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Vienna Insurance Group records premium increase in the 1st to 3rd quarter of 2020 Standard & Poor's confirms A+ rating with stable outlook once more

- **Premium income rises by 1.7% to around EUR 8 billion**
- **Positive trend in pre-tax profit before goodwill impairments continues**
- **Pre-tax profit after goodwill amortisation decreases by 29% to EUR 266 million**
- **Combined ratio improves to 96.1%**

Standard & Poor's reconfirms VIG's A+ rating with stable outlook

On 25 November 2020, international rating agency Standard & Poor's (S&P) again confirmed its A+ rating with stable outlook for Vienna Insurance Group. The agency still sees VIG's business risk profile as strong. S&P's assessment reflects the Group's market leadership in Austria and CEE, its multi-brand strategy and established distribution networks, as well as its broad geographic and product-based diversification. Like last year, the rating agency assessed Vienna Insurance Group's financial risk profile as very strong. According to the rating report, the Group's excellent capital base is one of its key strengths. Vienna Insurance Group's prudent underwriting standards and earnings generation capabilities will enable it to maintain – at the least – very high capital buffers in 2021. Moreover, in terms of property and casualty insurance, VIG is less susceptible to COVID-19-related losses than some of its competitors. For further details, visit www.vig.com/rating.

Solid operating performance

Vienna Insurance Group (Wiener Versicherung Gruppe) reported a solid performance in the operative insurance business in the first three quarters of 2020. Premium income was up year-on-year to around EUR 8 billion. The combined ratio improved compared to the same period last year, reaching 96.1%. The ongoing COVID-19 pandemic had a significant impact on the financial result, which fell by 18% to EUR 513 million. In addition, goodwill impairments of EUR 118 million as of half-year 2020 weighed on pre-tax profit.

“In view of the COVID-19 situation, Vienna Insurance Group shows a solid performance. Operationally, we continue to see ourselves in a position to manage the impact of the pandemic on the Group. Generally speaking, it has been confirmed that our business model, with its broad diversity across countries, brands, distribution channels and products, is proving successful even in difficult times. This enables us to make the best possible use of the opportunities that arise and to continue our long-term growth ambitions,” explains General Manager Elisabeth Stadler.

Stable premium growth

After the first three quarters of 2020, total premium income rose by 1.7% to EUR 7,986 million. The Group reported steady premium growth despite the significant impact of the COVID-19 pandemic. With the exception of life insurance, where premium income fell slightly by around 1%, all lines of business reported gains during the first three quarters of this year, especially other property (+ 5.3%). The rise in premium income was mainly driven by the segments Austria and Poland. The segments Turkey/Georgia, Romania and Hungary also show above-average increases in premium income.

Financial result and goodwill impairments weigh on profit

Profit before taxes stood at EUR 266.3 million in the first nine months of 2020, a decline of 29.2% compared to the same period last year. This result was significantly influenced by the lower financial result, as well as by the goodwill impairments for Bulgaria, Croatia and Georgia which were conducted at half-year 2020. Without these goodwill impairments of around EUR 118 million, an increase in pre-tax profit of 2.1% to EUR 384.1 million would be recorded for the first nine months of 2020. The financial result (including the result from at equity consolidated companies) stood at around EUR 513 million, a year-on-year decrease of 18%, which is attributable to the negative developments on the capital markets due to COVID-19, as well as one-off effects. Profit after taxes and non-controlling interests amounted to EUR 175 million (- 22.7%) at the end of the first three quarters of 2020. The Czech Republic, Romania, and Slovakia made the highest absolute contributions to the growth in pre-tax profit.

Combined ratio slightly improved

With 96.1%, the combined ratio is slightly lower than in the previous year (96.4%). This was partly due to improved claims ratios resulting from the pandemic. As already forecast at the first half of 2020, an increase in claims expenses was registered at the same time after the loosening of restrictions in the respective countries, and higher claims reserves were increasingly formed.

Profit forecast for 2020

Due to the current situation, which has resulted in various forms of lockdowns and stricter measures against COVID-19, it is still difficult to forecast the medium- to long-term macroeconomic impact of the pandemic, and in turn its effect on the insurance business. On average, the CEE region got off better in the first wave of COVID-19 than Austria and Western Europe. However, this situation has changed during the second wave and very high infection rates have been recorded in many of VIG's markets. The revised current economic forecasts for the region predict a recession in the fourth quarter of 2020, with the recovery seen as weaker than anticipated just a few weeks ago. *"Taking into account the latest developments and depending on the unforeseeable level of volatility on the capital markets, we expect pre-tax profit for the full year to be in the region of EUR 300 million - EUR 350 million,"* adds Elisabeth Stadler.

