280
Acquisition costs	**290,862**	**285,814**

13. CASH AND CASH EQUIVALENTS

Composition	Property and casualty 31.12.2014	Life 31.12.2014	Health 31.12.2014	Total 31.12.2014	Total 31.12.2013 restated
in EUR '000					
Current bank balances	445,493	299,000	36,952	781,445	719,348
Cash and cheques	393	149	0	542	605
Total	**445,886**	**299,149**	**36,952**	**781,987**	**719,953**

Cash and cash equivalents consist of cash on hand and demand deposits.

14. CONSOLIDATED SHAREHOLDERS' EQUITY

The share capital and other capital reserves items include contributions to share capital made by Vienna Insurance Group shareholders. Other investments report the share of contributions paid that is in excess of the share capital. In addition, the hybrid capital item separately reports the amounts received from the corporate bond issued in 2008. The capital reserves are reduced by external costs directly related to corporate actions affecting equity after taking tax effects into account.

Retained earnings are the earnings that Group companies have earned since joining Vienna Insurance Group. These are reduced by the dividends distributed by the Group parent company. Amounts resulting from changes in the scope of consolidation are also recognised. If changes are made to accounting policies, the adjustments for earlier periods that are not included in the financial statements are recognised in the opening balance sheet value of retained earnings for the earliest period presented.

Other reserves consist of unrealised gains and losses from the fair value measurement of available for sale securities, and actuarial gains and losses that are directly recognised in other comprehensive income in accordance with IAS 19. Unrealised gains and losses from the at equity measurement of associated companies, and translation differences resulting from currency translation for foreign subsidiaries are also reported in other reserves. In addition, measurement gains or losses from cash flow hedges are also recognised.

Non-controlling interests are also shown as part of shareholders' equity. These consist of shares held by third parties in the equity of consolidated subsidiaries that are not directly or indirectly wholly owned by Vienna Insurance Group.

Hybrid bonds

Issue date	Outstanding volume (EUR '000)	Maturity in years	Interest in %	Fair value (EUR '000)
12.6.2008	250,000	unlimited	until 12.09.2018 8% p.a., afterwards variable	288,750

The hybrid bond satisfies the shareholders' equity criteria in IAS 32 16C and 16D.

Composition of non-controlling interests	31.12.2014	31.12.2013
in EUR '000		
Unrealised gains and losses	-7,995	-6,095
Share in profit for the period	24,560	21,981
Other	156,458	154,938
Total	**173,023**	**170,824**

Disclosure of material non-controlling interests	**Neue Heimat Holding 2014**	**Palais Hansen 2014**	**PČS 2014**	**PFG GmbH 2014**	**s Versicherung 2014**
in EUR '000					
Non-controlling interests	10.00%	43.51%	5.08%	18.67%	5.07%
Premiums written	0	0	432,845	0	860,883
Profit before taxes	1,974	9,675	31,695	-6,360	53,080
Profit attributed to non-controlling interests	**197**	**4,209**	**1,609**	**-1,187**	**2,693**
OCI	0	0	6,561	0	-52,811
Comprehensive income	2,019	9,663	32,183	-6,360	-2,278
Other comprehensive income attributed to non-controlling interests	**202**	**4,204**	**1,634**	**-1,187**	**-116**
Investments	63,328	92,273	1,067,559	195,668	11,602,112
Other assets	2,275	29,942	57,438	12,907	572,955
Underwriting provisions (incl. reinsurance)	0	0	-884,539	0	-10,978,879
Other liabilities	-2,004	-69,269	-94,136	-175,074	-519,140
Shareholders' equity / net assets	63,599	52,946	146,322	33,501	677,048
Book value of non-controlling interests	**6,360**	**23,035**	**7,429**	**6,253**	**34,350**
Cash flow from operating activities	-63	-4,619	51,786	-693	192,764
Cash flow from investing activities	2,055	-12,764	-29,019	-1,004	11,337
Cash flow from financing activities	-965	11,682	-22,782	0	-123,903
Net change in cash and cash equivalents	1,027	-5,701	-15	-1,697	80,198
Dividend to non-controlling interests	**96**	**6,518**	**983**	**0**	**2,635**

Disclosure of material non-controlling interests	Neue Heimat Holding 2013	Palais Hansen 2013	PČS 2013	PFG GmbH 2013	s Versicherung 2013
in EUR '000					
Non-controlling interests	10.00%	43.45%	5.08%	18.67%	5.07%
Premiums written	0	0	437,102	0	859,367
Profit before taxes	1,129	18,536	36,300	-6,500	59,728
Profit attributed to non-controlling interests	**113**	**8,054**	**1,844**	**-1,214**	**3,028**
OCI	0	0	-16,304	0	-23,635
Comprehensive income	1,146	13,955	12,939	-6,500	27,753
Other comprehensive income attributed to non-controlling interests	**115**	**6,063**	**657**	**-1,214**	**1,407**
Investments	63,328	105,929	1,019,735	203,028	10,585,672
Other assets	1,224	32,750	55,140	11,646	405,673
Underwriting provisions (incl. reinsurance)	0	0	-851,520	0	-9,839,576
Other liabilities	-971	-70,295	-83,820	-174,813	-420,366
Shareholders' equity / net assets	63,581	68,384	139,535	39,861	731,403
Book value of non-controlling interests	**6,358**	**29,713**	**7,088**	**7,442**	**37,082**
Cash flow from operating activities	333	5,119	74,029	-638	59,653
Cash flow from investing activities	1,205	-15,126	-42,197	-946	-29,660
Cash flow from financing activities	-412	13,013	-32,821	0	-83,904
Net change in cash and cash equivalents	1,126	3,006	-989	-1,584	-53,911
Dividend to non-controlling interests	**41**	**0**	**1,416**	**0**	**4,100**

Earnings per share

Under IAS 33.10, basic earnings per share “shall be calculated by dividing profit or loss attributable to common shareholders of the parent entity (the numerator) by the weighted average number of common shares outstanding (the denominator) during the period.”

Earnings per share		2014		2013
Annual profit	in EUR '000	391,360	in EUR '000	256,310
Annual profit less non-controlling interests	in EUR '000	366,800	in EUR '000	234,329
Interest expenses for hybrid capital	in EUR '000	15,000	in EUR '000	33,918
Number of shares at closing date	units	128,000,000	units	128,000,000
Earnings per share*	EUR	**2.75**	EUR	**1.57**

* The calculation of EPS includes accrued interest expenses for hybrid capital

Since there were no potential dilution effects either in 2013 or in the current reporting period, the undiluted earnings per share equal the diluted earnings per share.

The Group’s objectives with respect to capital management are to ensure the continued existence of the Company as a going concern in order to continue providing shareholders with earnings and other stakeholders, in particular policyholders, with the payments to which they are entitled. Another objective is to maintain an optimal capital structure in order to reduce the cost of capital.

In order to maintain or change the capital structure, the Group adjusts dividend payments to shareholders as needed, repays capital to shareholders, issues new shares or sells assets to pay back liabilities.

As is customary in the industry, the Group monitors its capital based on solvency, calculated as the ratio of Group capital to the capital requirement. The calculation of adjusted capital is performed in accordance with § 86h(5) VAG based on the consolidated financial statements. Group capital is determined in accordance with the provisions of § 73b VAG and consists primarily of consolidated shareholders' equity less intangible assets. The Group capital requirement is determined in accordance with the provisions of § 73b (1) Annex D VAG.

Consolidated shareholders' equity

The Company has EUR 132,887,468.20 in share capital that is divided into 128,000,000 no-par value bearer shares with voting rights, with each share participating equally in the share capital. As there were no new issues in 2014, the number of shares remained unchanged.

The Managing Board is authorised to increase the Company's share capital by a nominal amount of EUR 66,443,734.10 by issuing 64,000,000 no-par value bearer or registered shares in one or more tranches on or before 2 May 2018 against cash contributions or contributions in kind. The terms of the shares, the exclusion of shareholder pre-emption rights, and the other terms and conditions of the share issue are decided by the Managing Board, subject to Supervisory Board approval. Preferred shares without voting rights may also be issued, with rights equivalent to those of existing preferred shares. The issue prices of common and preferred shares may differ.

The general meeting of 3 May 2013 authorised the Managing Board to issue, subject to Supervisory Board approval, one or more tranches of bearer convertible bonds with a total nominal value of up to EUR 2,000,000,000.00 on or before 2 May 2018, with or without exclusion of shareholder pre-emptive rights, and to grant the holders of convertible bonds conversion rights for up to 30,000,000 no-par value bearer shares with voting rights in accordance with the convertible bond terms set by the Managing Board. The share capital has consequently been raised in accordance with § 159(2) no. 1 of the Austrian Stock Corporation Act (AktG) by a contingent capital increase of up to EUR 31,145,500.36, through the issue of up to 30,000,000 no-par value bearer shares with voting rights. The contingent capital increase will only be implemented to the extent that holders of convertible bonds issued on the basis of the general meeting resolution of 3 May 2013 exercise the subscription or exchange rights they were granted. The Managing Board has not adopted any resolutions to date concerning the issuance of convertible bonds based on the authorisation granted on 3 May 2013.

The general meeting of 3 May 2013 further authorised the Managing Board to issue, subject to Supervisory Board approval, one or more tranches of bearer income bonds with a total nominal value of up to EUR 2,000,000,000.00 on or before 2 May 2018, with or without exclusion of shareholder pre-emptive rights. The Managing Board has not adopted any resolutions to date regarding the issuance of income bonds based on this authorisation.

The Company held no own shares as of 31 December 2014.

Income bonds with a total nominal value of EUR 250,000,000.00 (Tranche 1) were issued on 12 June 2008 and income bonds with a total nominal value of EUR 250,000,000.00 (Tranche 2) were issued on 23 April 2009 based on the authorisation granted by the general meeting of 16 April 2008. The Company repurchased Tranche 2 in August 2013. EUR 51,983,000 of the nominal value of Tranche 1 was repurchased in March 2015. The income bonds are traded on the Vienna Stock Exchange. The interest rate is 8% p.a. until 12 September 2018 (fixed interest rate), after which the income bonds pay variable interest. The Company has the right to call the bonds each quarter after the start of the variable interest period.

On 12 January 2005, the Company issued supplementary capital bond 2005-2022 with a total nominal value of EUR 180,000,000.00 in accordance with § 73c(2) VAG. The bond pays interest at 4.625% p.a. on its nominal value during the first twelve years of its term (fixed interest rate period), after which the bond pays variable interest. The Company repurchased EUR 7,543,000 of the nominal value in June 2014 and EUR 35,822,500 of the nominal value in March 2015.

On 12 January 2005, the Company also issued supplementary capital bond 2005, with a total nominal value of EUR 120,000,000.00 in accordance with § 73c(2) VAG. This bond does not have a fixed term. The bond paid interest at 4.25% p.a. on its nominal value during the first year of its term, after which the bond pays variable interest. Interest was paid at 2.262% p.a. on the bond's nominal value during the period from 12 January 2014 to 11 January 2015.

On 9 October 2013 the Company issued a subordinated bond with a nominal value of EUR 500,000,000.00 and a term of 30 years. The Company can call the bond in full for the first time on 9 October 2023 and on each following coupon date. The subordinated bond bears interest at a fixed rate of 5.5% p.a. during the first ten years of its term and variable interest after that. The bonds are traded on the Vienna Stock Exchange.

On 2 March 2015 the Company issued a subordinated bond with a nominal value of EUR 400,000,000.00 and a term of 31 years. The Company can call the bond in full for the first time on 2 March 2026 and on each following coupon date. The subordinated bond bears interest at a fixed rate of 3.75% p.a. during the first eleven years of its term and variable interest after that. The subordinate bond satisfies the Tier 2 requirements of Solvency II. The bond is listed on the Luxembourg Stock Exchange.

The financial statements auditor has verified that the requirements under § 73b(2) no. 4 VAG have been satisfied to the extent necessary.

Distribution	Per share 2014	Total 2014
in EUR		
Common shares	1.30	166,400,000

Proposed appropriation of profits

VIENNA INSURANCE GROUP AG Wiener Versicherung Gruppe (VIG Holding) ended financial year 2014 with net retained profits of EUR 280,541,505.08. The following appropriation of profits will be proposed during the general meeting: the 128 million shares shall receive a dividend of EUR 1.40 per share. The payment and ex-dividend dates for this dividend will be 8 June 2015 and 3 June 2015, respectively. A total of EUR 179,200,000.00 will therefore be distributed. The net retained profits of EUR 101,341,505.08 remaining for financial year 2014 after distribution of the dividend is to be carried forward.

Adjusted capital

The adjusted capital to be disclosed under § 86h(5) VAG was equal to EUR 4,432,427,000 (EUR 4,071,420,000) as of 31 December 2014, without deduction of equalisation provisions, and EUR 4,219,844,000 (EUR 3,850,078,000) when reduced by the equalisation provisions. The adjusted capital calculation was performed before taking minority interests into account. Vienna Insurance Group satisfies the solvency requirements in § 86e VAG.

15. SUBORDINATED LIABILITIES

Subordinated liabilities relate to supplementary capital bonds of the following companies in the Group:

Issuing company	Issue date	Outstanding volume (EUR '000)	Term in years	Interest in %	Fair value (EUR '000)
VIENNA INSURANCE GROUP AG Wiener Versicherung Gruppe	12.1.2005	163,457	17	First 12 years: 4,625% p.a.; thereafter variable	170,862
VIENNA INSURANCE GROUP AG Wiener Versicherung Gruppe	12.1.2005	120,000	unlimited [1]	First year: 4.25% p.a.; thereafter variable	120,204
VIENNA INSURANCE GROUP AG Wiener Versicherung Gruppe	9.10.2013	500,000	30 [2]	First 10 years: 5.5% p.a.; thereafter variable	538,700
DONAU Versicherung AG Vienna Insurance Group	15.4. + 21.5.2004	9,500	unlimited [3]	4.95% p.a.	10,732
DONAU Versicherung AG Vienna Insurance Group	1.7.1999	3,500	unlimited [4]	4.95% p.a.	3,999
Sparkassen Versicherung AG Vienna Insurance Group	1.3.1999	16,210	unlimited [5]	4.90% p.a.	18,176
Sparkassen Versicherung AG Vienna Insurance Group	2.7.2001	20,180	unlimited [6]	6.10% p.a.	23,984
Sparkassen Versicherung AG Vienna Insurance Group	15.11.2003	25,600	unlimited [7]	4.95% p.a.	29,089
Sparkassen Versicherung AG Vienna Insurance Group	30.6.2006	41,400	unlimited [8]	4.75% p.a.	46,343
Kooperativa pojst'ovna, a.s., Vienna Insurance Group	22.12.2010	19,831	unlimited [9]	5.05% p.a.	19,831
Total		**919,678**			**981,920**

[1] The right to ordinary and extraordinary cancellation by the holder is excluded. Regular cancellation by the issuer is first allowed effective 12 January 2017

[2] The right to ordinary and extraordinary cancellation by the holder is excluded. Regular cancellation by the issuer is first allowed effective 9 January 2023.

[3] This may be terminated, in whole or in part, with 5 years' notice effective as of 31 December 2009 by the holders and by DONAU, and effective as of 31 December of each following year.

