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Vienna Insurance Group continued its upward trend in the third quarter of 2018

All key figures improved in the first nine months, 2018 targets confirmed

- **Premiums up by +2.9 percent to around EUR 7.4 billion**
- **Result (before taxes) increased by +6.4 percent to EUR 352.3 million**
- **Combined ratio improved significantly to 96.3 percent (Q1-3 2017: 97.3 percent)**

Vienna Insurance Group (VIG) continued its stable upward trend in the first three quarters of 2018, achieving a further improvement in key figures. *“This positive business development makes us highly confident about achieving our targets for 2018. We continue to aim for a premium volume of EUR 9.5 billion and a result before taxes in the range of EUR 450 to 470 million in 2018. Our steady upward trend and broad risk diversification across countries also give us the financial foundation needed to remain fit for the future. This is also demonstrated by the A+ rating with stable outlook that was confirmed by Standard & Poor’s again in the third quarter of 2018 for our solid financial position and high capital strength”*, stated Elisabeth Stadler, CEO of Vienna Insurance Group.

Premium volumes up

Group premiums written increased by +2.9 percent to around EUR 7.4 billion in the first three quarters of 2018. When adjusted for single premium products premiums were up by +5.4 percent. With the exception of single premium life insurance products, significant gains were once again recorded in all lines of business. The Czech Republic, Baltic states and Hungary were the main sources of the increase in premiums. VIG recorded double-digit growth in all lines of business in the Baltic states, where total premium volume grew by +16.5 percent. Hungary also recorded double-digit growth (+11.2 percent).

Increase in result (before taxes)

The Group result (before taxes) increased by +6.4 percent to EUR 352.3 million in the first to third quarter of 2018. Significant year-on-year increases in profits were recorded in Austria, the Czech Republic and the Remaining CEE segment, which includes, among others, Croatia, Serbia, Macedonia and Ukraine. Hungary’s increase of +34.9 percent made a large contribution to the Group result (before taxes) and was primarily due to the absence of the write-down of Vienna Life insurance portfolios in the previous year. The Czech Republic and Baltic states also recorded a positive development in results. Romania is the only market where performance in the motor business was less favourable, and we are carefully monitoring the market situation there. A loss of EUR 72.2 million was reported in the first three quarters of 2018. This was primarily due to a goodwill impairment of EUR 50.1 million carried out in the second quarter of 2018, building a provision for an ongoing market-wide anti-trust procedure and a reserve strengthening in the motor lines of business in the third quarter of 2018.

Combined ratio and other key figures clearly improved

VIG's combined ratio was at an excellent 96.3 percent in the first to third quarters of 2018, one percentage point lower than last year (Q1-3 2017: 97.3 percent). This was due to a decrease in losses from natural catastrophies, which resulted in a lower claims ratio compared to the same period last year. The significant decrease in the combined ratio was primarily due to Austria, the Czech Republic, the Baltic states, Remaining CEE and Poland.

Group investments including cash and cash equivalents were EUR 37.5 billion as of 30 September 2018, at a slightly higher level than at the end of last year (31 December 2017: EUR 37.4 billion).

The financial result was EUR 795.9 million for the first three quarters of 2018. The +8.7 percent year-on-year increase was primarily due to investment gains, both from the sale of interest in S IMMO AG and from real estate.

VIG further expands its Global Assistance

As part of "Agenda 2020", VIG continues to expand assistance services provided by its own service companies. After successfully setting up the most modern motor assistance centre in the Polish market, a separate Global Assistance company was set-up in Poland in August 2018. Established in 2017, the company "Global Assistance Romania", has been operating in the motor area since 1 October 2018. In future, "Global Assistance" will provide support for all assistance services in the motor, travel, household and health lines of business in each country. VIG is operating its own assistance companies in five countries. Following success of the "one-stop shop" model in the Czech Republic, Slovakia, Bulgaria, Romania and Poland, VIG plans to expand assistance services to other CEE countries.

Market position strengthened

Vienna Insurance Group strengthened its market position in the third quarter of 2018. The acquisition of Seesam Insurance, which is domiciled in Estonia but operates across the Baltics, was completed at the beginning of September 2018. VIG's market share of 20.4 percent makes it number 1 in the Baltic states. Merkur Osiguranje was acquired in Bosnia-Herzegovina at the beginning of 2018 and has been operating under a new Vienna Osiguranje brand since the end of October 2018. VIG's acquisition of this company almost doubled its market share to 8.5 percent in Bosnia-Herzegovina. The bank insurance company s Versicherung and Wiener Städtische Versicherung were successfully merged in Austria in the third quarter, making VIG the largest life insurer in Austria with a market share of around 24 percent. The remaining merger of the Czech bank insurance company PCS and Kooperativa is planned for the end of the year.

