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## **VIENNA INSURANCE GROUP WITH STABLE PREMIUM DEVELOPMENT IN 2015**

- **EUR 9.0 billion in Group premiums**
- **Combined ratio at solid 97.3 percent**
- **Significant increase in Group Embedded Value**

Vienna Insurance Group (VIG) records solid premium performance in 2015. EUR 9.0 billion in gross written premiums. The 1.4 percent decrease in premium volume was primarily due to the ongoing low level of interest rates and the resulting restraint exercised with respect to sales of single-premium life insurance products. Premiums from regular-premium life insurance recorded excellent growth of 4.9 percent. Adjusted for single-premium business, Vienna Insurance Group achieved premium growth of 2.2 percent.

The result for financial year 2015 was adversely affected by a reduction in current financial income due to the continued low level of interest rates. Earnings were also reduced by one-off effects, such as the write-down of IT systems and impairments of goodwill and insurance portfolios. Profit (before taxes) reached EUR 172.1 million. Earnings per share were EUR 0.66.

Due to a solid underwriting result the combined ratio was 97.3 percent, only marginally higher than the previous year's value of 96.7 percent.

The Group financial result of around EUR 1.1 billion was affected by a decrease in current financial income due to the low-interest rate environment. Investments (including cash and cash equivalents) were EUR 31.8 billion at the end of 2015, corresponding to an increase of 2.2 percent.

The Group Embedded Value (after taxes) grew significantly by 8.1 percent to EUR 6.5 billion in 2015, despite a challenging environment.<sup>1</sup>

VIG's A+ rating with a stable outlook from Standard & Poor's continues to be the best rating of any company in the ATX Index.

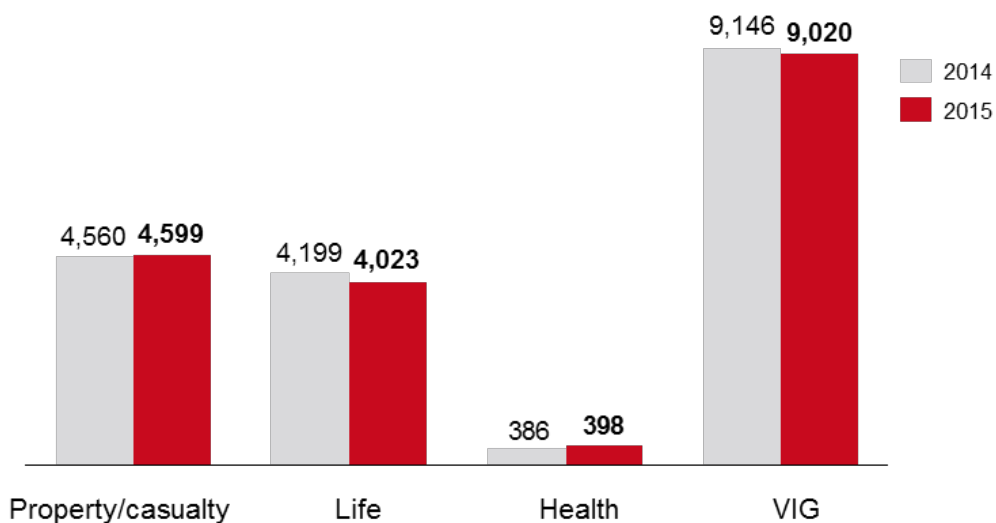
The Managing Board will propose a dividend of EUR 0.60 per share for the financial year 2015 to the statutory bodies. This represents a dividend payout ratio of around 78 percent of Group net profits after minority interests.

<sup>1</sup> adjusted value 2014: EUR 6.0 billion

## Regular-premium life insurance records significant growth

51.0 percent of the total premium volume in 2015 was attributable to property and casualty insurance, 44.6 percent to life insurance and 4.4 percent to health insurance.

Premiums by lines of business in EUR mn.