[4] This may be terminated, in whole or in part, with 5 years' notice effective as of 1 July 2009 by the holders and by DONAU, and effective as of 1 July of each following year. EUR 1.000.000 has already been terminated effective as of 1 July 2015 and EUR 1.000.000 has already been terminated effective as of 1 July 2017.

[5] This can only be cancelled subject to not less than five years' notice, unless Austrian insurance regulators agree to repayment being made early. Due to cancellations, EUR 400,000 will be repaid in 2015 and EUR 3,810,000 thereafter.

[6] This can only be cancelled subject to not less than 5 years' notice, unless Austrian insurance regulators agree to repayment being made early. Due to cancellations, EUR 870,000 will be repaid in 2015 and EUR 3,210,000 thereafter.

[7] This can only be cancelled subject to not less than 5 years' notice, unless Austrian insurance regulators agree to repayment being made early. Due to cancellations, EUR 1,800,000 will be repaid in 2015 and EUR 4,650,000 thereafter.

[8] This can only be cancelled subject to not less than 5 years' notice, unless Austrian insurance regulators agree to repayment being made early. Due to cancellations, EUR 6,700,000 will be repaid starting in 2016.

[9] This can only be cancelled subject to not less than five years' notice.

Interest on supplementary capital bonds is only paid out to the extent that the interest is covered by the company's national annual profit. The interest is, however, always included as an expense.

Fair value of subordinated liabilities by measurement hierarchy level in accordance with IFRS 13	31.12.2014	31.12.2013
in EUR '000		
Level 1	829,766	805,441
Level 2	152,154	238,943

16. PROVISION FOR UNEARNED PREMIUMS

Composition	31.12.2014	31.12.2013
in EUR '000		
Property and casualty insurance	1,018,826	1,043,384
Life insurance	116,729	120,474
Health insurance	7,935	18,226
Total	**1,143,490**	**1,182,084**

Development	Property and casualty 31.12.2014	Life 31.12.2014	Health 31.12.2014	Total 31.12.2014	Total 31.12.2013
in EUR '000					
Book value as of 31.12. of the previous year	**1,043,384**	**120,474**	**18,226**	**1,182,084**	**1,248,980**
Exchange rate changes	-17,505	-228	448	-17,285	-42,678
Book value as of 1.1.	**1,025,879**	**120,246**	**18,674**	**1,164,799**	**1,206,302**
Allocations	939,679	84,696	7,757	1,032,132	1,110,199
Amount used/released	-949,263	-88,950	-18,496	-1,056,709	-1,139,083
Changes in scope of consolidation	2,531	737	0	3,268	4,666
Book value as of 31.12.	**1,018,826**	**116,729**	**7,935**	**1,143,490**	**1,182,084**

Maturity structure	31.12.2014	31.12.2013
in EUR '000		
up to one year	985,369	1,058,302
more than one year up to five years	139,549	106,688
more than five years up to ten years	18,572	17,094
Total	**1,143,490**	**1,182,084**

17. ACTUARIAL RESERVE

Composition	31.12.2014	31.12.2013
in EUR '000		
Property and casualty insurance	127	139
Life insurance	19,772,240	18,307,220
for guaranteed policy benefits	17,728,654	17,300,269
for allocated and committed profit shares	1,045,350	1,006,951
for deferred actuarial reserve	998,236	0
Health insurance	1,082,468	1,019,795
Total	**20,854,835**	**19,327,154**

Development	Property and casualty 31.12.2014	Life 31.12.2014	Health 31.12.2014	Total 31.12.2014	Total 31.12.2013
in EUR '000					
Book value as of 31.12. of the previous year	**139**	**18,307,220**	**1,019,795**	**19,327,154**	**19,014,157**
Exchange rate changes	-1	-31,253	16	-31,238	-158,913
Book value as of 1.1.	**138**	**18,275,967**	**1,019,811**	**19,295,916**	**18,855,244**
Allocations	5	3,140,406	67,659	3,208,070	1,924,876
Amount used/released	-16	-1,732,336	-5,002	-1,737,354	-1,522,594
Transfer from provisions for premium refunds	0	72,930	0	72,930	65,591
Changes in scope of consolidation	0	15,273	0	15,273	4,037
Book value as of 31.12.	**127**	**19,772,240**	**1,082,468**	**20,854,835**	**19,327,154**

Maturity structure	31.12.2014	31.12.2013
in EUR '000		
up to one year	2,290,007	2,542,479
more than one year up to five years	5,581,751	5,550,958
more than five years up to ten years	4,353,768	2,923,098
more than ten years	8,629,309	8,310,619
Total	**20,854,835**	**19,327,154**

Life insurance actuarial reserve	31.12.2014	31.12.2013
in EUR '000		
Direct business	19,695,665	18,215,182
Policy benefits	17,652,079	17,208,231
Allocated profit shares	1,028,408	989,995
Committed profit shares	16,942	16,956
Deferred actuarial reserve	998,236	0
Indirect business	76,575	92,038
Policy benefits	76,575	92,038
Total	**19,772,240**	**18,307,220**

Health insurance actuarial reserve	31.12.2014	31.12.2013
in EUR '000		
Direct business	1,082,468	1,019,795
Individual insurance	803,560	771,198
Group insurance	278,908	248,597
Total	**1,082,468**	**1,019,795**

18. PROVISION FOR OUTSTANDING CLAIMS

Composition	31.12.2014	31.12.2013
in EUR '000		
Property and casualty insurance	4,103,529	3,894,771
Life insurance	334,220	310,253
Health insurance	51,195	47,843
Total	**4,488,944**	**4,252,867**

Development of property and casualty insurance	31.12.2014	31.12.2013
in EUR '000		
Book value as of 31.12. of the previous year	**3,894,771**	**3,760,570**
Exchange rate changes	-28,737	-89,458
Book value as of 1.1.	**3,866,034**	**3,671,112**
Changes in scope of consolidation	5,234	6,383
Allocation to provision	2,444,781	2,534,319
for claims paid occurred in the current year	2,374,725	2,478,130
for claims paid occurred in previous years	70,056	56,189
Use/release of provision	-2,212,520	-2,317,043
for claims paid occurred in the current year	-1,075,712	-795,758
for claims paid occurred in previous years	-1,136,808	-1,521,285
Book value as of 31.12.	**4,103,529**	**3,894,771**

Maturity structure	31.12.2014	31.12.2013
in EUR '000		
up to one year	1,766,758	1,749,696
more than one year up to five years	1,328,257	1,188,439
more than five years up to ten years	404,280	389,215
more than ten years	989,649	925,517
Total	**4,488,944**	**4,252,867**

A detailed presentation of the gross loss reserve is provided under a heading with this name in the "Financial instruments and risk management" section.

19. PROVISION FOR PREMIUM REFUNDS

Composition	31.12.2014	31.12.2013
in EUR '000		
Property and casualty insurance	34,034	35,392
thereof profit-related	*197*	*197*
thereof profit-unrelated	*33,837*	*35,195*
Life insurance	1,281,042	1,097,264
thereof profit-related	*1,277,599*	*1,095,045*
thereof profit-unrelated	*3,443*	*2,219*
Health insurance	15,080	15,120
thereof profit-unrelated	*15,080*	*15,120*
Total	**1,330,156**	**1,147,776**
thereof life insurance deferred profit participation	**1,045,563**	**849,785**
recognised through profit and loss	*139,258*	*142,127*
recognised directly in equity	*906,305*	*707,658*

Development of life insurance	31.12.2014	31.12.2013
in EUR '000		
Provision for premium refunds		
Book value as of 31.12. of the previous year	**247,479**	**239,728**
Exchange rate changes	-301	0
Book value as of 1.1.	**247,178**	**239,728**
Additions/releases	60,742	73,267
Changes in scope of consolidation	489	75
Transfer to actuarial reserve	-72,930	-65,591
Total	**235,479**	**247,479**
Deferred profit participation		
Book value as of 31.12. of the previous year	**849,785**	**1,034,855**
Exchange rate changes	-225	0
Book value as of 1.1.	**849,560**	**1,034,855**
Changes in scope of consolidation	1,352	0
Unrealised gains and losses on financial instruments available for sale	225,190	-183,840
Underwriting gains and losses from provisions for employee benefits	-27,895	-14,497
Revaluations recognised through profit and loss	-2,644	13,267
Book value as of 31.12.	**1,045,563**	**849,785**
Provision for premium refunds incl. deferred profit participation	**1,281,042**	**1,097,264**

Development of health insurance	31.12.2014	31.12.2013
in EUR '000		
Provision for premium refunds		
Book value as of 31.12. of the previous year	**15,120**	**15,150**
Book value as of 1.1.	**15,120**	**15,150**
Additions/releases	-40	-30
Total	**15,080**	**15,120**

Maturity structure for profit-related premium refunds	31.12.2014	31.12.2013
in EUR '000		
up to one year	773,146	467,896
more than one year up to five years	277,198	316,066
more than five years up to ten years	120,619	144,102
more than ten years	106,833	167,178
Total	**1,277,796**	**1,095,242**

Maturity structure for profit-unrelated premium refunds	31.12.2014	31.12.2013
in EUR '000		
up to one year	52,175	52,503
more than one year up to five years	85	31
more than five years up to ten years	58	0
more than ten years	42	0
Total	**52,360**	**52,534**

20. OTHER UNDERWRITING PROVISIONS

Composition	31.12.2014	31.12.2013
in EUR '000		
Property and casualty insurance	68,017	66,626
Life insurance	4,058	3,556
Health insurance	452	401
Total	**72,527**	**70,583**

Other underwriting provisions are primarily provisions for prior losses and cancellations.

Development	Property and casualty 31.12.2014	Life 31.12.2014	Health 31.12.2014	Total 31.12.2014	Total 31.12.2013
in EUR '000					
Book value as of 31.12. of the previous year	**66,626**	**3,556**	**401**	**70,583**	**94,387**
Exchange rate changes	-692	-101	0	-793	-4,887
Book value as of 1.1.	**65,934**	**3,455**	**401**	**69,790**	**89,500**
Allocations	27,532	3,745	304	31,581	9,923
Amount used/released	-25,449	-4,519	-253	-30,221	-28,839
Changes in scope of consolidation	0	1,377	0	1,377	-1
Book value as of 31.12.	**68,017**	**4,058**	**452**	**72,527**	**70,583**

Maturity structure	31.12.2014	31.12.2013
in EUR '000		
up to one year	31,636	22,045
more than one year up to five years	54	49
more than five years up to ten years	148	16,262
more than ten years	40,689	32,227
Total	**72,527**	**70,583**

21. UNDERWRITING PROVISIONS FOR UNIT-LINKED AND INDEX-LINKED LIFE INSURANCE

Composition	31.12.2014	31.12.2013
in EUR '000		
Unit-linked life insurance	5,297,302	4,554,050
Index-linked life insurance	2,095,115	1,935,316
Total	**7,392,417**	**6,489,366**

Development	31.12.2014	31.12.2013
in EUR '000		
Book value as of 31.12. of the previous year	**6,489,366**	**6,245,423**
Exchange rate changes	-17,914	-39,174
Book value as of 1.1.	**6,471,452**	**6,206,249**
Allocations	1,022,727	744,509
Amount used/released	-615,103	-461,859
Change in scope of consolidation	513,341	467
Book value as of 31.12.	**7,392,417**	**6,489,366**

Maturity structure	31.12.2014	31.12.2013
in EUR '000		
up to one year	178,730	261,459
more than one year up to five years	1,051,962	756,021
more than five years up to ten years	2,191,409	1,842,350
more than ten years	3,970,316	3,629,536
Total	**7,392,417**	**6,489,366**

22. PROVISIONS FOR PENSIONS AND SIMILAR OBLIGATIONS

Composition	31.12.2014	31.12.2013 restated
in EUR '000		
Provision for pension obligations	357,526	292,760
Provision for severance obligations	87,398	78,722
Total	**444,924**	**371,482**

Pension obligations

Development of DBO	31.12.2014	31.12.2013
in EUR '000		
Present value of obligation (DBO) as of 1.1.	**672,134**	**632,100**
Transfer to parent company	-1,129	0
Current service costs	9,506	9,747
Past service costs	48	81
Interest expense	19,247	21,355
Remeasurement	**73,756**	**46,890**
Transfer to parent company	-231	0
Actuarial gain/loss demographic	9	13
Actuarial gain/loss financial	78,239	43,043
Experience adjustment	-4,261	3,834
Exchange rate changes	-14	-8
Benefits paid	-32,558	-31,981
Change in scope of consolidation	-8,665	-6,050
Present value of obligation (DBO) as of 31.12.	**732,325**	**672,134**
thereof DBO employees	*223,316*	*193,505*
thereof DBO retirees	*509,009*	*478,629*

Development of plan assets for pension obligations	31.12.2014	31.12.2013
in EUR '000		
Plan assets as of 1.1.	**379,374**	**380,588**
Interest income	11,120	13,111
Remeasurement	**480**	**-2,160**
Net return on assets	480	-2,160
Contributions	10,877	13,341
Payment on settlement	1	0
Benefits paid	-25,819	-25,506
Change in scope of consolidation	-1,234	0
Plan assets as of 31.12.	**374,799**	**379,374**

Development of provisions for pension obligations	31.12.2014	31.12.2013
in EUR '000		
Book value as of 1.1.	**292,760**	**251,512**
Transfer to parent company	-1,129	0
Current service costs	9,506	9,747
Past service costs	48	81
Interest expense	8,127	8,244
Remeasurement	**73,276**	**49,050**
Net return on assets	-480	2,160
Transfer to parent company	-231	0
Actuarial gain/loss demographic	9	13
Actuarial gain/loss financial	78,239	43,043
Experience adjustment	-4,261	3,834
Exchange rate changes	-14	-8
Contributions	-10,877	-13,341
Payment on settlement	-1	0
Benefits paid	-6,739	-6,475
Change in scope of consolidation	-7,431	-6,050
Book value as of 31.12.	**357,526**	**292,760**

The plan assets consist of the following:

Structure of investments in the actuarial reserve for occupational group insurance	in %
Wiener Städtische Versicherung & Vienna Insurance Group	
Fixed-interest securities	86.76%
Loans	5.97%
Bank deposits	7.27%
Total	**100.00%**
Donau Versicherung	
Fixed-interest securities	100.00%
Total	**100.00%**

The asset allocation of the actuarial reserve for occupational group insurance is structured according to the maturity of the liabilities.

Pension contributions are expected to be EUR 23,972,000 in financial year 2015 (ACTUAL in 2014: EUR 10,877,000).

