

14 April 2015

**VIENNA INSURANCE GROUP – MAJOR INCREASE IN PROFIT IN 2014**

<b>Profit (before taxes) increases 46.0 percent to EUR 518.4 million</b>	<b>Earnings per share rise sharply: up 75.5 percent to EUR 2.75</b>	<b>Combined ratio reduced significantly to 96.7 percent</b>	<b>Premiums remain stable at EUR 9.1 billion</b>
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*"Vienna Insurance Group benefits from expansion into the CEE region. The Group companies in this region generated almost two thirds of the Group result in 2014."*

Peter Hagen, CEO Vienna Insurance Group

**Proposed dividend increase of EUR 0.10 to EUR 1.40 per share**

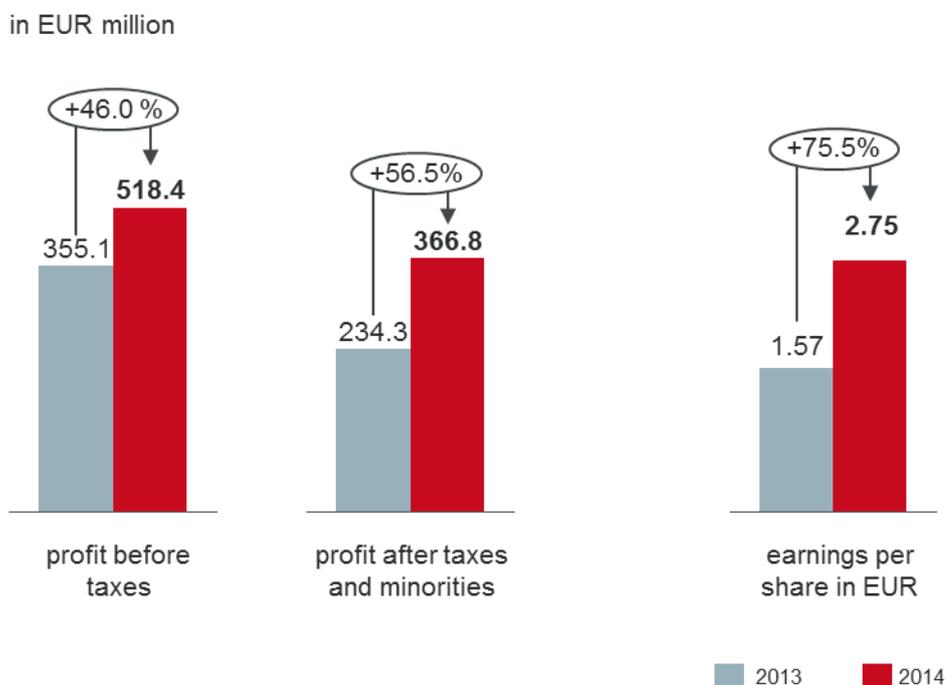
**Potential used – profitable, strong capitalised and always one step ahead**

The leading insurance group in Austria and the CEE region earned EUR 9.1 billion in Group premiums under challenging conditions in the financial year 2014. This was an increase of 0.9 percent when adjusted for currency effects, and was achieved in spite of a further decrease in short-term single-premium business in Poland and reductions in the Italian and Romanian portfolios due to optimisation measures.

This excellent performance is underlined by a significant improvement of around 4 percentage points in the combined ratio, reducing it to 96.7 percent. In the CEE region, the combined ratio even amounted to just 93.4%.

The Group's financial result of EUR 1.1 billion was reduced by a write-down of Hypo Alpe Adria / Heta bonds and the initial effects of the current low interest rate environment. Vienna Insurance Group investments (including cash and cash equivalents) were EUR 31.1 billion at the end of the financial year 2014, representing an increase of 4.5 percent.

## Significant increase in profit in 2014



### Focus on profitability – positive in all segments and regions

Vienna Insurance Group raised its profit (before taxes) by 46 percent to EUR 518.4 million. The share of profit contributed by the CEE region grew to about 64 percent.

