

# What unites us?



**Our regional roots.**



# Letter from the chairman of the Managing Board

**Dear Shareholders,  
ladies and gentlemen!**

The positive trend at Vienna Insurance Group (VIG) continued in the 1<sup>st</sup> half of 2014. VIG's strategy of relying on a fleet of agile, quick-acting ships rather than one huge steamer has thus once again proven its value. The regional ties of our Group companies, combined with common values and objectives and our multi-brand strategy, represent the successful model used by VIG. Completion of our acquisitions of the life insurance companies AXA in Hungary and Skandia in Poland allowed us to further strengthen our presence in both markets in line with this strategy.



Comparing the change in Group premiums written with the increase in Group result confirms VIG's qualitative growth strategy. Although the Group premiums written of EUR 4,983.8 million represent a slight decrease of 0.9% compared to the previous year, when adjusted for exchange rate effects Vienna Insurance Group nevertheless achieved an increase of 1.0%. In life insurance, a premium increase of 0.5% was achieved in spite of the intentional reduction in short-term single-premium products in Poland. At regional level, particularly large increases were achieved in Slovakia, where total premiums rose by 3.3%, and the Remaining Markets region, which achieved an increase of 6.3%.

In addition, the combined ratio declined to 97.1% and profit before taxes rose by 41.4% to EUR 290.9 million, although it must be noted that Romania and Italy were subject to negative effects in the same period of the previous year. On the other hand, the write-down on subordinated Hypo Alpe Adria bonds by a total amount of EUR 24 million had a negative effect on the result. The special legislation declaring the subordinated Hypo Alpe Adria bonds that had been guaranteed by the provincial government of Carinthia as worthless is in our opinion unconstitutional, and we will be fighting this in court in the interests of our customers. In property and casualty insurance, the positive trend of the previous quarter continued. A look at our regions shows that the positive growth of the 1<sup>st</sup> quarter continued in Romania,

and that results in Poland, Slovakia and the Remaining Markets region also improved. Due to the tense geopolitical situation, we will continue to monitor developments closely in Ukraine. Our Ukrainian Group companies continue to perform well despite the difficult prevailing conditions.

The price of VIG shares rose by almost 8% during the reporting period to EUR 39.090, while the ATX Index declined 1.8% in value. When combined with a dividend of EUR 1.30 per share approved by the general meeting in June, this makes VIG not only one of the most solid stocks on the Vienna Stock Exchange, but also one of the most attractive. In addition, the rating agency Standard & Poor's confirmed its A+ rating with a stable outlook at the end of July 2014, which means that VIG continues to have the best rating of all companies in the ATX, the leading index of the Vienna Stock Exchange.

Finally, I would like to assure you that we and our approximately 23,000 employees will continue to work hard together to continue VIG's history of success. The developments to date show that we have achieved a solid basis for this in the 1<sup>st</sup> half of the year. Our strong regional ties to our markets and closeness to our customers is what unites us.

A handwritten signature in black ink, appearing to read 'Peter Hagen'.

Peter Hagen

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# Management report

## ECONOMIC ENVIRONMENT

Austria's overall economic performance in the 1<sup>st</sup> half of 2014 was generally characterised by growth in the 1<sup>st</sup> quarter that subsequently weakened towards the middle of the year. According to WIFO (Austrian Institute of Economic Research), gross value added was 0.5% higher in the 1<sup>st</sup> quarter of 2014 than the 1<sup>st</sup> quarter of the previous year. The level of interest rates dropped still further in the 1<sup>st</sup> half of 2014. In the Czech Republic, for instance, GDP growth of 2.5% in the 1<sup>st</sup> quarter of 2014 was considerably higher than expected due to strong momentum in private consumption and gross capital investment. Hungary even recorded GDP growth of 3.5%. In addition to EU structural funds, which were more efficiently used in Hungary than in other CEE countries, an increase in private consumption also made a highly positive contribution here.

In terms of economic policy, in Austria the 1<sup>st</sup> half of 2014 was dominated by the Budget Finance Acts 2014 (Budgetfinanzgesetze 2014) and Medium-Term Expenditure Framework Acts 2015-2018 (Finanzrahmengesetze 2015-2018), and the Council of Ministers resolution on creation of a bad bank for the nationalised Hypo Alpe Adria International AG. In the EU, both Greece and Portugal were once again able to obtain financing in the international capital markets. Portugal therefore decided not to take up the last tranche of the aid loans under the agreement with the Troika. The Ecofin Council closed the proceedings against Belgium, Denmark, Netherlands, Austria, Slovakia and the Czech Republic following reductions in the overall national budget deficits.

In foreign affairs, the EU tried, without success, to mediate between the Ukrainian government and Gazprom and increasingly between the Ukraine and Russia. On 27 June, association agreements were finally signed with the Ukraine, Georgia and the Republic of Moldova that were aimed, in particular, at the creation of free trade zones and harmonisation of institutional standards.

