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## Vienna Insurance Group in the 1st quarter of 2017: Improvement in all key performance indicators

- **Premiums rise to EUR 2.72 billion**
- **Combined Ratio improved to 96.9 percent**
- **Profit (before taxes) increased to around EUR 110 million**
- **Solvency II ratio grew to around 206 percent**

Following the favourable results achieved in the financial year 2016, Vienna Insurance Group (VIG) can now also report very positive figures for the 1st quarter of 2017. *“All our key performance indicators are showing a clear improvement compared to the 1st quarter of the previous year and are thus fully in line with our plans. The good economic outlook for both Austria and our Central and Eastern European markets makes us highly confident that we are on course for continued success in 2017,”* stated Elisabeth Stadler, Chairwoman of the Managing Board of Vienna Insurance Group, summarising the initial positive interim results for the year.

### Premiums increased

Total premium volume reached around EUR 2.72 billion in the first three months of 2017, corresponding to an increase of +0.5 percent compared to the 1st quarter of 2016. Single premium life insurance business continued to decline (-22.1 percent). Excluding single premium products, premiums increased by +4.2 percent year-on-year. Health insurance, one of the growth segments identified in the “Agenda 2020” management programme, recorded the largest increase, with premiums rising by +12.5 percent to EUR 150.7 million. In motor vehicle insurance, the own-damage line of business recorded strong premium growth of 10.7 percent (EUR 284.4 million), while premiums for third party liability insurance declined slightly by -0.6 percent (EUR 368.5 million). Other property and casualty insurance recorded a strong increase of +6.8 percent (EUR 1.3 billion), and regular premium life insurance rose by 1.5 percent (EUR 666.6 million).

*“We continue to follow a restrictive underwriting policy for traditional single premium life products in most markets. We also place profitability before growth in motor third-party liability insurance, where we face massive price competition in some countries, and have tightened our underwriting policy accordingly. We achieved very satisfactory growth in all other lines of business and continue with our stable performance,”* explained Elisabeth Stadler.

Highly positive premium development was recorded in the neighbouring countries of Hungary (+46.5 percent), Slovakia (+10 percent) and the Czech Republic (+5.1 percent). In the Remaining CEE segment, consisting of Albania, Bosnia-Herzegovina, Croatia, Macedonia, Moldova, Serbia and Ukraine, premiums rose by +12.4 percent, with Serbia and Bosnia-Herzegovina being the fastest-growing markets. The Turkey/Georgia segment also recorded double-digit premium growth of +17.7 percent. Except for Slovakia and Serbia, where growth was driven by life insurance (unit-linked single premium life insurance), the increases were mainly due to property and casualty insurance. The large percentage premium increase of +122.8 percent in the Baltic States resulted from the first-time consolidation of BTA Baltic, which was acquired in the previous year.

The premium decreases in Austria (-4.2 percent) were due to the ongoing decline in single premium business. In Romania, the regulatory cap the government placed on motor third party liability premiums had a negative effect on overall premium development (-7.5 percent).

### **Combined ratio significantly improved**

The combined ratio improved significantly by almost one percentage point to 96.9 percent, compared to 97.8 percent in the 1st quarter 2016. While the loss ratio remained almost the same year-on-year, the cost ratio was clearly reduced. The combined ratio consequently improved in many of our countries, particularly Austria.

### **Profit (before taxes) +22.4 percent higher**

Profit (before taxes) was around EUR 110 million, corresponding to an increase of +22.4 percent compared to the 1st quarter of 2016. The companies in the Czech Republic made the largest contribution to Group profit, namely 38 percent, followed by Austria (35 percent) and Slovakia (10 percent).

VIG generated a financial result of EUR 247.7 million in the 1st quarter of 2017. This year-on-year increase of +10.6 percent was primarily due to higher current income resulting from full consolidation of the non-profit housing societies.

The Solvency II ratio at the level of the listed VIG Group rose to around 206 percent for the 1st quarter of 2017.

Group investments including cash and cash equivalents were EUR 36.2 billion as of 31 March of the current year.

### **Implementation of „Agenda 2020“**

Concrete steps were taken in the 1st quarter of 2017 with respect to optimising the business model under “Agenda 2020”. Introduction of the model for reducing insurance fraud was concluded for the entire motor business in the Polish non-life companies and roll-out was commenced in the property and casualty business. In Romania, the implementation of the model is under way in the motor segment, and a pilot phase is currently under way in Bulgaria. The first projects in cooperation with the Insurance Innovation Lab Leipzig began as part of VIG’s digitisation initiative. These projects include the development of specific products, as well as digitisation of the operating model.

## Consolidated Income Statement (IFRS)

(in EUR mn)	3M 2017	3M 2016	+/- %
<b>Gross premiums written</b>	<b>2,719.6</b>	<b>2,705.8</b>	<b>0.5</b>
Net earned premiums	2,152.9	2,137.8	0.7
Financial result incl. at equity consolidated companies	247.7	224.1	10.6
Other income	29.5	36.9	-20.1
Expenses for claims and insurance benefits	-1,741.4	-1,750.6	-0.5
Acquisition and administrative expenses	-518.2	-502.3	3.2
Other expenses	-60.8	-56.4	7.8
<b>Profit before taxes</b>	<b>109.6</b>	<b>89.6</b>	<b>22.4</b>
Taxes	-22.0	-20.9	5.1
<b>Profit for the period</b>	<b>87.6</b>	<b>68.6</b>	<b>27.6</b>
Non-controlling interests	-18.6	-1.4	>100
<b>Net profit after non-controlling interests</b>	<b>69.1</b>	<b>67.2</b>	<b>2.7</b>
<b>Earnings per share in EUR (annualized)</b>	<b>2.07</b>	<b>1.98</b>	<b>4.5</b>
<b>Combined Ratio (net in %)</b>	<b>96.9</b>	<b>97.8</b>	<b>-0.9pp</b>