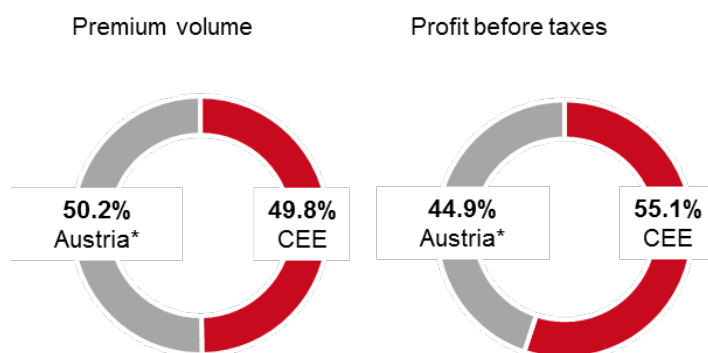
Vienna Insurance Group companies raised premium volume in the property and casualty area by 0.8 percent to EUR 4.6 billion. The corporate business (+7.0 percent) and SME business (+6.0 percent) recorded excellent growth. The premium increases in Romania (+21.4 percent) and the “Remaining Markets” (+7.3 percent) were particularly noteworthy. Overall growth was achieved in spite of the restrictive underwriting policy successfully implemented in Italy and the selective motor vehicle underwriting policy that continued in Poland.

Life insurance generated EUR 4.0 billion in premiums in 2015, representing a drop of 4.2 percent compared to the previous year. *“The decrease is solely due to intentional restraint in the single-premium business. Premiums from regular-premium life insurance products recorded a very good increase of 4.9 percent”*, explained Elisabeth Stadler, Chairwoman of the Managing Board of VIG.

In health insurance, Vienna Insurance Group wrote EUR 398 million in premiums, representing an increase of 3.0 percent. Most of the health insurance business is attributable to Austria.

## Central and Eastern Europe on course for continued success

Vienna Insurance Group continued to maintain its targeted CEE strategy in the financial year just ended. *“The rapid economic recovery in many markets of the region compared to Western Europe confirms that our decision to operate in Central and Eastern Europe was correct. The results speak for themselves. 50 percent of Group premiums are generated in the CEE region. The VIG markets in Central and Eastern Europe contribute 55 percent of profits before taxes”*, stressed Elisabeth Stadler. VIG also continued its expansion with successful acquisitions in the Baltic region and Bulgaria in 2015.



\* including Germany and Liechtenstein

## Results in the regions

### Undisputed top position in Austria

Group companies Wiener Städtische, Donau Versicherung and s Versicherung create a strong foundation for Vienna Insurance Group in Austria. Its market share of 23.7 percent makes it the undisputed number 1 in the Austrian insurance market. The companies wrote gross premiums of around EUR 4.1 billion in 2015, representing a marginal decrease of 0.5 percent compared to the previous year. Around EUR 2.4 billion of the premium volume was generated by Wiener Städtische, EUR 812 million by Donau Versicherung and EUR 858 million by s Versicherung.

VIG significantly improved its profitability in Austria, raising profits (before taxes) to EUR 213.0 million (+25.5 percent) in the financial year 2015. The combined ratio fell by 2.4 percentage points to 97.5 percent.