Severance obligations

Development of DBO	31.12.2014	31.12.2013 restated
in EUR '000		
Present value of obligation (DBO) as of 1.1.	**149,517**	**144,831**
Current service costs	7,023	7,155
Past service costs	40	-244
Interest expense	4,351	4,814
Remeasurement	**12,568**	**7,032**
Actuarial gain/loss demographic	0	9
Actuarial gain/loss financial	13,055	4,974
Experience adjustment	-487	2,049
Exchange rate changes	19	-125
Payment on settlement	5	-896
Benefits paid	-8,145	-10,250
Change in scope of consolidation	-3,078	-2,800
Present value of obligation (DBO) as of 31.12.	**162,300**	**149,517**

Development of plan assets for severance obligations	31.12.2014	31.12.2013
in EUR '000		
Plan assets as of 1.1.	**70,795**	**71,293**
Interest income	2,057	2,399
Remeasurement	**5,442**	**3,280**
Net return on assets	5,442	3,280
Contributions	2,149	2,719
Payment on settlement	0	-681
Benefits paid	-4,990	-8,215
Change in scope of consolidation	-551	0
Plan assets as of 31.12.	**74,902**	**70,795**

Development of provisions for severance obligations	31.12.2014	31.12.2013 restated
in EUR '000		
Book value as of 1.1.	**78,722**	**73,538**
Current service costs	7,023	7,155
Past service costs	40	-244
Interest expense	2,294	2,415
Remeasurement	**7,126**	**3,752**
Net return on assets	-5,442	-3,280
Actuarial gain/loss demographic	0	9
Actuarial gain/loss financial	13,055	4,974
Experience adjustment	-487	2,049
Exchange rate changes	19	-125
Contributions	-2,149	-2,719
Payment on settlement	5	-215
Benefits paid	-3,155	-2,035
Change in scope of consolidation	-2,527	-2,800
Book value as of 31.12.	**87,398**	**78,722**

The plan assets consist of the following:

Structure of investments for outsourced severance payments	in %
Wiener Städtische Versicherung & Vienna Insurance Group	
Hybrid bonds	74.95%
Bond fund	25.05%
Total	**100.00%**

Part of the severance pay obligation of Wiener Städtische and Vienna Insurance Group Holding was outsourced to an insurance company.

The asset allocation of the actuarial reserve for occupational group insurance is structured according to the maturity of the liabilities.

Severance pay contributions are expected to be EUR 2,114,000 in financial year 2015 (ACTUAL in 2014: EUR 2,149,000).

Pension sensitivity analysis	Variation	DBO	Change
	%	in EUR '000	%
Base parameters		**732,325**	
Interest rate	+0.5	682,291	-6.8
	-0.5	771,177	5.3
Future salary increases	+0.5	741,007	1.2
	-0.5	724,221	-1.1
Future pension increases	+0.5	778,885	6.4
	-0.5	689,954	-5.8
Employee turnover	+2.5	704,090	-3.9
	-2.5	740,884	1.2
Mortality	+5.0	744,348	1.6
	-5.0	732,789	0.1

Severance payment sensitivity analysis	Variation	DBO	Change
	%	in EUR '000	%
Base parameters		**162,300**	
Interest rate	+0.5	155,250	-4.3
	-0.5	169,886	4.7
Future salary increases	+0.5	169,728	4.6
	-0.5	155,325	-4.3
Employee turnover	+2.5	146,106	-10.0
	-2.5	171,290	5.5
Mortality	+5.0	162,177	-0.1
	-5.0	162,425	0.1

METHOD FOR PERFORMING SENSITIVITY ANALYSIS

Parameter variations were calculated. Mortality was increased or decreased proportionally.

Pension cash flow	Expected payments
Year(s)	in EUR '000
1	32,073
2	32,732
3	32,823
4	33,206
5	32,152
6-10	160,605
11-15	154,534
16-20	139,891
21-30	212,042
31-40	122,840
41 +	75,160

Severance payment cash flow	Expected payments
Year(s)	in EUR '000
1	3,289
2	3,384
3	3,414
4	16,504
5	9,691
6-10	61,410
11-15	47,604
16-20	36,464
21-30	24,435
31-40	3,289
41 +	60

23. OTHER PROVISIONS

Composition	Property and casualty 31.12.2014	Life 31.12.2014	Health 31.12.2014	Total 31.12.2014	Total 31.12.2013 restated
in EUR '000					
Provision for anniversary benefits	9,308	8,435	1,856	19,599	19,133
Other personnel provisions	4,623	2,065	0	6,688	6,671
Provision for customer support and marketing	43,074	2,100	0	45,174	36,769
Provision for litigation	7,655	25,295	0	32,950	7,000
Provision for renewal commissions	0	1,365	0	1,365	719
Other provisions	147,341	10,780	0	158,121	170,304
Total	**212,001**	**50,040**	**1,856**	**263,897**	**240,596**

Development	Book value as of 1.1.	Changes in scope of consoli-dation	Exchange rate changes	Amount used	Release	Reclassi-fication	Allocations	Book value as of 31.12.
in EUR '000								
Provision for anniversary benefits	19,133	-160	-25	-2,250	-1,720	0	4,621	19,599
Other personnel provisions	6,671	569	-78	-3,943	-447	0	3,916	6,688
Provision for customer support and marketing	36,769	682	-75	-8,838	-14,047	1,693	28,990	45,174
Provision for litigation	7,000	22,203	-305	-1,643	-1,786	0	7,481	32,950
Provision for renewal commissions	719	842	-33	-279	-2	0	118	1,365
Other provisions	170,304	-6,521	-112	-19,341	-46,664	-1,693	62,148	158,121
Total	**240,596**	**17,615**	**-628**	**-36,294**	**-64,666**	**0**	**107,274**	**263,897**

Other provisions consist primarily of provisions for government obligations of EUR 15,957,000 (EUR 24,930,000), provisions for IT expenses of EUR 38,350,000 (EUR 46,656,000), provisions for advertising and sponsoring of EUR 765,000 (EUR 3,189,000) and provisions for pension fund guaranteed minimum interest of EUR 13,072,000 (EUR 11,859,000).

Maturity structure	31.12.2014	31.12.2013 restated
in EUR '000		
up to one year	185,361	177,149
more than one year up to five years	27,197	27,370
more than five years up to ten years	17,418	5,103
more than ten years	33,921	30,974
Total	**263,897**	**240,596**

24. LIABILITIES

Composition	Property and casualty 31.12.2014	Life 31.12.2014	Health 31.12.2014	Total 31.12.2014	Total 31.12.2013 restated
in EUR '000					
Underwriting	**534,674**	**326,285**	**6,527**	**867,486**	**814,887**
Liabilities from direct business	415,982	242,953	4,315	663,250	546,202
to policyholders	272,027	188,767	3,185	463,979	369,786
to insurance intermediaries	99,724	52,008	652	152,384	146,335
to insurance companies	44,231	1,488	478	46,197	28,936
arising from financial insurance policies	0	690	0	690	1,145
Liabilities from reinsurance business	109,655	11,535	0	121,190	153,103
Deposits from ceded reinsurance business	9,037	71,797	2,212	83,046	115,582
Non-underwriting	**575,644**	**230,147**	**6,078**	**811,869**	**1,618,161**
Liabilities to financial institutions	325,287	95,192	25	420,504	756,556
Other liabilities	250,357	134,955	6,053	391,365	861,605
Total	**1,110,318**	**556,432**	**12,605**	**1,679,355**	**2,433,048**

Composition Other liabilities	Property and casualty 31.12.2014	Life 31.12.2014	Health 31.12.2014	Total 31.12.2014	Total 31.12.2013 restated
in EUR '000					
Tax liabilities (excl. income taxes)	58,221	18,648	322	77,191	63,870
Liabilities for social security	11,473	2,421	0	13,894	13,845
Liabilities to facility managers	3,361	2,017	397	5,775	4,262
Liabilities to employees	9,754	4,347	1,386	15,487	17,789
Bond liabilities	201	1,575	0	1,776	1,575
Liabilities for unused vacation entitlements	16,464	6,108	0	22,572	21,473
Liabilities for variable salary components	20,490	12,751	124	33,365	26,184
Liabilities for legal and consulting fees	2,888	1,596	0	4,484	2,650
Liabilities for unpaid incoming invoices	57,883	11,611	54	69,548	90,805
Liabilities for derivatives	9,809	11,903	46	21,758	22,272
Leasing liabilities	12	14	0	26	75
Liabilities from sureties	4,298	720	0	5,018	9,786
Liabilities from fees	15,899	1,206	0	17,105	14,182
Liabilities from construction projects	651	116	30	797	4,074
Liabilities from funding of housing projects	9,067	31,390	0	40,457	452,506
Liabilities from public funding	47	133	0	180	32,735
Liabilities from property transactions	0	0	0	0	3,233
Liabilities from purchase of investments	615	3,180	0	3,795	3,478
Other liabilities	29,224	25,219	3,694	58,137	76,811
Total	**250,357**	**134,955**	**6,053**	**391,365**	**861,605**

For information on the change in liabilities to financial institutions and other liabilities (liabilities from funding of housing projects) versus the previous year, please see the section entitled “Non-profit housing societies” on page 80.

Maturity structure	Underwriting 31.12.2014	Non-underwriting 31.12.2014	Total 31.12.2014	Total 31.12.2013 restated
in EUR '000				
up to one year	854,779	608,897	1,463,676	1,326,760
more than one year up to five years	7,891	134,283	142,174	267,589
more than five years up to ten years	4,816	19,083	23,899	91,104
more than ten years	0	49,606	49,606	747,595
Total	**867,486**	**811,869**	**1,679,355**	**2,433,048**

Fair value of liabilities to financial institutions by measurement hierarchy level in accordance with IFRS 13	31.12.2014	31.12.2013
in EUR '000		
Level 2	1,392	3,784
Level 3	419,112	752,772
Total	**420,504**	**756,556**

Fair value of financing liabilities by measurement hierarchy level in accordance with IFRS 13	31.12.2014	31.12.2013
in EUR '000		
Level 1	274	3,167
Level 2	349	5,883
Level 3	39,834	443,456
Total	**40,457**	**452,506**

Due to immateriality, book value was used as the fair value of all liabilities other than derivative liabilities.

Fair value of derivative liabilities by measurement hierarchy level in accordance with IFRS 13	31.12.2014	31.12.2013
in EUR '000		
Level 1	635	668
Level 2	21,123	21,604
Total	**21,758**	**22,272**

Fair value of derivative liabilities	31.12.2014	31.12.2013
in EUR '000		
Options	8,455	8,686
Swaps	9,238	9,577
Other structured products	4,065	4,009
Total	**21,758**	**22,272**

Composition of derivative liabilities by risk type	Fair value	
	31.12.2014	31.12.2013
in EUR '000		
Interest rate risk	7,763	7,795
traded on stock exchange	635	668
over the counter	7,128	7,127
Currency risk	5,541	5,569
over the counter	5,541	5,569
Share and index risk	8,454	8,908
over the counter	8,454	8,908
Total	**21,758**	**22,272**

25. TAX LIABILITIES OUT OF INCOME TAX

Composition	31.12.2014	31.12.2013 restated
in EUR '000		
Property and casualty insurance	48,944	39,840
Life insurance	33,398	23,223
Health insurance	1,739	0
Total	**84,081**	**63,063**

Maturity structure	31.12.2014	31.12.2013 restated
in EUR '000		
up to one year	51,399	35,870
more than one year up to five years	32,682	27,193
Total	**84,081**	**63,063**

26. OTHER LIABILITIES

Composition	Property and casualty 31.12.2014	Life 31.12.2014	Health 31.12.2014	Total 31.12.2014	Total 31.12.2013
in EUR '000					
Deferred income	45,718	126,107	105	171,930	186,498
Other liabilities	7,102	870	665	8,637	8,003
Total	**52,820**	**126,977**	**770**	**180,567**	**194,501**

27. CONTINGENT LIABILITIES AND RECEIVABLES

Litigation

Vienna Insurance Group and its Group companies are involved in a number of legal actions arising out of the normal course of business. Taking into account the provisions formed for these legal actions, the management of Vienna Insurance Group is of the opinion that they will not have a significant effect on the business or consolidated financial position of the Vienna Insurance Group.

Litigation relating to coverage

In their capacity as insurance companies, the companies of Vienna Insurance Group are involved in a number of court proceedings as defendants or have been threatened with litigation. In addition, there are proceedings in which the companies of Vienna Insurance Group are not involved as parties, but may be affected by the outcome of such lawsuits due to agreements with other insurers concerning participation in claims. In the opinion of Vienna Insurance Group, adequate provisions proportionate to the amount in dispute have been established for all claims in accordance with the law.

Off-balance sheet claims

The following table shows off-balance sheet claims as of 31 December 2014 and 2013.

Reporting period as of 31.12.	2014	2013
in EUR '000		
Contingent receivables	12,192	11,001

The off-balance sheet claims for the individual financial years were primarily related to guarantees from agencies.

Off-balance sheet commitments

The following table shows the off-balance sheet commitments as of 31 December 2014 and 2013.

Reporting period as of 31.12.	2014	2013
in EUR '000		
Liabilities and assumed liabilities	30,545	16,785
Letters of comfort	799	3,012
Guarantee bond	1,427	4,500

The off-balance sheet commitments for the individual financial years were primarily related to loans of participations.

No off-balance sheet financing structures via special purpose vehicles (SPVs) or other similar corporate structures exist.

28. NET EARNED PREMIUMS

The premiums written and earned in the 2014 reporting period and the 2013 comparative period are broken down by segment as follows:

Premiums written	Property and casualty 2014	Life 2014	Health 2014	Total 2014
in EUR '000				
GROSS				
Direct business	4,453,407	4,185,846	386,222	9,025,475
Austria	1,833,469	1,870,240	368,088	4,071,797
Czech Republic	807,709	856,751	0	1,664,460
Slovakia	322,516	395,889	0	718,405
Poland	553,192	480,194	0	1,033,386
Romania	284,964	54,360	0	339,324
Remaining Markets	591,899	528,412	18,134	1,138,445
Central Functions	59,658	0	0	59,658
Indirect business	1,237,338	43,704	73	1,281,115
Subtotal	**5,690,745**	**4,229,550**	**386,295**	**10,306,590**
Consolidation	-1,130,353	-30,509	0	-1,160,862
Premiums written	**4,560,392**	**4,199,041**	**386,295**	**9,145,728**

Net earned premiums	Property and casualty 2014	Life 2014	Health 2014	Total 2014
in EUR '000				
GROSS				
Direct business	4,438,913	4,190,484	396,910	9,026,307
Indirect business	118,276	13,715	73	132,064
Net earned premiums	**4,557,189**	**4,204,199**	**396,983**	**9,158,371**
REINSURERS' SHARE	-765,867	-38,010	-752	-804,629
Net earned premiums – retention	**3,791,322**	**4,166,189**	**396,231**	**8,353,742**

Premiums written	Property and casualty 2013	Life 2013	Health 2013	Total 2013
in EUR '000				
GROSS				
Direct business	4,559,189	4,187,825	397,751	9,144,765
Austria	1,867,100	1,843,941	357,361	4,068,402
Czech Republic	868,544	870,129	0	1,738,673
Slovakia	318,099	418,566	0	736,665
Poland	559,765	582,233	0	1,141,998
Romania	299,668	61,842	0	361,510
Remaining Markets	594,902	411,114	40,390	1,046,406
Central Functions	51,111	0	0	51,111
Indirect business	1,233,135	72,243	74	1,305,452
Subtotal	**5,792,324**	**4,260,068**	**397,825**	**10,450,217**
Consolidation	-1,173,947	-57,696	0	-1,231,643
Premiums written	**4,618,377**	**4,202,372**	**397,825**	**9,218,574**

Net earned premiums	Property and casualty 2013	Life 2013	Health 2013	Total 2013
in EUR '000				
GROSS				
Direct business	4,556,508	4,190,847	400,896	9,148,251
Indirect business	82,766	15,351	74	98,191
Net earned premiums	**4,639,274**	**4,206,198**	**400,970**	**9,246,442**
REINSURERS' SHARE	-729,257	-37,571	-563	-767,391
Net earned premiums – retention	**3,910,017**	**4,168,627**	**400,407**	**8,479,051**