**64 percent**  
CEE contribution to profit (before taxes)

*"This excellent result makes Vienna Insurance Group one of the three most profitable companies in the Austrian leading index ATX in 2014. We have been very successful in optimising our businesses in many markets and are capitalised soundly. The proposed dividend increase of EUR 0.10 to EUR 1.40 per share will also allow our shareholders to benefit from the positive performance of the Group."*

Peter Hagen

For the first time since 2011, all lines of business and regions provided positive contributions to profit.

Earnings per share recorded an impressive increase of 75.5 percent to EUR 2.75. The increase was partly due to the issue of a subordinated bond at the end of 2013 that was aimed at optimising the capital structure of the Group.

VIG's rating of A+ with a stable outlook from Standard & Poor's remains the best rating of all companies in the ATX.

## Outstanding position in Austria

The Vienna Insurance Group companies continue to hold the undisputed number 1 position in the Austrian insurance market with a market share of around 24 percent.

About EUR 4.1 billion in premiums were written in Austria. After adjusting for Donau Versicherung's Italian business, the property and casualty lines of business achieved an increase of 3.6 percent.

Wiener Städtische was particularly successful in terms of sales, achieving a 5.3 percent increase in life insurance premiums, while also increasing premiums 3.8 percent in the property and casualty lines of business.

s Versicherung continues to hold its market leader position in life insurance in Austria.

## VIG's overall market share of 19 percent makes it number 1 in its core markets

25 years after the start of its expansion into the upcoming CEE region, Vienna Insurance Group is the market leader. VIG's value-inspired growth strategy further expanded its position in 2014.

**VIG 25 years in CEE**  
**Value Inspired Growth**

## CEE – strong presence, strong profit performance

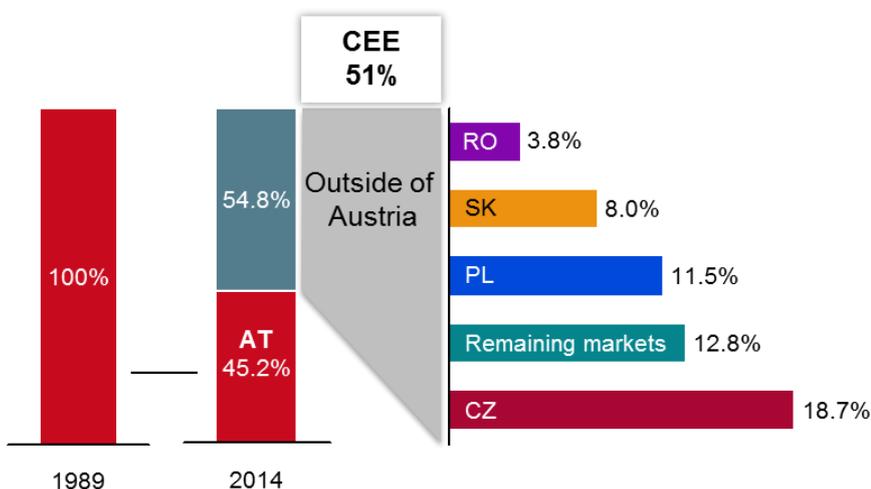
The Czech Republic earned the Group's highest profit (before taxes) with EUR 178 million. Romania returned to the earnings area with a profit (before taxes) of EUR 6 million.

**+ 42 percent**  
**increase in profit in CEE**

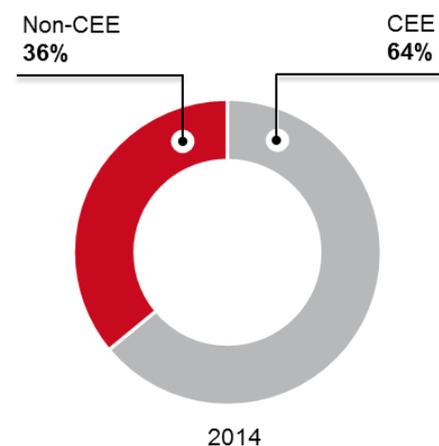
Poland (+9.8 percent), Slovakia (+7.6 percent) and the Remaining markets (+5.4 percent) delivered record profits in 2014.