### Excellent combined ratio in the Czech Republic

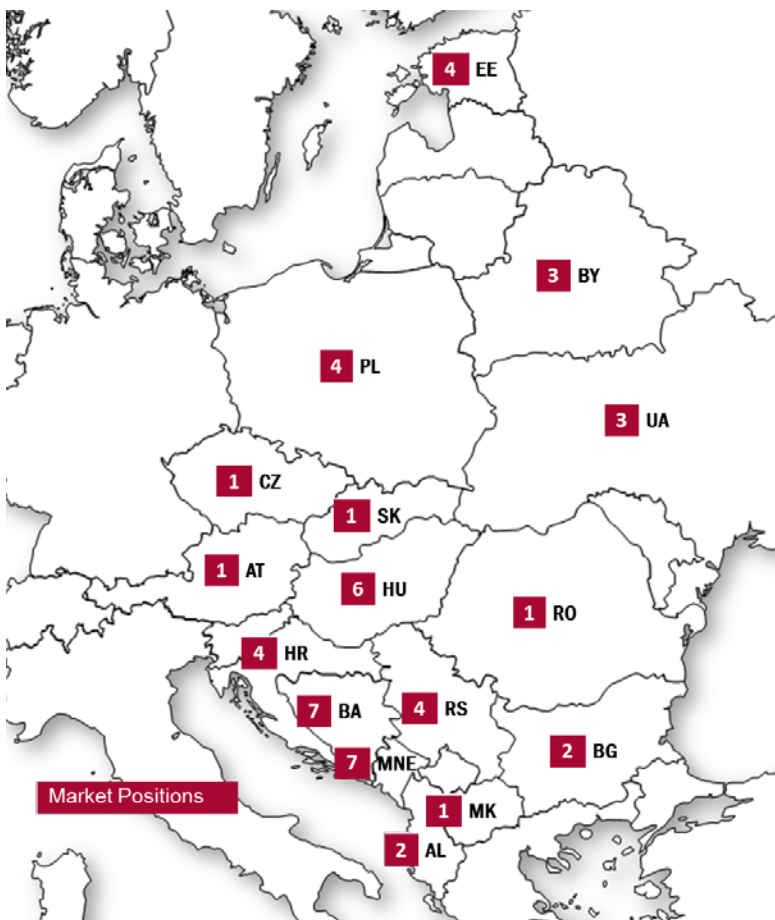
Vienna Insurance Group remained the leader in its largest CEE market, the Czech Republic, with a market share of around 33 percent. The VIG companies increased property and casualty premiums by 1.4 percent. The ongoing low-interest rate environment led to continued restraint in the single-premium life insurance business, thereby reducing premiums in the life segment by 16.3 percent. Overall, the Czech Group companies generated around EUR 1.6 billion in premiums.

Profit (before taxes) reached EUR 163.0 million. At 90.7 percent, the combined ratio was once again at an outstanding level.

## Property and casualty premiums increase in Slovakia

The Slovakian VIG companies also have a top market share of around 34 percent. Total premium volume was EUR 716.5 million, including a 1.8 percent increase in property and casualty premiums. Poistovňa Slovenskej sporiteľne (PSLSP) was very successful with sales of regular-premium life insurance products through the local Erste Group subsidiary. The restraint in single-premium business leads also in Slovakia to an overall decline in life insurance premiums.

The combined ratio was at a good level of 96.2 percent. Profit (before taxes) was EUR 51.9 million.



## Price battle in Polish motor insurance

Price competition continues to be strong in the Polish insurance market. The local VIG companies were nevertheless able to defend their position as number four in the market. Overall, EUR 838.9 million in premiums were generated. Use of a selective underwriting policy for motor vehicle insurance caused property and casualty premiums to fall (-14.3 percent). The excellent growth achieved by regular-premium life insurance products (+33.8 percent) was unable to compensate for the decline in single-premium business also in Poland.

Profit (before taxes) reached EUR 43.4 million. In spite of strong price competition in motor, the combined ratio was successfully held below the 100 percent mark at 99.3 percent.

## Rapid premium growth in Romania

Vienna Insurance Group succeeded in efficiently taking advantage of improved conditions in the ongoing challenging Romanian market. This can be seen, for example, by the around 3 percentage point increase that raised VIG's market share to around 23 percent, thereby considerably strengthening its market leadership position. The Group companies significantly increased premium volume to EUR 428.6 million (+26.2 percent), achieving gains in both the property and casualty (21.4 percent) and life insurance lines of business (+51.2 percent). The cooperation with the Erste Group also achieved great success with BCR Life in Romania.