Premiums written Property and casualty insurance	Gross 2014	Reinsurers' share 2014	Retention 2014	Gross 2013
in EUR '000				
Direct business				
Casualty insurance	345,395	-4,109	341,286	357,585
Health insurance	46,806	-16,982	29,824	15,158
Land vehicle own-damage insurance	863,748	-28,677	835,071	893,129
Rail vehicle own-damage	4,482	-1,751	2,731	3,181
Aircraft own-damage insurance	4,061	-3,037	1,024	5,364
Sea, lake and river shipping own-damage insurance	9,089	-3,646	5,443	9,205
Transport insurance	48,025	-20,810	27,215	50,589
Fire explosion, other natural risks, nuclear energy	860,701	-270,216	590,485	854,529
Other property	454,759	-85,571	369,188	470,599
Carrier insurance	8,881	-2,595	6,286	5,837
Aircraft liability insurance	3,183	-1,308	1,875	4,669
Sea, lake and river shipping liability insurance	2,524	-1,083	1,441	3,438
General liability insurance	412,231	-66,987	345,244	438,085
Liability insurance for land vehicles having their own drive train	1,127,280	-9,369	1,117,911	1,199,278
Credit insurance	1,201	-78	1,123	558
Guarantee insurance	24,680	-7,809	16,871	25,425
Insurance for miscellaneous financial losses	118,196	-41,509	76,687	104,376
Legal expenses insurance	52,748	-386	52,362	51,120
Assistance insurance, travel health insurance	52,786	-2,046	50,740	45,349
Subtotal	**4,440,776**	**-567,969**	**3,872,807**	**4,537,474**
Indirect business				
Marine, aviation and transport insurance	9,850	-4,869	4,981	10,738
Other insurance	93,823	-197,928	-104,105	51,995
Health insurance	15,943	0	15,943	18,170
Subtotal	**119,616**	**-202,797**	**-83,181**	**80,903**
Total written premiums in property and casualty	**4,560,392**	**-770,766**	**3,789,626**	**4,618,377**

A portion of the net earned premiums of EUR 3,196,000 (EUR 3,589,000) from indirect property and casualty insurance business had been deferred one year before being recognised in the income statement. Of the EUR 437,000 (EUR 564,000) in net earned premiums from indirect life insurance business, EUR 301,000 (EUR 436,000) was deferred for one year before being shown in the income statement.

Premiums written – Direct life insurance business	**2014**	**2013**
in EUR '000		
Regular premiums	2,341,252	2,296,935
Annuity insurance	281,022	280,560
Whole life insurance	82,596	75,112
Mixed life insurance	509,644	522,236
Pure endowment insurance	124,805	126,284
Term life insurance	228,797	226,433
Fixed-term insurance	44,543	55,869
Unit-linked insurance	713,312	652,209
Index-linked insurance	11,170	11,673
Government sponsored pension plans	345,363	346,559
Single premium policies	1,844,594	1,890,890
Annuity insurance	228,459	110,217
Whole life insurance	45,963	43,038
Mixed life insurance	659,593	985,680
Pure endowment insurance	190,068	190,437
Term life insurance	103,320	87,544
Fixed-term insurance	111	326
Unit-linked insurance	549,048	387,928
Index-linked insurance	55,967	85,176
Government sponsored pension plans	12,065	544
Total written premiums direct in life insurance business	**4,185,846**	**4,187,825**
thereof:		
Policies with profit participation	*1,797,023*	*1,930,863*
Policies without profit participation	*701,898*	*772,873*
Unit-linked life insurance policies	*1,619,788*	*1,387,240*
Index-linked life insurance policies	*67,137*	*96,849*

Please refer to the respective separate financial statements for information on investments for unit-linked and index-linked life insurance.

Premiums written – Health insurance (gross)	**2014**	**2013**
in EUR '000		
Direct business	386,222	397,751
Individual insurance	261,610	255,344
Group insurance	124,612	142,407
Indirect business	73	74
Group insurance	73	74
Total written premiums in health	**386,295**	**397,825**

29. FINANCIAL RESULT

Composition Income	Property and casualty 2014	Life 2014	Health 2014	Total 2014
in EUR '000				
Current income	261,918	908,640	51,272	1,221,830
Income from reversals of write-downs	62,595	17,759	808	81,162
thereof a reduction in impairment	*25,550*	*6,044*	*0*	*31,594*
Income from the disposal of investments	84,571	129,269	990	214,830
Total	**409,084**	**1,055,668**	**53,070**	**1,517,822**

Composition Income	Current income 2014	Income from reversals of write-downs 2014	Gains from disposal of investments 2014	Total 2014
in EUR '000				
Self-used land and buildings	19,618	0	259	19,877
Investment property	70,284	11,200	39,430	120,914
Loans	50,128	3,916	0	54,044
Reclassified loans	26,790	0	7,331	34,121
Bonds classified as loans	66,420	0	23,409	89,829
Financial instruments held to maturity	85,006	0	286	85,292
Government bonds	74,511	0	269	74,780
Covered bonds	7,763	0	0	7,763
Corporate bonds	1,880	0	0	1,880
Bonds from financial institutions	834	0	15	849
Subordinated bonds	18	0	2	20
Financial instruments reclassified as held to maturity	40,816	0	0	40,816
Government bonds	36,494	0	0	36,494
Covered bonds	3,326	0	0	3,326
Bonds from financial institutions	996	0	0	996
Financial instruments available for sale	686,747	16,478	128,634	831,859
Bonds	616,068	16,478	79,909	712,455
Government bonds	292,521	4,878	45,300	342,699
Covered bonds	52,808	0	1,636	54,444
Corporate bonds	93,667	0	3,802	97,469
Bonds from financial institutions	126,566	11,600	26,427	164,593
Subordinated bonds	50,506	0	2,744	53,250
Shares and other participations	29,465	0	25,065	54,530
Investment funds	41,206	0	23,660	64,866
Other securities	8	0	0	8
Financial instruments held for trading	4,022	34,712	7,578	46,312
Bonds	2,872	2,287	2,217	7,376
Government bonds	2,360	2,145	1,891	6,396
Bonds from financial institutions	358	80	325	763
Subordinated bonds	154	62	1	217
Shares and other non-fixed-interest securities	1,140	1,807	892	3,839
Investment funds	10	2,580	543	3,133
Derivatives	0	28,038	3,926	31,964
Financial instruments recognised at fair value through profit and loss	3,984	14,845	7,881	26,710
Bonds	3,412	13,064	7,179	23,655
Government bonds	1,388	2,518	3	3,909
Corporate bonds	12	50	0	62
Bonds from financial institutions	1,680	9,944	3,120	14,744
Subordinated bonds	332	552	4,056	4,940
Shares and other non-fixed-interest securities	6	386	289	681
Investment funds	566	1,395	413	2,374
Other investments	131,505	11	22	131,538
Unit- and index-linked life insurance	36,510	0	0	36,510
Total	**1,221,830**	**81,162**	**214,830**	**1,517,822**
thereof participations	*5,746*	*0*	*56*	*5,802*

Please see Table 2 "Land and buildings" on page 125 for information on operating expenses for investment property.

Composition Income	Property and casualty 2013 restated	Life 2013	Health 2013	Total 2013 restated
in EUR '000				
Current income	345,222	929,876	42,949	1,318,047
Income from reversals of write-down	22,004	36,792	1,591	60,387
thereof a reduction in impairment	*2,893*	*21,012*	*1,591*	*25,496*
Income from the disposal of investments	119,886	150,007	2,049	271,942
Total	**487,112**	**1,116,675**	**46,589**	**1,650,376**

Composition Income	Current income 2013 restated	Income from reversals of write-downs 2013	Gains from disposal of investments 2013	Total 2013 restated
in EUR '000				
Self-used land and buildings	20,314	1,072	511	21,897
Investment property	126,878	22,826	72,330	222,034
Loans	45,981	969	26	46,976
Reclassified loans	37,443	0	4,819	42,262
Bonds classified as loans	80,047	89	10,775	90,911
Financial instruments held to maturity	94,345	32	24	94,401
Government bonds	80,185	0	23	80,208
Covered bonds	7,686	0	0	7,686
Corporate bonds	4,404	32	0	4,436
Bonds from financial institutions	1,937	0	0	1,937
Subordinated bonds	133	0	1	134
Financial instruments reclassified as held to maturity	45,032	0	0	45,032
Government bonds	39,857	0	0	39,857
Covered bonds	3,597	0	0	3,597
Bonds from financial institutions	1,578	0	0	1,578
Financial instruments available for sale	673,882	508	143,010	817,400
Bonds	608,399	508	93,713	702,620
Government bonds	279,393	0	55,600	334,993
Covered bonds	57,351	0	4,758	62,109
Corporate bonds	76,055	0	1,827	77,882
Bonds from financial institutions	131,702	176	27,378	159,256
Subordinated bonds	63,898	332	4,150	68,380
Shares and other participations	26,270	0	21,342	47,612
Investment funds	39,188	0	27,955	67,143
Other securities	25	0	0	25
Financial instruments held for trading	6,610	19,886	30,950	57,446
Bonds	3,982	656	1,502	6,140
Government bonds	2,564	536	1,372	4,472
Corporate bonds	1,097	0	115	1,212
Bonds from financial institutions	151	83	15	249
Subordinated bonds	170	37	0	207
Shares and other non-fixed-interest securities	2,626	2,877	1,592	7,095
Investment funds	0	1,717	386	2,103
Derivatives	2	14,636	27,470	42,108
Financial instruments recognised at fair value through profit and loss	25,474	14,967	1,480	41,921
Bonds	24,296	10,319	550	35,165
Government bonds	19,001	931	0	19,932
Covered bonds	656	0	0	656
Corporate bonds	734	6	263	1,003
Bonds from financial institutions	2,321	7,898	287	10,506
Subordinated bonds	1,584	1,484	0	3,068
Shares and other non-fixed-interest securities	14	1,945	2	1,961
Investment funds	1,164	2,703	928	4,795
Other investments	125,876	38	522	126,436
Unit- and index-linked life insurance	36,165	0	7,495	43,660
Total	**1,318,047**	**60,387**	**271,942**	**1,650,376**
thereof participations	*14,015*	*0*	*4,558*	*18,573*

Composition of Expenses	Property and casualty	Life	Health	Total
	2014	2014	2014	2014
in EUR '000				
Amortisation of investments	44,907	128,004	13,165	186,076
thereof impairment of investements	*12,901*	*94,629*	*10,589*	*118,119*
Exchange rate changes	-2,876	-18,829	-779	-22,484
Losses from disposal of investments	16,196	26,729	461	43,386
Interest expenses	58,496	19,466	905	78,867
Personnel provisions	5,239	4,717	797	10,753
Interest on borrowings	53,257	14,749	108	68,114
Other expenses	99,794	74,062	5,818	179,674
Total	**216,517**	**229,432**	**19,570**	**465,519**

Other expenses consisted of managed portfolio fees of EUR 30,681,000 (EUR 27,263,000), asset management expenses of EUR 120,200,000 (EUR 125,999,000) and other expenses of EUR 28,793,000 (EUR 25,523,000).

The impairment of investments includes the EUR 79,363,000 write-down of Hypo Alpe Adria loans and bonds.

Composition Expenses	Amortisation of investments 2014	Exchange rate changes 2014	Losses from disposal of investments 2014	Total 2014
in EUR '000				
Self-used land and buildings	16,395	0	0	16,395
Investment property	51,530	0	43	51,573
Loans	47,359	-690	1	46,670
Reclassified loans	0	0	5	5
Bonds classified as loans	10,000	0	822	10,822
Financial instruments held to maturity	590	-1,624	0	-1,034
Government bonds	363	-1,568	0	-1,205
Corporate bonds	227	-56	0	171
Financial instruments reclassified as held to maturity	0	-166	0	-166
Government bonds	0	-166	0	-166
Financial instruments available for sale	48,553	-25,359	12,434	35,628
Bonds	35,702	-17,386	6,393	24,709
Government bonds	0	-14,380	4,683	-9,697
Covered bonds	0	-144	18	-126
Corporate bonds	566	-528	1,095	1,133
Bonds from financial institutions	35,000	-2,327	390	33,063
Subordinated bonds	136	-7	207	336
Shares and other participations	10,239	0	4,237	14,476
Investment funds	2,612	-7,973	1,804	-3,557
Financial instruments held for trading	6,022	1,802	23,352	31,176
Bonds	868	-231	392	1,029
Government bonds	839	-124	389	1,104
Bonds from financial institutions	29	-99	3	-67
Subordinated bonds	0	-8	0	-8
Shares and other non-fixed-interest securities	1,786	0	983	2,769
Investment funds	283	-219	61	125
Derivatives	3,085	2,252	21,916	27,253
Financial instruments recognised at fair value through profit and loss	4,580	-1,280	6,687	9,987
Bonds	2,782	-1,237	6,371	7,916
Government bonds	763	-20	26	769
Corporate bonds	48	0	0	48
Bonds from financial institutions	1,518	-1,217	2,205	2,506
Subordinated bonds	453	0	4,140	4,593
Shares and other non-fixed-interest securities	314	0	0	314
Investment funds	1,484	-43	316	1,757
Other investments	1,047	4,833	42	5,922
Total	**186,076**	**-22,484**	**43,386**	**206,978**
thereof impairment	*118,119*	*0*	*0*	*118,119*
thereof participations	*1,773*	*0*	*9*	*1,782*

Composition Expenses	**Property and casualty 2013 restated**	**Life 2013**	**Health 2013**	**Total 2013 restated**
in EUR '000				
Allocation of investments	64,969	78,115	14,985	158,069
thereof impairment of investments	*8,382*	*31,042*	*12,184*	*51,608*
Exchange rate changes	13,256	-9,209	-11	4,036
Losses from disposal of investments	23,229	28,288	4,726	56,243
Interest expenses	41,154	20,068	2,562	63,784
Personnel provisions	5,099	4,136	1,419	10,654
Interest on borrowings	36,055	15,932	1,143	53,130
Other expenses	107,815	65,894	5,076	178,785
Total	**250,423**	**183,156**	**27,338**	**460,917**

Composition Expenses	Amortisation of investments 2013 restated	Exchange rate changes 2013 restated	Losses from disposal of investments 2013	Total 2013 restated
in EUR '000				
Self-used land and buildings	16,702	0	204	16,906
Investment property	71,513	0	4	71,517
Loans	5,173	5	0	5,178
Reclassified loans	0	0	914	914
Bonds classified as loans	4,613	0	0	4,613
Financial instruments held to maturity	804	550	26	1,380
Government bonds	10	562	26	598
Corporate bonds	794	-9	0	785
Subordinated bonds	0	-3	0	-3
Financial instruments reclassified as held to maturity	0	-645	0	-645
Government bonds	0	-645	0	-645
Financial instruments available for sale	37,788	-10,941	20,439	47,286
Bonds	2,463	-5,869	7,211	3,805
Government bonds	489	-4,955	6,195	1,729
Covered bonds	0	-13	19	6
Corporate bonds	489	-273	136	352
Bonds from financial institutions	0	-601	248	-353
Subordinated bonds	1,485	-27	613	2,071
Shares and other participations	13,766	0	4,919	18,685
Investment funds	21,559	-5,072	8,309	24,796
Financial instruments held for trading	8,620	-544	28,904	36,980
Bonds	7,490	-10	1,061	8,541
Government bonds	1,145	-28	1,034	2,151
Corporate bonds	6,283	0	25	6,308
Bonds from financial institutions	62	18	2	82
Shares and other non-fixed-interest securities	962	0	1,553	2,515
Investment funds	153	-64	41	130
Derivatives	15	-470	26,249	25,794
Financial instruments recognised at fair value through profit and loss	10,375	348	2,094	12,817
Bonds	9,409	405	1,729	11,543
Government bonds	1,975	38	0	2,013
Covered bonds	0	0	603	603
Corporate bonds	31	0	4	35
Bonds from financial institutions	6,866	367	1,122	8,355
Subordinated bonds	537	0	0	537
Shares and other non-fixed-interest securities	208	0	9	217
Investment funds	758	-57	356	1,057
Other investments	2,481	15,263	695	18,439
Unit- and index-linked life insurance	0	0	2,963	2,963
Total	**158,069**	**4,036**	**56,243**	**218,348**
thereof impairment	*51,608*	*0*	*0*	*51,608*
thereof participations	*10,932*	*0*	*1,846*	*12,778*

Interest expenses and other expenses result from items on the liabilities side of the balance sheet or from business operations and therefore cannot be directly allocated to an investment class.