Consolidated Income Statement (IFRS)

(in EUR mn)	9M 2018	9M 2017	+/- %
Gross premiums written	7,357.5	7,152.6	2.9
Net earned premiums	6,518.1	6,325.8	3.0
Financial result incl. at equity consolidated companies	795.9	732.1	8.7
Other income	83.3	131.7	-36.8
Expenses for claims and insurance benefits	-5,195.6	-5,167.8	0.5
Acquisition and administrative expenses	-1,600.6	-1,513.5	5.8
Other expenses	-248.7	-177.1	40.5
Profit before taxes	352.3	331.2	6.4
Taxes	-76.9	-65.0	18.2
Profit for the period	275.5	266.2	3.5
Non-controlling interests	-68.6	-51.3	33.7
Net profit after non-controlling interests	206.9	215.0	-3.7
Earnings per share in EUR (annualized)	2.07	2.15	-3.7
Combined Ratio (net in %)	96.3	97.3	-1pp

Consolidated Income Statement (IFRS) - Quarterly Data

(in EUR mn)	Q3 2018	Q3 2017	+/- %
Gross premiums written	2,207.2	2,180.2	1.2
Net earned premiums	2,163.2	2,106.7	2.7
Financial result incl. at equity consolidated companies	284.6	243.7	16.8
Other income	17.0	71.9	-76.3
Expenses for claims and insurance benefits	-1,737.9	-1,773.1	-2.0
Acquisition and administrative expenses	-510.1	-482.7	5.7
Other expenses	-97.2	-55.9	74.0
Profit before taxes	119.6	110.7	8.0
Taxes	-17.8	-16.7	6.4
Profit for the period	101.8	94.0	8.3
Non-controlling interests	-31.5	-25.6	23.0
Net profit after non-controlling interests	70.3	68.4	2.8
Earnings per share in EUR (annualized)	2.12	2.04	3.9
Combined Ratio (net in %)	96.1	98.0	-1.8pp

Consolidated Balance Sheet (IFRS)

Assets (in EUR mn)	30.09.2018	31.12.2017	+/- %
A. Intangible assets	1,905	1,971	-3.3
B. Investments	36,530	35,933	1.7
C. Investments of unit- and index-linked life insurance	8,743	9,061	-3.5
D. Reinsurers' share in underwriting provisions	1,081	1,066	1.4
E. Receivables	1,544	1,476	4.6
F. Tax receivables and advance payments out of income tax	277	239	15.5
G. Deferred tax assets	91	81	12.1
H. Other assets	408	389	4.8
I. Cash and cash equivalents	977	1,498	-34.8
Total Assets	51,556	51,714	-0.3

Liabilities and Shareholders' Equity (in EUR mn)	30.09.2018	31.12.2017	+/- %
A. Shareholders' equity	5,813	6,044	-3.8
B. Subordinated liabilities	1,459	1,459	0.0
C. Underwriting provisions	30,521	30,168	1.2
D. Unit- and index-linked underwriting provisions	8,340	8,613	-3.2
E. Non-underwriting provisions	794	794	0.0
F. Liabilities	4,015	4,032	-0.4
G. Tax liabilities out of income tax	221	202	9.5
H. Deferred tax liabilities	250	255	-1.9
I. Other liabilities	143	147	-2.7
Total Liabilities and Shareholders' Equity	51,556	51,714	-0.3

Segment Reporting (IFRS)

in EUR mn	Austria			Czech Republic			Slovakia		
	9M 2018	9M 2017	+/- %	9M 2018	9M 2017	+/- %	9M 2018	9M 2017	+/- %
Gross premiums written Total	2,996.4	3,009.6	-0.4	1,274.4	1,206.5	5.6	591.7	589.2	0.4
Profit before Taxes	130.2	105.7	23.2	123.8	113.7	9.0	31.8	39.9	-20.3
Combined Ratio (net in %)	94.9	97.0	-2.1pp	93.6	96.8	-3.2pp	97.6	95.8	1.8pp

in EUR mn	Poland			Romania			The Baltic		
	9M 2018	9M 2017	+/- %	9M 2018	9M 2017	+/- %	9M 2018	9M 2017	+/- %
Gross premiums written Total	668.7	675.2	-1.0	392.9	373.4	5.2	279.2	239.7	16.5
Profit before Taxes	23.5	31.0	-24.1	-72.2	8.9	n.a.	3.1	-1.2	n.a.
Combined Ratio (net in %)	93.5	94.7	-1.2pp	106.4	98.2	8.2pp	99.8	102.2	-2.4pp

in EUR mn	Hungary			Bulgaria			Turkey/Georgia		
	9M 2018	9M 2017	+/- %	9M 2018	9M 2017	+/- %	9M 2018	9M 2017	+/- %
Gross premiums written Total	191.1	171.8	11.2	129.6	119.6	8.4	149.1	154.7	-3.6
Profit before Taxes	4.7	3.5	34.9	7.0	5.7	21.7	4.9	6.9	-28.2
Combined Ratio (net in %)	98.9	99.2	-0.3pp	97.8	97.1	0.7pp	100.8	102.3	-1.5pp

in EUR mn	Remaining CEE			Other Markets			Central Functions		
	9M 2018	9M 2017	+/- %	9M 2018	9M 2017	+/- %	9M 2018	9M 2017	+/- %
Gross premiums written Total	284.6	263.1	8.2	232.7	228.5	1.8	1,168.1	1,068.1	9.4
Profit before Taxes	20.0	12.4	61.6	20.1	20.3	-0.9	55.5	-15.2	n.a.
Combined Ratio (net in %)	95.6	99.3	-3.7pp	80.6	78.9	1.7pp			

in EUR mn	Consolidation			Total		
	9M 2018	9M 2017	+/- %	9M 2018	9M 2017	+/- %
Gross premiums written Total	-1,001.2	-946.8	5.7	7,357.5	7,152.6	2.9
Profit before Taxes	-0.1	-0.2	-66.2	352.3	331.2	6.4
Combined Ratio (net in %)				96.3	97.3	-1pp
Net profit after non-controlling interests				206.9	215.0	-3.7

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 has close to 200 years of experience in the insurance business. With more than 25,000 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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