Profit (before taxes) was EUR 5.6 million. The combined ratio was further reduced and lies only slightly above the 100 percent mark at 102.4 percent.

## **Remaining Markets achieve dynamic growth**

The success of VIGs strong regional diversification was shown once again by the premium growth achieved in the Remaining Markets, which includes many of the Group's smaller markets in the CEE region. Premium volume grew by a total of 12 percent to around EUR 1.3 billion. Property and casualty grew by 7.3 percent, and the life segment even grew by as much as 18 percent. Premium growth was particularly strong in countries such as Hungary (+13.5 percent), Serbia (+14.1 percent), Bulgaria (+14.6 percent), the Baltic countries (+15.0 percent) and Turkey (+12.3 percent).

The Remaining Markets earned a profit (before taxes) of EUR 42.8 million in 2015. The combined ratio was 99.8 percent.

## **Significant increase in Group Embedded Value**

The Embedded Value is calculated according to international standards and is the net asset value of Vienna Insurance Group plus the present value of expected future profits from existing life and health insurance contracts. It has been certified by B&W Deloitte GmbH, Cologne.

The long-term viability of the insurance business of Vienna Insurance Group is reflected by the 8.1 percent increase in the Group Embedded Value (after taxes), raising it to EUR 6.5 billion as of 31 December 2015 (adjusted value in 2014: EUR 6.0 billion).

## **High solvency level**

VIG is the only Austrian insurance group with a partial internal model that has been approved for calculating the Solvency II ratio by the Financial Market Authority. The partial internal model is used for the property and casualty business of the Group companies in Austria, the Czech Republic, Poland, Slovakia and Romania, and for calculating the risk of Austrian Group companies' real estate investments. The Solvency II ratio calculated at the level of the listed VIG group is in the area of 200 percent and therefore among the leaders of internationally operating insurance groups.

## **Outlook for 2016**

With regard to the future results development of Vienna Insurance Group, it is expected that the current low-interest rate environment will lead to another decline in the ordinary financial result in 2016. The Group aims to at least double its profit before taxes to up to EUR 400 million in 2016 while maintaining its conservative investment policy. In the medium term the Combined Ratio should improve towards 95 percent.

## Consolidated Income Statement (IFRS)

(in EUR mn)	12M 2015	12M 2014	+/- %
<b>Gross premiums written</b>	<b>9,019.8</b>	<b>9,145.7</b>	<b>-1.4</b>
Net earned premiums	8,180.5	8,353.7	-2.1
Financial result	1,074.9	1,116.9	-3.8
Other income	150.2	125.5	19.7
Expenses for claims and insurance benefits	-6,748.9	-6,919.9	-2.5
Acquisition and administrative expenses	-1,847.6	-1,874.8	-1.5
Other expenses	-637.1	-283.0	>100
<b>Profit before taxes</b>	<b>172.1</b>	<b>518.4</b>	<b>-66.8</b>
Taxes	-61.8	-127.0	-51.4
<b>Profit for the period</b>	<b>110.3</b>	<b>391.4</b>	<b>-71.8</b>
Non-controlling interests	-12.1	-24.6	-50.7
<b>Net profit after non-controlling interests</b>	<b>98.2</b>	<b>366.8</b>	<b>-73.2</b>
<b>Earnings per share in EUR (annualized)</b>	<b>0.66</b>	<b>2.75</b>	<b>-76.0</b>
<b>Combined Ratio (net in %)</b>	<b>97.3</b>	<b>96.7</b>	<b>0.6pp</b>

## Segment Reporting (IFRS)

Split by lines of business:

in EUR mn	Property&Casualty			Life			Health		
	12M 2015	12M 2014	+/- %	12M 2015	12M 2014	+/- %	12M 2015	12M 2014	+/- %
<b>Gross premiums written</b>	4,599.0	4,560.4	0.8	4,022.8	4,199.0	-4.2	398.0	386.3	3.0
<b>Profit before Taxes</b>	-41.3	309.6	n.a.	162.9	161.6	0.8	50.5	47.2	7.1