30. RESULT FROM SHARES IN AT EQUITY CONSOLIDATED COMPANIES

Composition	Property and casualty 2014	Life 2014	Health 2014	Total 2014
in EUR '000				
Income				
Current result	55,801	9,596	0	65,397
Gains from disposal of investments	2,149	0	0	2,149
Subtotal	**57,950**	**9,596**	**0**	**67,546**
Expenses				
Losses from disposal of investments	-2,989	0	0	-2,989
Subtotal	**-2,989**	**0**	**0**	**-2,989**
Total	**54,961**	**9,596**	**0**	**64,557**

Composition	Property and casualty 2013 restated	Life 2013 restated	Health 2013	Total 2013
in EUR '000				
Income				
Current result	29,819	6,569	0	36,388
Gains from disposal of investments	1,006	0	0	1,006
Total	**30,825**	**6,569**	**0**	**37,394**

31. OTHER INCOME

Composition	Property and casualty 2014	Life 2014	Health 2014	Total 2014
in EUR '000				
Other underwriting income	47,613	33,384	114	81,111
Other non-underwriting income	31,743	12,589	15	44,347
Total	**79,356**	**45,973**	**129**	**125,458**

Other income consists primarily of EUR 10,261,000 (EUR 9,656,000) in compensation for services performed, EUR 15,750,000 (EUR 9,111,000) from the release of other provisions, EUR 10,113,000 (EUR 11,627,000) from fees of all kinds, EUR 20,023,000 (EUR 40,981,000) from exchange rate gains, EUR 33,989,000 (EUR 23,953,000) from the reversal of allowances for receivables and receipt of payment for written-off receivables, and EUR 6,320,000 (EUR 12,879,000) in commission income.

Composition	Property and casualty 2013	Life 2013	Health 2013	Total 2013
in EUR '000				
Other underwriting income	56,987	48,211	4	105,202
Other non-underwriting income	28,237	10,286	172	38,695
Total	**85,224**	**58,497**	**176**	**143,897**

32. EXPENSES FOR CLAIMS AND INSURANCE BENEFITS

Composition	Gross 2014	Reinsurers' share 2014	Retention 2014
in EUR '000			
Property and casualty insurance			
Expenses for claims and insurance benefits			
Payments for claims and insurance benefits	2,691,655	-307,448	2,384,207
Change in provision for outstanding claims	234,523	-129,936	104,587
Subtotal	**2,926,178**	**-437,384**	**2,488,794**
Change in actuarial reserve	-11	-3	-14
Change in other underwriting provisions	-15,400	991	-14,409
Expenses for profit-unrelated premium refunds	23,049	-2,152	20,897
Total expenses	**2,933,816**	**-438,548**	**2,495,268**
Life insurance			
Expenses for claims and insurance benefits			
Payments for claims and insurance benefits	3,585,593	-23,313	3,562,280
Change in provision for outstanding claims	19,999	1,851	21,850
Subtotal	**3,605,592**	**-21,462**	**3,584,130**
Change in actuarial reserve	430,192	12,543	442,735
Change in other underwriting provisions	130	23	153
Expenses for profit-related and profit-unrelated premium refunds	67,378	0	67,378
Total expenses	**4,103,292**	**-8,896**	**4,094,396**
Health insurance			
Expenses for claims and insurance benefits			
Payments for claims and insurance benefits	253,036	-519	252,517
Change in provision for outstanding claims	3,207	-17	3,190
Subtotal	**256,243**	**-536**	**255,707**
Change in actuarial reserve	62,657	-143	62,514
Expenses for profit-unrelated premium refunds	12,048	0	12,048
Total expenses	**330,948**	**-679**	**330,269**
Total	**7,368,056**	**-448,123**	**6,919,933**

Composition	Gross 2013	Reinsurers' share 2013	Retention 2013
in EUR '000			
Property and casualty insurance			
Expenses for claims and insurance benefits			
Payments for claims and insurance benefits	2,895,695	-342,576	2,553,119
Change in provision for outstanding claims	195,793	-29,567	166,226
Subtotal	**3,091,488**	**-372,143**	**2,719,345**
Change in actuarial reserve	-3	-1	-4
Change in other underwriting provisions	-19,839	327	-19,512
Expenses for profit-unrelated premium refunds	15,262	-978	14,284
Total expenses	**3,086,908**	**-372,795**	**2,714,113**
Life insurance			
Expenses for claims and insurance benefits			
Payments for claims and insurance benefits	3,528,532	-22,488	3,506,044
Change in provision for outstanding claims	40,366	619	40,985
Subtotal	**3,568,898**	**-21,869**	**3,547,029**
Change in actuarial reserve	513,845	8,424	522,269
Change in other underwriting provisions	-3	-20	-23
Expenses for profit-related and profit-unrelated premium refunds	93,575	0	93,575
Total expenses	**4,176,315**	**-13,465**	**4,162,850**
Health insurance			
Expenses for claims and insurance benefits			
Payments for claims and insurance benefits	263,503	-439	263,064
Change in provision for outstanding claims	644	-7	637
Subtotal	**264,147**	**-446**	**263,701**
Change in actuarial reserve	58,524	-152	58,372
Expenses for profit-unrelated premium refunds	11,516	0	11,516
Total expenses	**334,187**	**-598**	**333,589**
Total	**7,597,410**	**-386,858**	**7,210,552**

33. ACQUISITION AND ADMINISTRATIVE EXPENSES

Composition	Property and casualty 2014	Life 2014	Health 2014	Total 2014
in EUR '000				
Acquisition expenses				
Commission expenses	743,302	396,862	9,948	1,150,112
Pro rata personnel expenses	179,618	93,896	17,968	291,482
Pro rata material expenses	130,509	83,016	7,413	220,938
Subtotal	**1,053,429**	**573,774**	**35,329**	**1,662,532**
Administrative expenses				
Pro rata personnel expenses	91,897	58,493	8,739	159,129
Pro rata material expenses	97,624	81,510	7,196	186,330
Subtotal	**189,521**	**140,003**	**15,935**	**345,459**
Received reinsurance commissions	-122,490	-10,594	-134	-133,218
Total	**1,120,460**	**703,183**	**51,130**	**1,874,773**

Composition	Property and casualty 2013	Life 2013	Health 2013	Total 2013
in EUR '000				
Acquisition expenses				
Commission expenses	749,856	362,378	8,331	1,120,565
Pro rata personnel expenses	179,887	84,593	16,481	280,961
Pro rata material expenses	135,217	85,851	7,404	228,472
Subtotal	**1,064,960**	**532,822**	**32,216**	**1,629,998**
Administrative expenses				
Pro rata personnel expenses	102,414	51,901	6,788	161,103
Pro rata material expenses	97,824	77,114	8,012	182,950
Subtotal	**200,238**	**129,015**	**14,800**	**344,053**
Received reinsurance commissions	-95,505	-12,098	-130	-107,733
Total	**1,169,693**	**649,739**	**46,886**	**1,866,318**

34. OTHER EXPENSES

Composition	Property and casualty 2014	Life 2014	Health 2014	Total 2014
in EUR '000				
Other underwriting expenses	99,036	66,831	166	166,033
Other non-underwriting expenses	93,807	22,010	1,138	116,955
Total	**192,843**	**88,841**	**1,304**	**282,988**

Other expenses consist primarily of EUR 64,571,000 (EUR 63,611,000) for valuation allowances (not including investments), EUR 14,498,000 (EUR 73,834,000) in write-downs of the insurance portfolio and customer base, EUR 0 (EUR 100,000,000) in impairment of goodwill for the Romanian property and casualty CGU group and Asirom trademark, EUR 22,032,000 (EUR 27,019,000) in brokering expenses, EUR 22,306,000 (EUR 23,845,000) in underwriting taxes, EUR 28,903,000 (EUR 16,038,000) in exchange rate losses, EUR 6,510,000 (EUR 7,007,000) in other contributions and fees, EUR 50,000,000 (EUR 0) in writedowns of IT projects, and EUR 19,973,000 (EUR 13,326,000) in expenses for government-imposed contributions.

Composition	Property and casualty 2013 restated	Life 2013	Health 2013	Total 2013 restated
in EUR '000				
Other underwriting expenses	106,927	55,813	156	162,896
Other non-underwriting expenses	218,446	32,810	3,632	254,888
Total	**325,373**	**88,623**	**3,788**	**417,784**

35. TAX EXPENSES

Composition	2014	2013 restated
in EUR '000		
Actual taxes	74,932	109,505
Actual taxes related to other periods	7,200	-43,275
Total actual taxes	**82,132**	**66,230**
Deferred taxes		
Increase or decrease of temporary differences	24,320	35,432
Change of tax rate	18,312	405
Non-recognition/reduction of temporary differences	-3,890	4,022
Change of recognition of tax loss carryforwards	6,132	-7,252
Total deferred taxes	**44,874**	**32,607**
Total	**127,006**	**98,837**

Reconciliation	2014	2013 restated
in EUR '000		
Expected income tax rate in %	25%	25%
Profit before taxes	518,366	355,147
Expected tax expense	**129,592**	**88,787**
Adjusted for tax effects due to:		
Tax-exempt income from participations	-18,503	-15,195
Non-deductible expenses	23,380	30,332
Income not subject to tax	-40,598	-41,492
Hybrid capital interest not subject to tax	0	-8,479
Taxes from previous years	9,852	-43,197
Changes in tax rates	18,312	405
Adjustments to prior year tax loss carryforwards	708	-12,233
Reversals of deferred tax assets on tax loss carryforwards	-5,871	-8,123
Valuation allowance on tax loss carryforwards in current year	6,633	20,751
Expiration of tax loss carryforwards in current year	1,639	66
Tax effects from consolidation level	-2,064	80,190
Other	3,926	7,025
Effective tax expenses	**127,006**	**98,837**
Effective tax rate in %	**24.5%**	**27.8%**

The income tax rate of the parent company VIG Holding is used as the Group tax rate.

36. OTHER DISCLOSURES

Employee statistics	2014	2013 restated
Austria	**5,202**	**5,235**
Field staff	2,817	2,828
Office staff	2,385	2,407
Czech Republic	**4,802**	**4,852**
Field staff	2,985	3,000
Office staff	1,817	1,852
Slovakia	**1,579**	**1,557**
Field staff	800	804
Office staff	779	753
Poland	**1,825**	**1,742**
Field staff	911	784
Office staff	914	958
Romania	**2,351**	**2,727**
Field staff	1,355	1,615
Office staff	996	1,112
Remaining Markets	**7,168**	**6,706**
Field staff	4,266	4,108
Office staff	2,902	2,598
Central Functions	**433**	**543**
Office staff	433	543
Total	**23,360**	**23,362**

Personnel expenses	2014	2013 restated
in EUR '000		
Wages and salaries	419,298	422,169
Expenses for severance benefits and payments to company pension plans	10,490	-3,727
Expenses for retirement provisions	13,133	32,087
Mandatory social security contributions and expenses	134,683	137,458
Other social security expenses	14,857	15,057
Total	**592,461**	**603,044**
thereof field staff	*278,465*	*272,307*
thereof office staff	*313,996*	*330,737*

Supervisory Board and Managing Board compensation (gross)	2014	2013
in EUR '000		
Compensation paid to Supervisory Board members	419	386
Total payments to former members of the Managing Board or their survivors	561	1,658
Provision for future pension obligations for Managing Board members	1,035	933
Compensation paid to active Managing Board members	2,432	3,611

The members of the Managing Board received EUR 2,432,000 (EUR 3,611,000) in remuneration for their services to the Company during the reporting period. Members of the Managing Board are provided a company car for both business and personal use.

The members of the Managing Board received EUR 392,000 (EUR 1,183,000) from subsidiaries during the reporting period.

Former members of the Managing Board received EUR 561,000 (EUR 1,658,000). Former members of the Managing Board received EUR 110,000 from subsidiaries during the reporting period.

The Managing Board consisted of four members in 2014.

The average number of employees in the fully consolidated companies was 23,360 (23,362). Of these, 13,134 (13,139) were active in sales, resulting in personnel expenses of EUR 278,465,000 (EUR 272,307,000), and 10,226 (10,223) were in operations, resulting in personnel expenses of EUR 313,996,000 (EUR 330,737,000).

37. AUDITING FEES AND AUDITING SERVICES

Auditing fees were EUR 928,000 (EUR 1,610,000) and were broken down into the following areas:

Composition	2014	2013
in EUR '000		
Audit of consolidated financial statements	130	130
Audit of financial statements of parent company	38	38
Other audit services	351	991
Tax fees	99	333
All other fees	310	118
Total	**928**	**1,610**

38. RELATED PARTIES

Related parties

Related parties include the affiliated companies, joint ventures and associated companies listed in Note 4. In addition, the members of the Managing Board and Supervisory Board of Vienna Insurance Group and their families also qualify as related parties. Wiener Städtische Versicherungsverein holds a majority of the voting rights of Vienna Insurance Group. Based on this controlling interest, it is therefore also a related party.

No loans or guarantees were granted to the members of the Managing Board or Supervisory Board during the reporting periods.

Likewise, no loans or guarantees existed as of 31 December 2014 or 31 December 2013.

Transactions with related parties

The Group charges Wiener Städtische Versicherungsverein for office space. Other paid services (e.g. accounting services) are also provided by the Group.

Due to the loss of control and the related passing of control to Wiener Städtische Versicherungsverein, transactions with the non-profit housing societies are included under related party transactions. The loss of control was the result of contractual provisions between Wiener Städtische Versicherungsverein and the non-profit housing societies.

Transactions with non-consolidated affiliated and associated companies mainly relate to financing and service charges.

