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Half year results for 2016: Vienna Insurance Group right on track “A+” rating with stable outlook confirmed again

- **Premiums rise to EUR 4.9 billion**
- **Profit (before taxes) of EUR 201.3 million**
- **Combined ratio of 97.9 percent clearly below the 100 percent mark**

Vienna Insurance Group's half year results for 2016 are right on target. VIG generated EUR 4.9 billion in Group premiums, representing a slight increase of 0.4 percent compared to the previous year. The restrictive underwriting policy used for single-premium life insurance in many markets continued to have an effect on total premium income. When adjusted for single premium business, total premiums even grew by 4.5 percent in the first six months of the current year.

Profit (before taxes) was EUR 201.3 million. *“We announced a target of doubling the profit achieved last year to up to EUR 400 million and our half-year results show we are on course to achieve this goal, even though the low interest rate environment has not changed and continues to have a negative effect on our financial result,”* said Elisabeth Stadler, CEO of Vienna Insurance Group. The financial result was EUR 449.5 million (-13.2 percent).

The Group's combined ratio of 97.9 percent after reinsurance (not including investment income) remained clearly below the 100 percent mark during the reporting period.

Group investments including cash and cash equivalents were EUR 32.3 billion (+3.2 percent) as of the 1st half of 2016.

The international rating agency Standard & Poor's once again confirmed Vienna Insurance Group's “A+” rating with a stable outlook in July 2016. VIG therefore continues to have the best rating of any company listed in the ATX Index. *“Standard & Poor’s based its “A+” rating primarily on our leading market position and high level of financial flexibility, which also gives us security during periods of unexpected market turbulence. Standard & Poor’s believes we will be able to maintain our market leadership in Austria and Central and Eastern Europe. We are pleased that the stable outlook was also confirmed,”* concluded Elisabeth Stadler.

VIG current market news

VIG's goal of achieving a market share of at least 10 percent in four markets over the medium term is also proceeding according to plan. Except for Poland where, among other things, the ongoing reduction in single-premium life insurance put downward pressure on premium volume, Hungary (premium increase of 15.4 percent), Croatia (+6.2 percent) and Serbia (+12.1 percent) showed clear gains. *"In Croatia, significant gains were achieved, particularly from growth in the life insurance, bringing us close to our minimum target of a 10 percent market share. We recently signed a purchase agreement for the AXA companies in Serbia and will soon pass our target by reaching a market share of around 12 percent, once the acquisition has been approved by the authorities,"* said Elisabeth Stadler, confirming the strategy followed for these markets.

Vienna Insurance Group also recorded good results in the Romanian insurance market, which has been difficult for a number of years. The Group companies in Romania increased premiums by a remarkable 37.3 percent in the first half of 2016. This was primarily due to the motor insurance business, which is currently moving in a positive direction. In life insurance, VIG signed an agreement at the beginning of August to acquire the Romanian AXA Life company (subject to approval by the authorities), a further step that will expand its market leadership.

Change to measurement of the non-profit housing societies

The half-year results for 2016 already include the adjustments and comparative values for 2015 based on the notice recently received from the Austrian Financial Market Authority (FMA). VIG has now regained a controlling influence over the non-profit housing societies. The future full consolidation of the shares held in this nine companies will not show an effect until the financial statements for the third quarter of 2016.

Solvency II ratio of 196 percent

The change in measurement of the non-profit housing societies has no effect on the calculation of the Solvency II ratio. This calculation is performed based on the partial internal model that was approved by the FMA, which only includes the future payouts made by the non-profit companies. The Solvency II ratio at the level of the listed VIG Group was 196 percent at the end of 2015. VIG therefore continues to be among the leading international insurance groups with regard to solvency.

Consolidated Income Statement (IFRS) / 6M 2015 restated

(in EUR mn)	6M 2016	6M 2015	+/- %
Gross premiums written	4,928.1	4,908.0	0.4
Net earned premiums	4,191.6	4,208.9	-0.4
Financial result	449.5	517.9	-13.2
Other income	103.9	50.2	>100
Expenses for claims and insurance benefits	-3,467.0	-3,352.6	3.4
Acquisition and administrative expenses	-973.3	-956.5	1.8
Other expenses	-103.4	-223.7	-53.8
Profit before taxes	201.3	244.1	-17.5
Taxes	-46.3	-53.4	-13.3
Profit for the period	155.0	190.7	-18.7
Non-controlling interests	-2.3	-2.8	-17.7
Net profit after non-controlling interests	152.7	187.9	-18.8
Earnings per share in EUR (annualized)	2.26	2.80	-19.3
Combined Ratio (net in %)	97.9	95.9	2pp