Split by regions:

in EUR mn	Austria			Czech Republic			Slovakia		
	12M 2015	12M 2014	+/- %	12M 2015	12M 2014	+/- %	12M 2015	12M 2014	+/- %
Gross premiums written Property&Casualty	1,830.4	1,838.1	-0.4	838.1	826.7	1.4	337.0	331.1	1.8
Gross premiums written Life	1,843.9	1,870.7	-1.4	716.7	856.8	-16.3	379.5	395.9	-4.1
Gross premiums written Health	381.2	368.2	3.5				16.8	18.1	-7.5
<b>Gross premiums written Total</b>	<b>4,055.5</b>	<b>4,077.0</b>	<b>-0.5</b>	<b>1,554.8</b>	<b>1,683.4</b>	<b>-7.6</b>	<b>716.5</b>	<b>727.0</b>	<b>-1.4</b>
<b>Profit before Taxes</b>	<b>213.0</b>	<b>169.7</b>	<b>25.5</b>	<b>163.0</b>	<b>177.9</b>	<b>-8.4</b>	<b>51.9</b>	<b>59.5</b>	<b>-12.8</b>
<b>Combined Ratio (net in %)</b>	<b>97.5</b>	<b>99.9</b>	<b>-2.4pp</b>	<b>90.7</b>	<b>86.2</b>	<b>4.5pp</b>	<b>96.2</b>	<b>91.3</b>	<b>4.9pp</b>

in EUR mn	Poland			Romania			Remaining		
	12M 2015	12M 2014	+/- %	12M 2015	12M 2014	+/- %	12M 2015	12M 2014	+/- %
Gross premiums written Property&Casualty	474.5	553.9	-14.3	346.4	285.3	21.4	650.4	606.1	7.3
Gross premiums written Life	364.4	480.2	-24.1	82.2	54.4	51.2	627.0	531.4	18.0
Gross premiums written Health							16.8	18.1	-7.5
<b>Gross premiums written Total</b>	<b>838.9</b>	<b>1,034.1</b>	<b>-18.9</b>	<b>428.6</b>	<b>339.7</b>	<b>26.2</b>	<b>1,294.2</b>	<b>1,155.6</b>	<b>12.0</b>
<b>Profit before Taxes</b>	<b>43.4</b>	<b>55.2</b>	<b>-21.3</b>	<b>5.6</b>	<b>6.1</b>	<b>-7.1</b>	<b>42.8</b>	<b>51.7</b>	<b>-17.2</b>
<b>Combined Ratio (net in %)</b>	<b>99.3</b>	<b>96.3</b>	<b>3.0pp</b>	<b>102.4</b>	<b>105.0</b>	<b>-2.6pp</b>	<b>99.8</b>	<b>97.6</b>	<b>2.2pp</b>

in EUR mn	Central Functions			Consolidation			Total		
	12M 2015	12M 2014	+/- %	12M 2015	12M 2014	+/- %	12M 2015	12M 2014	+/- %
<b>Gross premiums written Total</b>	<b>1,248.9</b>	<b>1,289.8</b>	<b>-3.2</b>	<b>-1,117.7</b>	<b>-1,160.9</b>	<b>-3.7</b>	<b>9,019.8</b>	<b>9,145.7</b>	<b>-1.4</b>
<b>Profit before Taxes</b>	<b>-347.2</b>	<b>-2.2</b>	<b>&gt;100</b>	<b>-0.3</b>	<b>0.7</b>	<b>n.a.</b>	<b>172.1</b>	<b>518.4</b>	<b>-66.8</b>
<b>Net profit after non-controlling interests</b>							<b>98.2</b>	<b>366.8</b>	<b>-73.2</b>

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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