Open items with related companies at the end of the reporting period	31.12.2014	31.12.2013 restated
in EUR '000		
Receivables	173,577	181,303
thereof parent company	*159,396*	*122,114*
Liabilities	39,492	37,456
thereof parent company	*20,983*	*20,291*
Loans	164,656	43,405
thereof parent company	*107,305*	*91,257*

Transaction volumes with related companies	2014	2013 restated
in EUR '000		
Receivables	89,277	87,306
thereof parent company	*77,757*	*74,874*
Liabilities	103,771	113,904
thereof parent company	*1,547*	*33,635*
Loans	150,421	35,182
thereof parent company	*16,048*	*6,000*

Open items with related persons at the end of the reporting period	31.12.2014	31.12.2013 restated
in EUR '000		
Receivables	1	15
Liabilities	877	725
Loans	55	87

Transaction volumes with related persons	2014	2013
in EUR '000		
Receivables	48	153
Liabilities	1,527	1,372
Loans	51	62

Income statement items concerning related persons	2014	2013 restated
in EUR '000		
Compensation paid to Supervisory Board members	1,652	1,342
Interest received on loans granted	0	5
Insurance premiums received	354	899
Other payments (incl. dividends paid)	825	494

39. OBLIGATIONS UNDER OPERATING LEASES

Vienna Insurance Group's lease obligations are primarily due to leases of company vehicles and buildings.

Future cumulative minimum lease payments under operating leases are shown in the following table according to maturity:

Maturity structure of payments	31.12.2014	31.12.2013 restated
in EUR '000		
up to one year	21,200	19,658
more than one year up to five years	9,825	7,318
more than five years	7	694
Total	**31,032**	**27,670**

Significant events after the balance sheet date

Resolution of the government bank resolution company HETA
The Austrian Financial Market Authority (FMA) made a decision on 1 March 2015 to resolve the government bank resolution company HETA under BaSAG (Austrian Federal Act on the Recovery and Resolution of Banks). This will have effects on Austria as a financial centre, depending on the outcome of various civil and constitutional actions before the courts. VIG has to take account of this decision in its consolidated financial statements by making large write-downs of Austrian Group company claims against HETA (see financial result).

Successful bond issue: VIG's capital structure strengthened
On 2 March 2015 the Company issued a subordinated bond with a nominal value of EUR 400,000,000.00 and a term of 31 years. The Company can call the bond in full for the first time on 2 March 2026 and on each following coupon date. The subordinated bond bears interest at a fixed rate of 3.75% p.a. during the first eleven years of its term and variable interest after that. The subordinate bond satisfies the Tier 2 requirements of Solvency II. The bond is listed on the Luxembourg Stock Exchange. In March 2015, the Company repurchased EUR 51,983,000 of the nominal value of Tranche 1 of the EUR 500 million in income bonds issued in 2008 and EUR 35,822,500 of the nominal value of supplementary capital bond 2005-2022 issued in January 2005.

Tense situation in the Ukraine
The mutual economic sanctions imposed by the EU and Russia have been extended a number of times since the beginning of the year. Key representatives of the EU generally state that the sanctions should remain specifically linked to the situation in the Ukraine. The EU has been sceptical to date about the possibility of US weapons deliveries to the Ukraine. At the beginning of March, the International Monetary Fund (IMF) approved another aid package of more than EUR 16 billion for the Ukraine. A large amount of these funds is aimed at stabilising the currency.

The Supervisory Board had the following members in financial year 2014:

Chairman:
Günter Geyer (since 6 June 2014)
Wolfgang Ruttenstorfer (until 6 June 2014)

Deputy Chairman:
Karl Skyba

Members:
Bernhard Backovsky
Martina Dobringer
Rudolf Ertl (since 6 June 2014)
Alois Hochegger (until 6 June 2014)
Maria Kubitschek (since 6 June 2014)
Heinz Öhler
Reinhard Ortner
Georg Riedl (since 6 June 2014)
Martin Roman (until 6 June 2014)
Friedrich Stara (until 6 June 2014)
Gertrude Tumpel-Gugerell

Members of the Managing Board and Supervisory Board received no advances or loans in financial year 2014. There were no loans outstanding to members of the Managing Board or Supervisory Board as of 31 December 2014.

No guarantees were outstanding for members of the Managing Board or Supervisory Board as of 31 December 2014.

The Managing Board had the following members in financial year 2014:

Chairman:
Peter Hagen

Members:
Franz Fuchs
Peter Höfinger
Martin Simhandl

Compensation plan for members of the Managing Board

The Managing Board of the Company manages Vienna Insurance Group. In some cases, responsibility is also assumed for additional duties in subsidiaries or related companies.

Managing Board compensation takes into account the importance of the Group and the responsibility that goes with it, the economic situation of the Company, and the market environment. The variable portion of the compensation emphasises the need for sustainability in a number of ways. Achieving sustainability depends to a large extent on satisfying performance criteria that extend beyond a single financial year.

The performance-related compensation is limited. The maximum performance-related compensation that the Managing Board can receive by overachieving all of its targets in financial year 2014 is approximately the same as its fixed salary. The awarding of such compensation requires that consideration be given to the sustainable development of the Company and the Group; non-financial factors, including, for example, those resulting from the Company's commitment to social responsibility, are also taken into account when target achievement is assessed. The Managing Board is not entitled to the performance-related component of compensation if performance fails to meet certain thresholds. Even if the performance target is met in a financial year, because of the focus on sustainability, the full variable compensation is only awarded if satisfactory performance is also reported in the following year.

In 2014, the key performance criteria for variable compensation are the combined ratio, premium growth, the profit before taxes for the years 2014 and 2015, and a country-specific target for 2014 and 2015.

Managing Board compensation does not include stock options or similar instruments.

The Managing Board consisted of four members in 2014.

The standard employment contract for a member of the Managing Board of the Company includes a pension equal to a maximum of 40% of the measurement basis if the member remains on the Managing Board until the age of 65 (the measurement basis is equal to the standard fixed salary).

A pension is normally received only if a Managing Board member's position is not extended and the member is not at fault for the lack of extension, or the Managing Board member retires due to illness or age.

In cases where the provisions of the Austrian Employee and Self-Employment Provisions Act (Mitarbeiter- und Selbstständigen-Vorsorgegesetz) are not applicable by law, the Company's Managing Board contracts provide for a severance payment entitlement structured in accordance with the provisions of the Austrian Employee Act (Angestelltengesetz), as amended in 2003, in combination with applicable sector-specific provisions. This allows Managing Board members to receive a severance payment equal to two to twelve months' compensation, depending on the period of service, with a supplement of 50% if the member retires or leaves after a long-term illness. A Managing Board member who leaves of his or her own volition before retirement is possible, or leaves due to a fault of his or her own, is not entitled to a severance payment.

Members of the Managing Board are provided a company car for both business and personal use.

The members of the Managing Board received EUR 2,432,000 (EUR 3,611,000) in remuneration for their services to the Company during the reporting period. The members of the Managing Board received EUR 392,000 (EUR 1,183,000) from subsidiaries during the reporting period.

Former members of the Managing Board received EUR 561,000 (EUR 1,658,000) from the Company and EUR 110,000 from subsidiaries.

Vienna, 31 March 2015

The Managing Board:

Peter Hagen
General Manager,
Chairman of the Managing Board

Franz Fuchs
Member of the Managing Board

Peter Höfinger
Member of the Managing Board

Martin Simhandl
CFO, Member of the Managing Board

AUDITOR'S REPORT

Report on the consolidated financial statements

We have audited the accompanying consolidated financial statements of

VIENNA INSURANCE GROUP AG
Wiener Versicherung Gruppe, Vienna

for the financial year from 1 January 2014 to 31 December 2014. These consolidated financial statements consist of the consolidated balance sheet as of 31 December 2014, the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of cash flows and consolidated statement of changes in equity for the financial year ended 31 December 2014, and the notes to the consolidated financial statements.

Management's responsibility for the consolidated financial statements and for the accounting

The Company's management is responsible for the group accounting system and for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the EU, and the additional requirements pursuant of § 245a UGB (Austrian Commercial Code) and § 80b VAG (Austrian Insurance Supervision Act). This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility and description of type and scope of the statutory audit

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with legal requirements applicable in Austria and the International Standards on Auditing (ISAs), issued by the International Auditing and Assurance Standards Board (IAASB) of the International Federation of Accountants (IFAC). Those standards require that we comply with professional guidelines and that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Group's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

Our audit did not give rise to any objections. In our opinion, which is based on the results of our audit, the consolidated financial statements comply with legal requirements and give a true and fair view of the net assets and financial position of the Group as of 31 December 2014 and of its results of operations and cash flows for the financial year from 1 January to 31 December 2014 in accordance with the International Financial Reporting Standards (IFRSs) as adopted by the EU, and the additional requirements pursuant of § 245a UGB (Austrian Commercial Code) and § 80b VAG (Austrian Insurance Supervision Act).

Statement on the Group management report

In accordance with statutory provisions, the Group management report is to be audited to determine whether it is consistent with the consolidated financial statements and whether the other disclosures are not misleading with respect to the position of the Group. The auditor's report must also include a statement as to whether the Group management report is consistent with the consolidated financial statements and whether the disclosures in accordance with § 243a UGB (Austrian Commercial Code) are appropriate.

In our opinion, the Group management report is consistent with the consolidated financial statements. The disclosures in accordance with § 243a UGB are appropriate.

Vienna, 31 March 2015

KPMG Austria GmbH
Wirtschaftsprüfungs- und Steuerberatungsgesellschaft

Michael Schlenk
Auditor

Thomas Smrekar
Auditor

Only the version of the consolidated financial statements audited by us may be published or disclosed together with our auditor's report. This auditor's report refers exclusively to the complete German version of the consolidated financial statements, including the management report. The provisions of § 281(2) UGB must be observed for different versions.

DECLARATION BY THE MANAGING BOARD

We declare to the best of our knowledge that the consolidated financial statements prepared in accordance with applicable accounting standards give a true and fair view of the Group's net assets, financial position and results of operations, the Group management report presents the business development, performance and position of the Group so as to give a true and fair view of its net assets, financial position and results of operations, and the Group management report provides a description of the principal risks and uncertainties to which the Group is exposed.

The declaration for the annual financial statements of VIENNA INSURANCE GROUP AG Wiener Versicherung Gruppe is issued in the annual report of this company.

Vienna, 31 March 2015

The Managing Board:

Peter Hagen
General Manager,
Chairman of the Managing Board

Franz Fuchs
Member of the Managing Board

Peter Höfinger
Member of the Managing Board

Martin Simhandl
CFO, Member of the Managing Board

Managing Board areas of responsibility:

Peter Hagen: Group management, strategic planning, European matters, public relations, sponsoring, people management, performance management motor vehicle insurance, IT/SAP smile solutions, international processes and methods, business development; Country responsibilities: Austria (incl. coordination of s Versicherungsgruppe), Romania (Asirom, BCR Life), Czech Republic

Franz Fuchs: Performance management personal insurance, asset risk management; Country responsibilities: Baltic States, Moldova, Poland, Romania (Omniasig), Ukraine

Peter Höfinger: International corporate and large customer business, Vienna International Underwriters (VIU), reinsurance, business development; Country responsibilities: Albania (incl. Kosovo), Belarus, Bosnia-Herzegovina, Bulgaria, Croatia, Hungary, Macedonia, Montenegro, Serbia, Slovakia

Martin Simhandl: Asset management, subsidiaries department, finance and accounting, internal capital model project (Solvency II project), legal matters, treasury/capital market; Country responsibilities: Germany, Georgia, Liechtenstein, Turkey

LIST OF ABBREVIATIONS

Abbreviation	Full company name
Asirom	Asigurarea Românească - ASIROM Vienna Insurance Group S.A., Bucharest
Alpenländische Heimstätte GmbH	Alpenländische Heimstätte gemeinnützige Wohnungsbau- und Siedlungsgesellschaft m.b.H., Innsbruck
AXA Biztosító	AXA Biztosító Zrt., Budapest
BCR Life	BCR Asigurări de Viață Vienna Insurance Group S.A., Bucharest
BCR Non-life	S.C. BCR Asigurări Vienna Insurance Group S.A., Bucharest
Benefia Life	BENEFIA Towarzystwo Ubezpieczeń Na Życie S.A. Vienna Insurance Group, Warsaw
Benefia Non-life	Benefia Towarzystwo Ubezpieczeń S.A. Vienna Insurance Group, Warsaw
Beteiligungs- und Immobilien GmbH	Beteiligungs- und Immobilien GmbH, Linz
Beteiligungs- und Wohnungsanlagen GmbH	Beteiligungs- und Wohnungsanlagen GmbH, Linz
BIAC	Business Insurance Application Consulting GmbH, Vienna
Bulgarski Imoti Non-life	Bulgarski Imoti Non-Life Insurance Company AD, Sofia
Bulstrad Life	BULSTRAD LIFE VIENNA INSURANCE GROUP JOINT STOCK COMPANY, Sofia
Bulstrad Non-life	INSURANCE JOINT-STOCK COMPANY "BULSTRAD VIENNA INSURANCE GROUP", Sofia
Central Point	Central Point Insurance IT-Solutions GmbH, Vienna
Česká Kooperativa Londýn	Česká Kooperativa Londýn Ltd., London
Compensa Life (Estonia)[1]	Compensa Life Vienna Insurance Group SE, Tallinn
Compensa Life (Poland)[1]	Compensa Towarzystwo Ubezpieczeń Na Życie S.A. Vienna Insurance Group, Warsaw
Compensa Non-life	Compensa Towarzystwo Ubezpieczeń S.A. Vienna Insurance Group, Warsaw
ČPP	Česká podnikatelská pojišťovna, a.s., Vienna Insurance Group, Prague
DBLV GmbH & Co KG	DBLV Immobesitz GmbH & Co KG, Vienna
DBLV Immobesitz	DBLV Immobesitz GmbH, Vienna
Donaris	Compania de Asigurari “Donaris Vienna Insurance Group” SA, Chisinau
Donau Versicherung	DONAU Versicherung AG Vienna Insurance Group, Vienna
Doverie	Pension Insurance Company Doverie AD, Sofia
ELVP	ELVP Beteiligungen GmbH, Vienna
Erste Biztosító	ERSTE Vienna Insurance Group Biztosító Zrt., Budapest
Erste Heimstätte GmbH	Erste gemeinnützige Wohnungsgesellschaft Heimstätte Gesellschaft m.b.H., Vienna
Erste Osiguranje	Erste osiguranje Vienna Insurance Group d.d., Zagreb
Gemeinnützige Industrie-Wohnungsaktiengesellschaft	Gemeinnützige Industrie-Wohnungsaktiengesellschaft, Leonding
Gemeinnützige Mürz-Ybbs Siedlungsanlagen-GmbH	Gemeinnützige Mürz-Ybbs Siedlungsanlagen-GmbH, Kapfenberg
GLOBAL ASSISTANCE	GLOBAL ASSISTANCE, a.s., Prague
Globus	CAL ICAL "Globus", Kiev
GPIH	Joint Stock Company Insurance Company GPI Holding, Tiflis
Helios	Helios Vienna Insurance Group d.d., Zagreb
Interalbanian	Interalbanian Vienna Insurance Group Sh.a, Tirana
InterRisk	InterRisk Towarzystwo Ubezpieczeń S.A. Vienna Insurance Group, Warsaw
InterRisk Life	InterRisk Lebensversicherungs-AG Vienna Insurance Group, Wiesbaden
InterRisk Non-life	InterRisk Versicherungs-AG Vienna Insurance Group, Wiesbaden
Intersig	INTERSIG VIENNA INSURANCE GROUP Sh.A., Tirana
IRAO	International Insurance Company "Irao" LTD, Tiflis
Jahorina	Jahorina osiguranje Vienna Insurance Group Joint Stock Company, Pale
Jupiter	Private Joint-Stock Company "JUPITER LIFE INSURANCE VIENNA INSURANCE GROUP", Kiev
Kaiserstraße 113	Kaiserstraße 113 GmbH, Vienna
Kniazha	PRIVATE JOINT-STOCK COMPANY "UKRAINIAN INSURANCE COMPANY "KNIAZHA VIENNA INSURANCE GROUP"; Kiev
Komunálna	KOMUNÁLNA poisťovňa, a.s. Vienna Insurance Group, Bratislava
Kooperativa (Slovakia)[1]	KOOPERATIVA poisťovňa, a.s. Vienna Insurance Group, Bratislava
Kooperativa (Czech Republic)[1]	Kooperativa pojišťovna, a.s., Vienna Insurance Group, Prague
Kvarner	KVARNER VIENNA INSURANCE GROUP dioničko društvo za osiguranje, Rijeka
LVP Holding	LVP Holding GmbH, Vienna
Makedonija Osiguruvanje	Joint Stock Company for Insurance and Reinsurance Makedonija Skopje - Vienna Insurance Group, Skopje
Mělnická Zdravotní	Mělnická Zdravotní a.s., Prague
Neue Heimat Holding	NEUE HEIMAT Oberösterreich Holding GmbH, Vienna