## 25 years in the CEE – VIG premiums and profits show the importance of the region

Premium share by region



Profit share (before taxes) by region



## **Number 1 in the strongest CEE market, the Czech Republic**

Premiums are also following a positive growth trend in the CEE region. In local currency, premiums rose 1.3 percent in the Czech Republic. The country contributed 18.7% of Group premiums, making it VIG's largest market in the CEE region. The Czech Group companies are number 1 in the insurance market with a combined market share of 33.7 percent. In addition, the previous excellent combined ratio was reduced even further to an all-time low of 86.2 percent.

## **Slovakia shows good profit performance**

The Slovakian VIG Group companies continued to focus on profitability in the financial year 2014. Profit (before taxes) rose substantially by 7.6 percent and the combined ratio fell to an outstanding 91.3 percent. With a market share of 33.6 percent, Vienna Insurance Group continues to be far in the lead as the number 1 insurance company in this core market of the Group.

## **Success in the Polish SME business**

Vienna Insurance Group achieved an increase of 7.9 percent in the Polish market after adjusting for short-term single-premium business. The Polish company Compensa was successful in the SME segment. Since more than 25 percent of these businesses have inadequate insurance coverage in Poland, Compensa used innovative insurance products to take advantage of the potential offered by this market. The outcome of the intensified sales campaign is shown by a premium increase of around 35 percent in the SME segment.

## **VIG well on the way in Romania**

The ongoing restructuring and recent improvements in the market situation have returned Vienna Insurance Group to earnings area in Romania. VIG was aware that this sustainability-oriented restructuring of the portfolio would cause a decrease in premiums. The Group nevertheless remains the market leader in the Romanian insurance market with a market share of 19.5 percent. Although the combined ratio was dramatically reduced, it still remains above the 100 percent mark.

**EUR 6  
million**  
profit contribution  
of Romania

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## **Record profits and dynamic growth in the Remaining markets region**

Vienna Insurance Group's cautious profit-oriented underwriting policy achieved a double-digit increase in premiums of 14.5 percent in local currency in the region Remaining markets. Outstanding growth was recorded in the Baltic States (+22.8 percent), Hungary (+15.6 percent) and Albania (+40.4 percent). VIG also achieved a record profit (before taxes) of EUR 51.7 million in the region Remaining markets.

### **Group embedded value underscores increase in value**

Embedded value is calculated according to international standards and is equal to the net asset value of Vienna Insurance Group plus the current value of potential future profits from existing life and health insurance portfolios. It was certified by B&W Deloitte GmbH, Cologne.

The sustainability of Vienna Insurance Group's insurance business is shown by the fact that the Group embedded value (after taxes) increased 2.0 percent to EUR 6.11 billion as of 31 December 2014 (adjusted value for 2013: EUR 5.99 billion) in spite of the low interest rate environment. The new business margin reached another international high of 6.5 percent in the CEE region.

### **Outlook for 2015**

Vienna Insurance Group continues to have a stated goal of growing faster than the overall market. 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 the underwriting result. Vienna Insurance Group will continue to follow a risk-aware, conservative investment strategy and has no intention of increasing investment income by making riskier investments in the future.