## Consolidated Balance Sheet (IFRS)

Assets (in EUR mn)	31.03.2017	31.12.2016	+/- %
A. Intangible assets	2,051	2,055	-0.2
B. Investments	34,669	34,646	0.1
C. Investments of unit- and index-linked life insurance	8,780	8,550	2.7
D. Reinsurers' share in underwriting provisions	1,122	985	13.9
E. Receivables	1,587	1,460	8.7
F. Tax receivables and advance payments out of income tax	247	237	4.3
G. Deferred tax assets	143	138	3.5
H. Other assets	357	348	2.5
I. Cash and cash equivalents	1,531	1,590	-3.7
<b>Total Assets</b>	<b>50,486</b>	<b>50,008</b>	<b>1.0</b>

Liabilities and Shareholders' Equity (in EUR mn)	31.03.2017	31.12.2016	+/- %
A. Shareholders' equity	5,784	5,711	1.3
B. Subordinated liabilities	1,017	1,265	-19.6
C. Underwriting provisions	29,640	29,220	1.4
D. Unit- and index-linked underwriting provisions	8,392	8,130	3.2
E. Non-underwriting provisions	804	815	-1.4
F. Liabilities	4,193	4,203	-0.2
G. Tax liabilities out of income tax	199	181	9.6
H. Deferred tax liabilities	312	325	-3.9
I. Other liabilities	145	158	-7.8
<b>Total Liabilities and Shareholders' Equity</b>	<b>50,486</b>	<b>50,008</b>	<b>1.0</b>

## Segment Reporting (IFRS)

in EUR mn	Austria			Czech Republic			Slovakia		
	3M 2017	3M 2016	+/- %	3M 2017	3M 2016	+/- %	3M 2017	3M 2016	+/- %
Gross premiums written Total	1,290.7	1,347.8	-4.2	427.5	406.8	5.1	209.9	190.8	10.0
Profit before Taxes	37.9	33.8	12.0	42.0	42.9	-2.1	11.4	10.8	5.3
Combined Ratio (net in %)	95.8	99.5	-3.7pp	94.9	88.7	6.2pp	93.6	95.7	-2.1pp

in EUR mn	Poland			Romania			The Baltic		
	3M 2017	3M 2016	+/- %	3M 2017	3M 2016	+/- %	3M 2017	3M 2016	+/- %
Gross premiums written Total	213.3	207.0	3.1	131.6	142.3	-7.5	76.5	34.3	>100
Profit before Taxes	5.9	7.8	-25.0	3.2	1.5	>100	-2.4	-3.5	-33.0
Combined Ratio (net in %)	96.2	99.2	-3pp	98.1	102.8	-4.7pp	107.7	131.6	-23.9pp

in EUR mn	Hungary			Bulgaria			Turkey/Georgia		
	3M 2017	3M 2016	+/- %	3M 2017	3M 2016	+/- %	3M 2017	3M 2016	+/- %
Gross premiums written Total	73.7	50.3	46.5	43.5	42.3	2.9	67.7	57.5	17.7
Profit before Taxes	1.1	0.9	16.2	2.4	2.0	22.5	1.9	2.0	-3.6
Combined Ratio (net in %)	99.8	105.1	-5.3pp	97.3	105.1	-7.8pp	104.3	96.0	8.3pp

in EUR mn	Remaining CEE			Other Markets			Central Functions		
	3M 2017	3M 2016	+/- %	3M 2017	3M 2016	+/- %	3M 2017	3M 2016	+/- %
Gross premiums written Total	89.3	79.5	12.4	68.0	106.5	-36.2	393.7	369.0	6.7
Profit before Taxes	5.9	4.4	35.1	6.7	6.6	1.9	-6.1	-19.8	-69.2
Combined Ratio (net in %)	96.7	102.8	-6.1pp	80.3	78.0	2.3pp			

in EUR mn	Consolidation			Total		
	3M 2017	3M 2016	+/- %	3M 2017	3M 2016	+/- %
Gross premiums written Total	-365.8	-328.5	11.4	2,719.6	2,705.8	0.5
Profit before Taxes	-0.3	0.3	n.a.	109.6	89.6	22.4
Combined Ratio (net in %)				96.9	97.8	-0.9pp
Net profit after non-controlling interests				69.1	67.2	2.7

Calculation differences may arise when rounded amounts and percentages are summed automatically.  
The figures for 3M2016 have been restated.

**Vienna Insurance Group (VIG)** is the leading insurance specialist in Austria as well as in Central and Eastern Europe. About 50 companies in 25 countries form a Group with a long-standing tradition, strong brands and close customer relations. VIG looks back on 190 years of experience in the insurance business. With more than 24,000 employees, Vienna Insurance Group is the clear market leader in its Austrian and CEE markets. It is therefore excellently positioned to take advantage of the long-term growth opportunities in a region with 180 million people. The listed Vienna Insurance Group is the best-rated company of ATX, the leading index of Vienna Stock Exchange; its share is also listed on the Prague Stock Exchange.

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