Abbreviation	Full company name
Neue Heimat Oberösterreich GmbH	NEUE HEIMAT Oberösterreich Gemeinnützige Wohnungs-und SiedlungsgesmbH, Linz
Neuland GmbH	Neuland gemeinnützige Wohnbau-Gesellschaft m.b.H., Vienna
Omniasig	OMNIASIG VIENNA INSURANCE GROUP S.A., Bukarest
Österreichisches Verkehrsbüro	Österreichisches Verkehrsbüro Aktiengesellschaft, Vienna
Palais Hansen	Palais Hansen Immobilienentwicklung GmbH, Vienna
PČS	Pojišťovna České spořitelny, a.s., Vienna Insurance Group, Pardubice
Polisa	POLISA-ZYCIE Towarzystwo Ubezpieczen Spolka Akcyjna Vienna Insurance Group, Warsaw
Progress	PROGRESS Beteiligungsges.m.b.H., Vienna
PSLSP	Poisťovňa Slovenskej sporiteľne, a.s. Vienna Insurance Group, Bratislava
PZM	Polski Zwiazek Motorowy Towarzystwo Ubezpieczeń S.A. Vienna Insurance Group, Warsaw
QBE Makedonija	QBE Makedonija AD, Skopje
Rathstraße 8	Rathstraße 8 Liegenschaftsverwertungs GmbH, Vienna
Ray Sigorta	Ray Sigorta A.Ş., Istanbul
S-budovy	S - budovy, a.s., Prague
S-správa nemovitostí	S-správa nemovitosti, a.s., Prague
s Versicherung	Sparkassen Versicherung AG Vienna Insurance Group, Vienna
Schulring 21 GmbH	Schulring 21 Bürohaus Errichtungs- und Vermietungs GmbH, Vienna
Schulring 21 KG	Schulring 21 Bürohaus Errichtungs- und Vermietungs GmbH & Co KG, Vienna
Schwarzatal GmbH	"Schwarzatal" Gemeinnützige Wohnungs- und Siedlungsanlagen-GmbH, Vienna
Sigma	SIGMA VIENNA INSURANCE GROUP Sh.A., Tirana
S IMMO AG	S IMMO AG, Vienna (Konzernabschluss)
Skandia Poland	SKANDIA Życie Towarzystwo Ubezpieczeń S.A, Warsaw
Sozialbau AG	Sozialbau gemeinnützige Wohnungsaktiengesellschaft, Vienna
SURPMO	SURPMO, a.s., Prague
TBIH	TBIH Financial Services Group N.V., Amsterdam
Thaliastraße 125	T 125 GmbH, Vienna
UIG	Private Joint-Stock Company "Insurance company" Ukrainian insurance group", Kiev
Union Biztosító	UNION Vienna Insurance Group Biztosító Zrt., Budapest
Urbanbau GmbH	Urbanbau Gemeinnützige Bau-, Wohnungs- und Stadterneuerungsgesellschaft m.b.H., Vienna
VBV - Betriebliche Altersvorsorge	VBV - Betriebliche Altersvorsorge AG, Vienna
Vienna Insurance Group or VIG[2]	VIENNA INSURANCE GROUP AG Wiener Versicherung Gruppe, Vienna
VIG Holding[3]	VIENNA INSURANCE GROUP AG Wiener Versicherung Gruppe, Vienna
VIG Fund	VIG FUND uzavreny investicni fond, a.s, Prague (Konzernabschluss)
Vienna-Life	Vienna-Life Lebensversicherungs AG Vienna Insurance Group, Bendern
Vienna Life Biztosító	Vienna Life Vienna Insurance Group Biztosító Zrt. Zártkörüen Müködö Részvénytársaság, Budapest
VIG Re	VIG RE zajišťovna, a.s., Prague
Vienna International Underwriters or VIU	Vienna International Underwriters GmbH, Vienna
WGPV Holding GmbH	WGPV Holding GmbH, Vienna
Wiener Städtische	WIENER STÄDTISCHE Versicherung AG Vienna Insurance Group, Vienna
Wiener Städtische Osiguranje (Montenegro)[1]	Akcionarsko društvo za životno osiguranje Wiener Städtische Podgorica a.d., Podgorica
Wiener Städtische Osiguranje (Serbia)[1]	"WIENER STÄDTISCHE OSIGURANJE" akcionarsko društvo za osiguranje, Belgrade
Wiener Städtische Versicherungsverein	Wiener Städtische Wechselseitiger Versicherungsverein - Vermögensverwaltung - Vienna Insurance Group, Vienna
Wiener Osiguranje	Wiener osiguranje Vienna Insurance Group dioničko društvo za osiguranje, Zagreb
Winner Life	Joint Stock Insurance Company WINNER LIFE - Vienna Insurance Group, Skopje
Winner Non-life	Joint Stock Insurance company WINNER - Vienna Insurance Group, Skopje
WPWS Vermögensverwaltung GmbH	WPWS Vermögensverwaltung GmbH, Vienna
WSBV Beteiligungsverwaltung GmbH & Co KG	WSBV Beteiligungsverwaltung GmbH & Co KG, Vienna

[1] Country names in parentheses are added if there is more than one company with the same abbreviated name and it is not clear from the context which one is intended. The context is assumed to be clear, for example, if the name is used in the description of activities taking place within a country.

[2] Used when referring to VIG Group.

[3] Used when referring to the individual company.

GLOSSARY

Actuarial reserve
A reserve calculated according to mathematical principles for future insurance payments in the life and health insurance areas. In the health insurance area, this is also referred to as an ageing reserve.

Administrative expenses
Administrative expenses for retained insurance business are broken down into acquisition expenses, and other administrative expenses, less reinsurance commissions and profit commissions for reinsurance cessions. Expenses for loss investigation, loss prevention, and claims processing (claims settlement expenses) or for making insurance payments (settlement costs) are shown in the expenses for claims and insurance benefits item.

Affiliated companies
The parent company and its subsidiaries are considered to be affiliated companies if the parent company is able to exert control over the business policies of the subsidiary. Examples of this are where the parent company directly or indirectly holds more than half of all voting rights, a controlling agreement exists, or it is possible to appoint the majority of the members of the managing board or other management body of the subsidiary (§ 244 UGB).

ALM (Asset and Liability Management)
ALM refers to the continuous matching of corporate assets and liabilities. It ensures that promised payments are covered by achievable returns. ALM serves as a management instrument for developing a strategy with which financial goals can be achieved within prescribed risk limits.

Assets under management
Total investments measured at fair value that are under management by the Group and where the Group is responsible for investment performance.

Cash flow
A key figure used in the analysis of shares and companies. It represents the inflow and outflow of liquid assets during a specific accounting period. Cash flow is essentially calculated by adding together the annual profit, depreciation, changes in long-term provisions, and income taxes.

Cash flow statement
A presentation of the changes in cash and cash equivalents during a financial year, broken down into the three areas of ordinary activities, investing activities, and financing activities. The aim is to provide information on the financial strength of the company.

Ceded reinsurance premiums
Share of the premiums to which the reinsurer is entitled in return for reinsuring certain risks.

CEE (Central and Eastern Europe)
Vienna Insurance Group defines the "CEE" region as all the growth markets in Central and Eastern Europe in which the Group operates. This includes the Czech Republic, Slovakia, Poland, Romania, Albania, Belarus, Bosnia-Herzegovina, Bulgaria, Croatia, Estonia, Georgia, Hungary, Latvia, Lithuania, Macedonia, Montenegro, Russia, Serbia, Slovenia, Turkey and Ukraine. Note that differences may exist between this definition and the definition of CEE used by other companies, financial institutions (e.g. IMF, OECD, WIFO, IHS), etc.

Combined ratio (net)
When the total of all items in the income statement that contribute to the profit before taxes, except for income from investments and the value of gross earned premiums itself, is divided by gross earned premiums, the result is called the combined ratio. If this ratio is less than 100%, the company is earning a profit from the underwriting portion of the business. This ratio is only calculated for property and casualty insurance. Since the reinsurers' share is taken into account in the calculation, the result is a net combined ratio.

Consolidation
The financial statements of the parent company and those of the subsidiaries are combined when the consolidated financial statements are prepared by the parent company. During this process, intragroup equity interests, interim profits/losses, payables and receivables, and income and expenses are eliminated.

Core markets
Collective term for the ten VIG markets Austria, Czech Republic, Slovakia, Poland, Romania, Bulgaria, Croatia, Hungary, Serbia, and Ukraine.

Deposits on assumed and ceded reinsurance business
A claim by the reinsuring company against the ceding company for deposits that it retains. When business is assumed, the reinsurer's share of premiums and claims are retained as security by the ceding insurance company. The deposits on ceded reinsurance item is analogous.

Derivative financial instruments (derivatives)
Financial contracts whose value depends on the price of an underlying asset. Derivatives can be classified systematically according to the nature of the underlying asset (interest rates, share prices, exchange rates, or commodity prices). Options, futures, forwards and swaps are important examples of derivative financial instruments.

Direct business
Insurance business where a direct legal relationship exists between the insurer and policyholder.

Earned premiums
The portion of premiums written which is allocated to the current financial year.

Earnings per share (basic/diluted)
The ratio of consolidated annual profit divided by the average number of shares outstanding. The diluted earnings per share include convertible securities that have been exercised, or are still available for exercise, in the calculation of the number of shares and annual profit. The convertible securities consist of convertible bonds and stock options.

Enterprise Risk Management (ERM)
Risk and opportunity management. The responsibilities of ERM are identification, assessment, analysis and control of opportunities and risks.

Equity method
Shares in associated companies are recognised using this method. As a rule, the value recognised corresponds to the Group's share of the shareholders' equity of these companies. In the case of shares in companies that prepare their own consolidated financial statements, the consolidated shareholders' equity is used instead. For ongoing measurement, the value recognised is adjusted using the Group's share of changes to shareholders' equity, with the share of profit for the period being allocated to consolidated profit for the period and paid profit distributions deducted.

Erste Group
An abbreviated version of the company name for Erste Group Bank AG.

Expenses for claims and insurance benefits
These are comprised of the payments for insured events, payments for loss investigation, claims settlement, and loss prevention, and from the change in the associated provisions.

Fair value
Value for security calculated using a theoretical pricing model that takes into account factors on which the price depends.

FATCA – Foreign Account Tax Compliance Act
The Foreign Account Tax Compliance Act (FATCA) is part of the tax legislation package that came into effect in the United States (US) in 2010. FATCA is aimed at preventing tax evasion by US taxpayers receiving income from foreign financial institutions. FATCA requires foreign financial institutions to enter into an agreement with the US tax authorities that obligates them to disclose all material data on their US clients to the US tax authorities.

Financial instruments available for sale
Financial instruments available for sale include financial instruments that are not intended to be held to maturity, or for short-term trading purposes. They are recognised at market value as of the balance sheet date.

Financial result
Income and expenses for investments and interest. This includes, for example, income from securities, loans, real estate and participations, as well as bank interest, and expenses incurred in the financial area, such as depreciation on owned real estate, writedowns of securities to listed market prices, bank fees, etc.

Gross domestic product (GDP)
A measure of a country's economic production. All goods and services produced or provided within a country (by citizens or foreigners) during a specified period, valued at current prices (market prices) or constant prices (prices in a certain base year). By using a constant price level in the calculations, price increases can be eliminated so that the figures presented over time are independent of inflation. GDP at constant prices is also known as real GDP.

Gross/net
In insurance terminology, "gross/net" means before or after reinsurance has been deducted ("net" is also used to mean "for own account" or "retention"). In connection with income from participations, the term "net" is used when corresponding expenses have been deducted from income (e.g., write-downs and losses from sale). Therefore, (net) income from participations equals the profit or loss from these interests.

IAS
International Accounting Standards

IFRS
International Financial Reporting Standards. Since 2002, the designation IFRS has stood for the overall framework of all standards adopted by the International Accounting Standards Board. Previously adopted standards continue to be referred to as International Accounting Standards (IAS).

Income from investments and interest income
Income from investments and other interest income is comprised of income from equity interests (from associated companies), income from land and buildings, income from other investments, income from reversals of write-downs, gains from the sale of investments, and other income from investments and interest income.

Incurred but not reported losses
Losses that are reported in the current financial year but occurred in the previous year. Each year as of the balance sheet date, a reserve (= incurred but not reported reserve, IBNR) is formed for losses that relate to the financial statement year but are not reported until the following year.

Indirect business
Insurance business where the company acts as a reinsurer.

Insurance density
Annual per capita insurance premiums, used as an indicator for the state of development of a country's insurance sector.

Insurance payments (net)
Expenses (less reinsurance) for insured events.

Insurance supervisory authority
The Austrian insurance supervisory authority is a part of the Austrian Financial Market Authority (FMA) that was established as an independent authority in April 2002. Its supervision extends to private-sector insurance companies with registered offices in Austria.

KPMG
KPMG Austria AG Wirtschaftsprüfungs- und Steuerberatungsgesellschaft changed its legal form from a stock corporation (*Aktiengesellschaft*) to a limited liability company (*GmbH*). As a result, when the change was registered in the commercial register on 22 August 2014, the name of the company changed from KPMG Austria AG Wirtschaftsprüfungs- und Steuerberatungsgesellschaft to KPMG Austria GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft.

Loss reserve
A reserve for losses that have already been incurred but have not yet been settled. The losses can be divided into two categories: reserves for losses that are known but not yet settled, and reserves for losses that have been incurred but have not yet been reported, or the correct amount has not been reported ("IBNR", "IBNER").

Market capitalisation
Stock exchange value or market capitalisation means the value of a stock corporation calculated by multiplying the current stock exchange price by the total number of shares issued.

Market value
The value of an asset on the balance sheet that can be realised by selling it in the market to a third party.

Non-life
Non-life insurance includes the property and casualty insurance and health insurance segments.

Present value
Current value of a cash amount to be received in the future, calculated by discounting with a known discount rate.