## Consolidated Income Statement (IFRS) 1 January - 31 December 2014

(in EUR mn)	12M 2014	12M 2013	+/- %
<b>Gross premiums written</b>	<b>9,145.7</b>	<b>9,218.6</b>	<b>-0.8</b>
Net earned premiums	8,353.7	8,479.1	-1.5
Financial result	1,116.9	1,226.9	-9.0
Other income	125.5	143.9	-12.8
Expenses for claims and insurance benefits	-6,919.9	-7,210.6	-4.0
Acquisition and administrative expenses	-1,874.8	-1,866.3	0.5
Other expenses	-283.0	-417.8	-32.3
<b>Profit before taxes</b>	<b>518.4</b>	<b>355.1</b>	<b>46.0</b>
Taxes	-127.0	-98.8	28.5
<b>Profit for the period</b>	<b>391.4</b>	<b>256.3</b>	<b>52.7</b>
Non-controlling interests	-24.6	-22.0	11.7
<b>Net profit after non-controlling interests</b>	<b>366.8</b>	<b>234.3</b>	<b>56.5</b>
<b>Earnings per share in EUR (annualized)</b>	<b>2.75</b>	<b>1.57</b>	<b>75.5</b>
<b>Combined Ratio (net in %)</b>	<b>96.7</b>	<b>100.6</b>	<b>-3.9pp</b>

## Consolidated Balance Sheet (IFRS) 31 December 2014

Assets (in EUR mn)	31.12.2014	31.12.2013	+/- %
A. Intangible assets	2,370	2,318	2.3
B. Investments	30,360	29,094	4.4
C. Investments of unit- and index-linked life insurance	7,742	6,707	15.4
D. Reinsurers' share in underwriting provisions	1,106	1,028	7.5
E. Receivables	1,502	1,562	-3.8
F. Tax receivables and advance payments out of income tax	119	82	44.9
G. Deferred tax assets	113	92	23.2
H. Other assets	331	336	-1.3
I. Cash and cash equivalents	782	720	8.6
<b>Total Assets</b>	<b>44,425</b>	<b>41,939</b>	<b>5.9</b>

Liabilities and Shareholders' Equity (in EUR mn)	31.12.2014	31.12.2013	+/- %
A. Shareholders' equity	5,283	4,967	6.4
B. Subordinated liabilities	920	1,030	-10.7
C. Underwriting provisions	27,890	25,980	7.3
D. Unit- and index-linked underwriting provisions	7,392	6,489	13.9
E. Non-underwriting provisions	709	612	15.8
F. Liabilities	1,679	2,433	-31.0
G. Tax liabilities out of income tax	84	63	33.3
H. Deferred tax liabilities	287	170	69.1
I. Other liabilities	181	195	-7.2
<b>Total Liabilities and Shareholders' Equity</b>	<b>44,425</b>	<b>41,939</b>	<b>5.9</b>

## Segment Reporting (IFRS) 1 January - 31 December 2014

### Split by lines of business:

in EUR mn	Property&Casualty			Life			Health		
	12M 2014	12M 2013	+/- %	12M 2014	12M 2013	+/- %	12M 2014	12M 2013	+/- %
<b>Gross premiums written</b>	4,560.4	4,618.4	-1.3	4,199.0	4,202.4	-0.1	386.3	397.8	-2.9
<b>Profit before Taxes</b>	309.6	53.6	>100	161.6	266.0	-39.3	47.2	35.6	32.6

### Split by regions:

in EUR mn	Austria			Czech Republic			Slovakia		
	12M 2014	12M 2013	+/- %	12M 2014	12M 2013	+/- %	12M 2014	12M 2013	+/- %
Gross premiums written Property&Casualty	1,838.1	1,871.9	-1.8	826.7	892.0	-7.3	331.1	326.1	1.5
Gross premiums written Life	1,870.7	1,844.5	1.4	856.8	870.1	-1.5	395.9	418.6	-5.4
Gross premiums written Health	368.2	357.4	3.0						
<b>Gross premiums written Total</b>	<b>4,077.0</b>	<b>4,073.9</b>	<b>0.1</b>	<b>1683.4</b>	<b>1,762.1</b>	<b>-4.5</b>	<b>727.0</b>	<b>744.7</b>	<b>-2.4</b>
<b>Profit before Taxes</b>	<b>169.7</b>	<b>235.1</b>	<b>-27.8</b>	<b>177.9</b>	<b>197.8</b>	<b>-10.1</b>	<b>59.5</b>	<b>55.3</b>	<b>7.6</b>
<b>Combined Ratio (net in %)</b>	<b>99.9</b>	<b>101.4</b>	<b>-1.4pp</b>	<b>86.2</b>	<b>91.5</b>	<b>-5.3pp</b>	<b>91.3</b>	<b>93.6</b>	<b>-2.3pp</b>