Consolidated Income Statement (IFRS) / Q2 2015 restated

(in EUR mn)	Q2 2016	Q2 2015	+/- %
Gross premiums written	2,222.3	2,152.1	3.3
Net earned premiums	2,053.8	1,998.2	2.8
Financial result	225.4	255.5	-11.8
Other income	67.0	21.9	>100
Expenses for claims and insurance benefits	-1,716.5	-1,622.8	5.8
Acquisition and administrative expenses	-471.0	-447.1	5.3
Other expenses	-46.9	-81.6	-42.5
Profit before taxes	111.7	124.1	-10.0
Taxes	-25.4	-22.9	10.8
Profit for the period	86.3	101.2	-14.7
Non-controlling interests	-0.9	-2.3	-60.2
Net profit after non-controlling interests	85.4	98.9	-13.6
Earnings per share in EUR (annualized)	2.55	2.97	-14.1
Combined Ratio (net in %)	98.0	95.4	2.5pp

Consolidated Balance Sheet (IFRS) / 31.12.2015 restated

Assets (in EUR mn)	30.06.2016	31.12.2015	+/- %
A. Intangible assets	2,052	2,080	-1.4
B. Investments	31,013	30,142	2.9
C. Investments of unit- and index-linked life insurance	8,191	8,144	0.6
D. Reinsurers' share in underwriting provisions	1,148	1,031	11.4
E. Receivables	1,492	1,392	7.2
F. Tax receivables and advance payments out of income tax	209	217	-3.7
G. Deferred tax assets	62	124	-49.8
H. Other assets	368	350	5.1
I. Cash and cash equivalents	1,239	1,101	12.5
Total Assets	45,774	44,580	2.7

Liabilities and Shareholders' Equity (in EUR mn)	30.06.2016	31.12.2015	+/- %
A. Shareholders' equity	4,665	4,490	3.9
B. Subordinated liabilities	1,271	1,280	-0.7
C. Underwriting provisions	29,275	28,145	4.0
D. Unit- and index-linked underwriting provisions	7,826	7,777	0.6
E. Non-underwriting provisions	626	663	-5.6
F. Liabilities	1,520	1,634	-7.0
G. Tax liabilities out of income tax	157	122	28.8
H. Deferred tax liabilities	273	295	-7.3
I. Other liabilities	161	173	-7.3
Total Liabilities and Shareholders' Equity	45,774	44,580	2.7

Segment Reporting (IFRS) / 6M 2015 restated

in EUR mn	Austria			Czech Republic			Slovakia		
	6M 2016	6M 2015	+/- %	6M 2016	6M 2015	+/- %	6M 2016	6M 2015	+/- %
Gross premiums written Total	2,264.9	2,286.2	-0.9	791.9	835.2	-5.2	374.1	388.5	-3.7
Profit before Taxes	75.2	85.7	-12.3	77.6	88.1	-11.9	25.9	26.2	-1.3
Combined Ratio (net in %)	99.3	96.6	2.7pp	92.8	89.8	3.0pp	96.5	95.6	0.9pp

in EUR mn	Poland			Romania			The Baltic		
	6M 2016	6M 2015	+/- %	6M 2016	6M 2015	+/- %	6M 2016	6M 2015	+/- %
Gross premiums written Total	414.5	449.4	-7.8	266.7	194.2	37.3	70.2	29.4	>100
Profit before Taxes	13.9	26.0	-46.6	3.6	3.5	3.2	-6.3	0.9	n.a.
Combined Ratio (net in %)	99.7	96.8	2.9pp	101.0	103.2	-2.2pp	131.1	0.0	131.1pp

in EUR mn	Hungary			Bulgaria			Turkey/Georgia		
	6M 2016	6M 2015	+/- %	6M 2016	6M 2015	+/- %	6M 2016	6M 2015	+/- %
Gross premiums written Total	116.8	101.2	15.4	75.0	73.3	2.4	113.0	94.9	19.1
Profit before Taxes	1.7	1.2	45.5	3.8	3.0	24.9	3.9	1.7	>100
Combined Ratio (net in %)	105.0	106.5	-1.5pp	99.0	101.4	-2.4pp	97.0	101.5	-4.5pp

in EUR mn	Remaining CEE			Other Markets			Central Functions		
	6M 2016	6M 2015	+/- %	6M 2016	6M 2015	+/- %	6M 2016	6M 2015	+/- %
Gross premiums written Total	165.8	158.0	4.9	202.3	211.6	-4.4	699.6	675.8	3.5
Profit before Taxes	8.7	10.1	-13.8	10.5	10.1	3.8	-16.7	-12.1	38.4
Combined Ratio (net in %)	99.5	97.1	2.4pp	84.4	83.6	0.8pp			

in EUR mn	Consolidation			Total		
	6M 2016	6M 2015	+/- %	6M 2016	6M 2015	+/- %
Gross premiums written Total	-626.7	-589.8	6.3	4,928.1	4,908.0	0.4
Profit before Taxes	-0.4	-0.3	67.0	201.3	244.1	-17.5
Combined Ratio (net in %)				97.9	95.9	2.0pp
Net profit after non-controlling interests				152.7	187.9	-18.8

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

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

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