Options
Derivative financial instruments which entitle, but do not obligate, the buyer to purchase (call option) or sell (put option) an underlying asset at a future point in time for a specified price. In contrast, the seller of the option is obligated to deliver or purchase the asset and receives a premium for providing the option.

Organic growth
Organic growth means the growth of a company resulting from the company's own financial strength. Such growth is therefore not the result of purchasing other companies.

Personal insurance
Comprised of life, health and casualty insurance.

PIIGS countries
The abbreviation PIIGS is made up of the initial letters of the European countries that are feeling particularly heavy pressure due to the Eurozone debt crisis: Portugal, Ireland, Italy, Greece and Spain.

Premium
Agreed fee paid in exchange for assumption of risk by an insurance company.

Premium refund (profit-dependent)
The policyholder's profit participation in the profit of the insurance line of business in question (mandatory for traditional life insurance).

Premium refund (profit-independent)
Contractually awarded refund of premiums to the policyholder.

Premiums written
In direct business, premiums written are comprised of the set premiums, not including insurance tax or fire brigade charges, plus policyholder additional payments, reduced by premiums cancelled during the financial year. In indirect business, the premiums written correspond to the premiums that the ceding insurer has indicated for writing. In co-insurance business, the premiums written by each co-insurer correspond to the share of premiums allotted to it.

Price-earnings ratio
A financial ratio for evaluating shares. The price-earnings ratio (P/E ratio) is the ratio of the price of the share to the earnings per share in a reference period or the expected earnings per share in a future period. If the reference period is defined as one year, the price-earnings ratio is the end-of-year price divided by the earnings per share for the year.

Profit participation
See premium refund (profit-dependent).

Provision for unearned premiums
The portion of premiums written that were specified for the period following the balance sheet date and are therefore not included in the income for the financial year. These premiums are used to cover obligations arising after the balance sheet date.

Rating
A rating is an evaluation of the creditworthiness of a debtor (countries, companies, etc.) often carried out by a specialised rating agency. The evaluation is expressed as a kind of grading. It is very similar to a school grading system. The rating systems of the agencies use different grading steps and their own symbols.

Reinsurance
Reinsurance is when an insurance company insures a portion of its risk with another insurance company.

Retained earnings
Retained earnings are the profits generated by the company that have not been distributed as dividends.

Return on equity (RoE)
Profit before taxes divided by average shareholders' equity, calculated using values at the beginning and end of the year.

Securities held to maturity
Securities held to maturity comprise debt securities that are intended to be held to maturity, and can be held to maturity. They are measured at cost upon initial recognition, which is equal to fair value at the time of acquisition. Subsequent measurement is at amortised cost. A write-down is recognised in profit or loss in the case of permanent impairment.

Segment reporting
Presentation of the consolidated financial statements broken down by the property and casualty insurance, life insurance, and health insurance lines of business and by region.

Single premium
A special type of premium payment used for life insurance. A (high) amount is paid as a single premium at the start of the policy.

Solvency II
Solvency II is a fundamental reform of insurance supervisory law in Europe, particularly solvency regulations relating to the capital adequacy of insurance companies. Solvency II is intended to create methods for the risk-based management of the total solvency of insurance companies. The current static system for determining capital adequacy is replaced by a risk-based system, which goes beyond the current capital adequacy provisions of the Austrian Insurance Supervision Act to also take into account, in particular, qualitative factors (e.g. internal risk management).

Standard & Poor's
Standard & Poor's is an internationally recognised rating agency. It analyses and evaluates companies, countries and bonds, among other things. It uses its own rating scale, which ranges from AAA for the highest category to CC for the lowest when rating the financial strength of insurance companies. The ratings can be modified by adding a plus or minus sign.

Stress test
Stress tests are a special form of scenario analysis. The objective is to arrive at a quantitative assessment of the potential losses incurred by portfolios in the event of extreme market fluctuations.

UGB
Austrian Commercial Code (Unternehmensgesetzbuch) in effect as of 1 January 2007 (the previous Austrian Commercial Code (Handelsgesetzbuch - HGB) was in effect until 31 December 2006).

Underwriter
Underwriters are responsible for evaluating risks in the insurance industry, and have the authority to underwrite risks. An underwriter estimates the probability and size of a loss as precisely as possible, calculates insurance premiums and establishes policy terms.

Underwriting provisions

These consist of the provision for outstanding claims, actuarial reserve, provisions for unearned premiums, provisions for profit-dependent and profit-independent premium refunds, the equalisation provision, and other underwriting provisions.

Unit-linked and index-linked life insurance

Insurance policies where the investment is made at the policy-holder's risk. The investments in this area are measured at fair value, with the underwriting reserves shown at the value of the investments.

VAG

The Austrian Insurance Supervision Act (Versicherungsaufsichtsgesetz) includes provisions governing the organization and supervision of insurance companies.

Value-at-risk (VaR)

Value-at-risk is a procedure used to calculate potential losses arising from price changes affecting the trading position. This loss potential is expressed using a specific confidence limit (e.g. 98%), and is calculated based on market-related price changes.

Volatility

Fluctuations in security prices, exchange rates, and interest rates.

Vienna Insurance Group (VIG)

When Vienna Insurance Group (VIG) is mentioned, generally the Group as a whole is meant. If a statement refers only to the activities of the Group holding company, the word “Holding” is added at the end of the name.

ADDRESSES OF GROUP COMPANIES

COUNTRY	POSTAL ADDRESS	PHONE	EMAIL/INTERNET ADDRESS
AUSTRIA			
Vienna Insurance Group	A-1010 Vienna Schottenring 30	+43 (0) 50 390 22000	info@vig.com www.vig.com
Wiener Städtische	A-1010 Vienna Schottenring 30	+43 (0) 50 350 20000	kundenservice@staedtische.co.at www.wienerstaedtische.at
Donau Versicherung	A-1010 Vienna Schottenring 15	+43 (0) 50 330 70000	donau@donauversicherung.at www.donauversicherung.at
s Versicherung	A-1010 Vienna Wipplingerstraße 36-38	+43 (0) 50100 75400	sag@s-versicherung.at www.s-versicherung.at
Italy (branch)			
Wiener Städtische	I-00147 Rome Via Cristoforo Colombo 112	+39 (0) 6 510 70 11	wiener@wieneritalia.com www.wieneritalia.com
Donau Versicherung	I-20139 Milan Via Bernardo Quaranta 45	+39 (0) 2 897569 1	info@donauassicurazioni.it www.donauassicurazioni.it
Slovenia (branch)			
Wiener Städtische	SI-1000 Ljubljana Masarykova 14	+386 (0) 1 300 17 00	info@wienerstaedtische.si www.wienerstaedtische.si
CZECH REPUBLIC			
Kooperativa	CZ-186 00 Prague 8 Pobřežní 665/21	+420 841 105 105	info@koop.cz www.koop.cz
ČPP	CZ-186 00 Prague 8 Pobřežní 665/23	+420 841 444 555	info@cpp.cz www.cpp.cz
PČS	CZ-530 02 Pardubice Nám. Republiky 115	+420 956 777 222	info@pojistovnacs.cz www.pojistovnacs.cz
VIG Re	CZ-110 01 Prague 1 Templová 747/5	+420 956 445 505	info@vig-re.com www.vig-re.com
SLOVAKIA			
Kooperativa	SK-816 23 Bratislava Štefanovičova 4	+421 (0) 2 572 99 198	info@koop.sk www.koop.sk
Komunálna	SK-811 05 Bratislava Štefánikova 17	+421 (0) 2 482 105 44	info@kpas.sk www.kpas.sk
PSLSP	SK-832 68 Bratislava 3 Tomášikova 48	+421 (0) 850 111 888	pslsp@pslsp.sk www.pslsp.sk
POLAND			
Compensa (Life and Non-life)	PL-02-342 Warsaw Aleje Jerozolimskie 162	+48 22 501 6100	centrala@compensa.pl www.compensa.pl
InterRisk	PL-00-668 Warsaw ul. Noakowskiego 22	+48 22 537 68 03	sekretariat@interrisk.pl www.interrisk.pl

COUNTRY	POSTAL ADDRESS	PHONE	EMAIL/INTERNET ADDRESS
Benefia Non-life	PL-02-342 Warsaw Aleje Jerozolimskie 162A	+48 22 544 14 70-71	centrala@benefia.pl www.benefia.pl
Polisa	PL-02-342 Warsaw Aleje Jerozolimskie 162A	+48 22 501 68 88	sekretariat@polisa-zycie.pl www.polisa-zycie.p
Skandia	PL-02-677 Warsaw Ul. Cybernetyki 7	+48 22 460 22 22	skandiazycie@skandia.pl www.skandia.pl
ROMANIA			
Omniasig	RO-011 822 Bucharest Aleea Alexandru No. 51, Sector 1	+40 (0) 21 405 74 20	office@omniasig.ro www.omniasig.ro
Asirom	RO-020 912 Bucharest Bld Carol I No. 31-33, Sector 2	+40 (0) 21 601 1099	comunicare@asirom.ro www.asirom.ro
BCR Life	RO-011 835 Bucharest Str. Rabat No. 21, Sector 1	+40 (0) 21 206 90 40	office@bcrasigviata.ro www.bcrasigviata.ro
FURTHER MARKETS			
ALBANIA			
Sigma Interalbanian	AL-Tirana Rruga: Komuna e Parisit Pall. Lura, P.O.B. 1714	+355 (0) 42 258 254	info@sigma-al.com www.sivig.al
Intersig	AL-Tirana Rr. Ismail Qemali, Samos Tower/kati II,	+355 4 22 70 576	info@intersig.al www.intersig.al
Kosovo (branch)			
Sigma Interalbanian Kosovo	KOS-10000 Prishtinë, Kosovo Qyteza Pejton Rr. P. Vasa p.n.	+381 38 246 301	info@sigma-ks.net www.sigma-ks.net
BOSNIA-HERZEGOVINA			
Wiener	BiH-78000 Banja Luka ul. Kninska 1a	+387 51 219 400	direkcija@wiener.ba www.wiener.ba
BULGARIA			
Bulstrad Non-life	BG-1000 Sofia Positano Square 5	+359 (0) 2 985 66 10	public@bulstrad.bg www.bulstrad.bg
Bulstrad Life	BG-1301 Sofia Sveta Sofia Street 6	+359 (0) 2 401 4000	bullife@bulstradlife.bg www.bulstradlife.bg
GERMANY			
InterRisk (Life and Non-life)	D-65203 Wiesbaden Carl-Bosch-Straße 5	+49 (0) 611 27 87-0	info@interrisk.de www.interrisk.de

COUNTRY	POSTAL ADDRESS	PHONE	EMAIL/INTERNET ADDRESS
ESTONIA			
Compensa Life	EE-10119 Tallinn Roosikrantsi 11	+372 610 3000	info@compensalife.ee www.compensalife.ee
GEORGIA			
GPIH	GE-0160 Tbilisi Bochorishvili Str. 88/15	+995 (0) 32 2505 111	info@gpih.ge www.gpih.ge
IRAO	GE-0160 Tbilisi Bochorishvili Str. 88/15	+995 (0) 32 2949 949	office@irao.ge www.irao.ge
CROATIA			
Wiener Osiguranje	HR-1000 Zagreb Slovenska ulica 24	+385 (0) 1 371 86 00	kontakt@wiener.hr www.wiener.hr
Erste Osiguranje	HR-10000 Zagreb Slovenska 24	+385 (0) 72 37 2700	kontakt@erste-osiguranje.hr www.erste-osiguranje.hr
LATVIA			
Compensa Life	LV-1004 Riga Vienibas gatve 87h	+371 6760 6939	info@compensalife.lv www.compensalife.lv
Compensa Non-life	LV-1004 Riga Mukusalas street 101	+371 67558888	info@compensa.lv www.compensa.lv
LIECHTENSTEIN			
Vienna-Life	LI-9487 Bendern Industriestraße 2	+423 235 06 60	office@vienna-life.li www.vienna-life.li
LITHUANIA			
Compensa Non-life	LT-09300 Vilnius Žalgirio g. 122	+370 225 55 55	info@compensa.lt www.compensa.lt
Compensa Life	LT-09320 Vilnius Lvovo g. 25	+370 85271 1414	info@compensalife.lt www.compensalife.lt
MACEDONIA			
Winner Non-life	MK-1000 Skopje Vladimir Komarov St. 11A	+389 (0) 232 316 31	winner@winner.mk www.winner.mk
Winner Life	MK-1000 Skopje 11 Oktomvri Str. 25	+389 (0) 2 3114 333	life@winnerlife.mk www.winnerlife.mk
Makedoija Osiguruvanje	MK-1000 Skopje 11 Oktomvri Str. 25	+389 (0) 2 3115 188	info@insumak.mk www.insumak.mk
MOLDOVA			
Donaris	MD-2004 Chisinau 31 august 1989, Street 108/1	+373 22 265 700	office@donaris.md www.donaris.md

COUNTRY	POSTAL ADDRESS	PHONE	EMAIL/INTERNET ADDRESS
MONTENEGRO			
Wiener Städtische Osiguranje	ME-81000 Podgorica Rimski trg 47	+382 (20) 205 150	office@wiener.co.me www.wiener.me
SERBIA			
Wiener Städtische Osiguranje	RS-11070 Belgrade Trešnjinog cveta br.1	+381 11 2209 800	office@wiener.co.rs www.wiener.co.rs
Wiener Re	RS-11070 Belgrade Trešnjinog cveta 1	+381 (0) 11 2209 960	wienerre@wiener.co.rs www.wienerre.rs
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UKRAINE			
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Globus	UA-01010 Kiev Andriya Ivanova 21/17-1	+38 (0) 44 254 53 78	office@ic-globus.com www.ic-globus.com
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ADDRESS • NOTES • INFORMATION

NOTICE

This annual report includes forward-looking statements based on current assumptions and estimates that were made by the management of VIENNA INSURANCE GROUP AG Wiener Versicherung Gruppe to the best of its knowledge. Statements using the words “expectation”, “target” or similar formulations indicate such forward-looking statements. Forecasts related to the future development of the Company are estimates made on the basis of information available as of the date this annual report went to press. Actual results may differ from the forecasts if the assumptions underlying the forecast prove to be wrong or if unexpectedly high risks occur.

Calculation differences may arise when rounded amounts and percentages are added.

The annual report was prepared with great care to ensure that all information was complete and accurate. Rounding, type-setting and printing errors can nevertheless not be completely ruled out.

Our goal was to make the annual report quick and easy to read. For this reason we have not used phrasing such as “he/she”, “his/her”, etc. It should be understood that the text always refers to women and men equally without discrimination.

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Website – online report

The annual report is available in German and English, and can also be downloaded in both languages in PDF form from our Internet website (www.vig.com) under Investor Relations.

Service tip | **Online annual report**

The Vienna Insurance Group website also provides an online version of the annual report specially adapted for the Internet. All sections may be downloaded in PDF form. You can also download the most important tables as Excel files. Other features, such as an interactive comparison of key figures, links within the report and a comparison with the previous year create transparency and take you directly to the information you are looking for. The online version of the report also allows you to perform a full-text search quickly and easily. The search results are presented on an overview page, sorted by relevance. The term being searched for is highlighted in colour on this page and on the page in the report.

In case of doubt, the German version is authoritative.

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