in EUR mn	Poland			Romania			Remaining		
	12M 2014	12M 2013	+/- %	12M 2014	12M 2013	+/- %	12M 2014	12M 2013	+/- %
Gross premiums written Property&Casualty	553.9	560.1	-1.1	285.3	300.0	-4.9	606.1	607.1	-0.2
Gross premiums written Life	480.2	582.2	-17.5	54.4	61.8	-12.1	531.4	414.2	28.3
Gross premiums written Health							18.1	40.4	-55.1
<b>Gross premiums written Total</b>	<b>1,034.1</b>	<b>1,142.3</b>	<b>-9.5</b>	<b>339.7</b>	<b>361.8</b>	<b>-6.1</b>	<b>1,155.6</b>	<b>1,061.6</b>	<b>8.9</b>
<b>Profit before Taxes</b>	<b>55.2</b>	<b>50.2</b>	<b>9.8</b>	<b>6.1</b>	<b>-98.7</b>	<b>n.a.</b>	<b>51.7</b>	<b>49.0</b>	<b>5.4</b>
<b>Combined Ratio (net in %)</b>	<b>96.3</b>	<b>96.2</b>	<b>0.1pp</b>	<b>105.0</b>	<b>179.4</b>	<b>-74.4pp</b>	<b>97.6</b>	<b>98.6</b>	<b>-1.1pp</b>

in EUR mn	Central Functions			Consolidation			Total		
	12M 2014	12M 2013	+/- %	12M 2014	12M 2013	+/- %	12M 2014	12M 2013	+/- %
<b>Gross premiums written Total</b>	<b>1,289.8</b>	<b>1,303.9</b>	<b>-1.1</b>	<b>-1,160.9</b>	<b>-1,231.6</b>	<b>-5.7</b>	<b>9,145.7</b>	<b>9,218.6</b>	<b>-0.8</b>
<b>Profit before Taxes</b>	<b>-2.2</b>	<b>-133.3</b>	<b>-98.3</b>	<b>0.7</b>	<b>-0.2</b>	<b>n.a.</b>	<b>518.4</b>	<b>355.1</b>	<b>46.0</b>
<b>Net profit after non-controlling interests</b>							<b>366.8</b>	<b>234.3</b>	<b>56.5</b>

Calculation differences may arise when rounded amounts and percentages are summed automatically.  
The figures for 2013 have been restated due to changes in the scope of consolidation.

**Vienna Insurance Group (VIG)** is the leading insurance specialist in Austria as well as in Central and Eastern Europe. About 50 companies in 25 countries form a Group with a long-standing tradition, strong brands and close customer relations. VIG looks back on 190 years of experience in the insurance business. With about 23,000 employees, Vienna Insurance Group is the clear market leader in its core markets. It is therefore excellently positioned to take advantage of the long-term growth opportunities in a region with 180 million people. The listed Vienna Insurance Group is the best-rated company of ATX, the leading index of Vienna Stock Exchange; its share is also listed on the Prague Stock Exchange.

### Contact:

VIENNA INSURANCE GROUP  
Investor Relations  
1010 Vienna, Schottenring 30

Nina Higatzberger	Tel.: +43 (0)50 390-21920	E-Mail: <a href="mailto:nina.higatzberger@vig.com">nina.higatzberger@vig.com</a>
Claudia Hartl	Tel.: +43 (0)50 390-21969	E-Mail: <a href="mailto:claudia.hartl@vig.com">claudia.hartl@vig.com</a>
Emir Halilovic	Tel.: +43 (0)50 390-21930	E-Mail: <a href="mailto:emir.halilovic@vig.com">emir.halilovic@vig.com</a>

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