Consolidated Income Statement (IFRS)

(in EUR mn)	9M 2020	9M 2019	+/- %
Gross premiums written	7,986.4	7,851.2	1.7
Net earned premiums	7,024.5	6,925.9	1.4
Financial result incl. at equity consolidated companies	512.8	627.0	-18.2
Other income	137.7	134.1	2.7
Expenses for claims and insurance benefits	-5,355.2	-5,368.4	-0.2
Acquisition and administrative expenses	-1,715.9	-1,689.4	1.6
Other expenses	-337.6	-253.1	33.4
Result before taxes	266.3	376.2	-29.2
Taxes	-83.0	-80.7	2.8
Result of the period	183.3	295.4	-37.9
Non-controlling interests	-8.3	-68.9	-87.9
Net result after non-controlling interests	175.0	226.5	-22.7
Earnings per share in EUR (annualized)	1.82	2.36	-22.7
Combined Ratio (net in %)	96.1	96.4	-0.3pp

Segment Reporting (IFRS)

in EUR mn	Austria			Czech Republic			Slovakia		
	9M 2020	9M 2019	+/- %	9M 2020	9M 2019	+/- %	9M 2020	9M 2019	+/- %
Gross premiums written Total	3,193.8	3,106.2	2.8	1,297.0	1,308.5	-0.9	557.6	599.3	-7.0
Result before taxes	122.6	141.8	-13.5	152.7	122.3	24.9	38.3	33.0	16.2
Combined Ratio (net in %)	95.0	94.1	0.9pp	93.0	94.8	-1.8pp	90.6	98.1	-7.4pp

in EUR mn	Poland			Romania			The Baltic		
	9M 2020	9M 2019	+/- %	9M 2020	9M 2019	+/- %	9M 2020	9M 2019	+/- %
Gross premiums written Total	889.1	834.1	6.6	354.8	342.1	3.7	367.7	370.6	-0.8
Result before taxes	34.9	35.5	-1.7	13.5	3.0	>100	9.9	5.9	66.2
Combined Ratio (net in %)	95.5	95.3	0.2pp	99.1	103.4	-4.2pp	96.7	97.4	-0.7pp

in EUR mn	Hungary			Bulgaria			Turkey/Georgia		
	9M 2020	9M 2019	+/- %	9M 2020	9M 2019	+/- %	9M 2020	9M 2019	+/- %
Gross premiums written Total	212.9	204.5	4.1	155.0	172.6	-10.2	178.4	161.7	10.4
Result before taxes	6.4	6.5	-2.4	-44.3	12.8	n.a.	-0.2	7.4	n.a.
Combined Ratio (net in %)	96.7	98.0	-1.3pp	92.8	95.3	-2.6pp	91.7	102.2	-10.5pp

in EUR mn	Remaining CEE			Other Markets			Central Functions		
	9M 2020	9M 2019	+/- %	9M 2020	9M 2019	+/- %	9M 2020	9M 2019	+/- %
Gross premiums written Total	333.4	336.1	-0.8	208.5	228.2	-8.7	1,343.0	1,247.2	7.7
Result before taxes	-16.1	21.7	n.a.	23.2	20.4	13.8	-77.4	-35.0	>100
Combined Ratio (net in %)	90.9	93.4	-2.6pp	77.3	80.9	-3.6pp	-	-	-

in EUR mn	Consolidation			Total		
	9M 2020	9M 2019	+/- %	9M 2020	9M 2019	+/- %
Gross premiums written Total	-1,104.8	-1,060.0	4.2	7,986.4	7,851.2	1.7
Result before taxes	2.8	0.9	>100	266.3	376.2	-29.2
Combined Ratio (net in %)	-	-	-	96.1	96.4	-0.3pp
Net result after non-controlling interests	-	-	-	175.0	226.5	-22.7

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

Information on reporting

Vienna Insurance Group (Wiener Versicherung Gruppe) has modified its reporting in response to a change in the rules for the prime market segment of the Vienna Stock Exchange. No changes will be made to the annual and half-year financial reports. Starting in 2019, interim reports in accordance with IAS 34 will no longer be prepared for the 1st and 3rd quarters. The quarterly figures for net assets, financial position and results of operations for the 1st and 3rd quarters were prepared in accordance with the International Financial Reporting Standards (IFRS).

IR news and a results presentation are available at www.vig.com/events

Vienna Insurance Group (Wiener Versicherung Gruppe) is the leading insurance group in Austria and Central and Eastern Europe (CEE). Around 50 insurance companies in 30 countries form a Group with a long-standing tradition, strong brands and close customer relations. The more than 25,000 employees in the Vienna Insurance Group (Wiener Versicherung Gruppe) take care of the day-to-day needs of more than 22 million customers. VIG shares have been listed on the Vienna Stock Exchange since 1994. The company has an A+ rating with stable outlook by the internationally recognised rating agency Standard & Poor's. That is the best rating of all companies in the ATX, the leading index of the Vienna Stock Exchange. Vienna Insurance Group (Wiener Versicherung Gruppe) cooperates closely with the Erste Group, the largest retail bank in Central and Eastern Europe.

Disclaimer

This press release contains forward-looking statements that concern future developments in Vienna Insurance Group (Wiener Versicherung Gruppe). These statements are based on current assumptions and forecasts made by the management of Vienna Insurance Group (Wiener Versicherung Gruppe). Changes in general economic developments, future market conditions, capital markets and other circumstances could result in actual events or results differing significantly from these forward-looking statements. The Vienna Insurance Group AG Wiener Versicherung Gruppe assumes no obligation to update these forward-looking statements or modify them based on future events or developments.

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