## BUSINESS DEVELOPMENT (IN ACCORDANCE WITH IFRS)

VIG wrote Group premiums of EUR 4,983.8 million in the 1<sup>st</sup> half of 2014. In addition to the accelerated reduction in motor vehicle insurance business in Italy and restraint in low-margin short-term single-premium products in the life insur-

## VIG in the 1<sup>st</sup> half of 2014:

- > Profit before taxes rises to EUR 290.9 million
- > Premium volume virtually unchanged at EUR 4,983.8 million – +1.0% when adjusted for exchange rate effects
- > Administrative costs fell again by 4.2%
- > Combined ratio improved to 97.1%

ance business in Poland, the small reduction of 0.9% is also due to the ongoing restructuring of the product portfolio in Romania and negative exchange rate effects. When adjusted for exchange rate effects, the Group recorded a 1.0% increase in premiums.

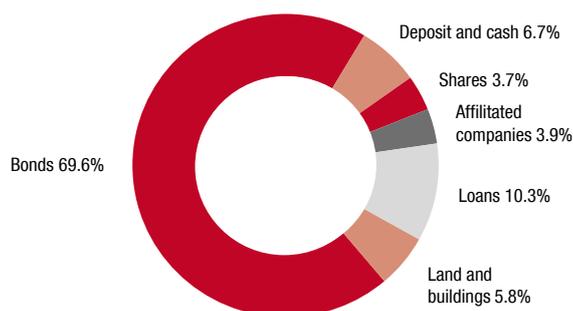
Along with the decrease in premiums, expenses for claims and insurance benefits for the first six months of this year less reinsurers' share decreased to EUR 3,602.6 million. This represents a decline of 3.5% compared to the same period in the previous year. Acquisition and administrative expenses less reinsurance commissions received were EUR 932.1 million in the 1<sup>st</sup> half of 2014, representing a decrease of 0.4% over the same period in the previous year. Administrative costs fell again during this period by 4.2%.

Group profit before taxes rose by 41.4% compared to the same period in the previous year to EUR 290.9 million, although it must be noted that the result in the previous year was burdened by negative effects in Romania and Italy. Against this must be set the interest expense of approximately EUR 14 million for the subordinated bond issued in the autumn of 2013 that was booked for the first time in the 1<sup>st</sup> half of 2014; the write-down of the subordinated Hypo Alpe Adria bonds by a total amount of EUR 24 million also had a negative effect on the result. The Group's combined ratio (after reinsurance, not including investment income) improved compared to the previous period to 97.1%.

Group investments including cash and cash equivalents were EUR 30.5 billion as of 30 June 2014. The financial result of EUR 551.6 million was 7.0% below the value for the same period in the previous year. The decrease is

primarily due to the write-down of subordinated Hypo Alpe Adria bonds mentioned above.

#### BREAKDOWN OF INVESTMENT AS OF 30 JUNE 2014



#### BUSINESS DEVELOPMENT BY LINES OF BUSINESS

##### Segment reporting by lines of business

in EUR million	Premiums written		Profit before taxes	
	1.1.-30.6.2014	1.1.-30.6.2013	1.1.-30.6.2014	1.1.-30.6.2013
Property/ Casualty	2,563.5	2,617.9	157.6	39.2
Life	2,223.2	2,212.6	101.6	144.8
Health	197.1	199.1	31.6	21.7
<b>Total</b>	<b>4,983.8</b>	<b>5,029.7</b>	<b>290.9</b>	<b>205.7</b>

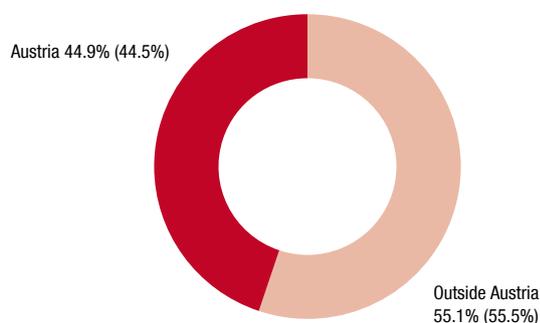
##### Property and casualty insurance

Premiums written in the property and casualty insurance segment totalled EUR 2,563.5 million in the first six months of 2014. In addition to the intentional reduction in motor vehicle business in Italy and the ongoing difficult market environment in Romania, this decrease of 2.1% is due to the negative exchange rate effects mentioned above, particularly in the Czech Republic. When adjusted for exchange rate effects, this segment recorded a small increase of 0.3%. Profit before taxes increased to EUR 157.6 million in the 1<sup>st</sup> half of 2014.

##### Life insurance

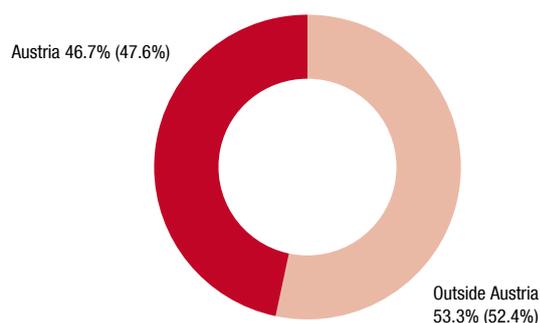
VIG companies generated premiums of EUR 2,223.2 million in the 1<sup>st</sup> half of this year in the life insurance segment, representing a year-on-year increase of 0.5%. The increase was 3.6% when adjusted for the intentional reduction in short-term single-premium business in Poland. Profit before taxes decreased to EUR 101.6 million in the 1<sup>st</sup> half of 2014.

##### PERCENTAGE OF PREMIUMS BY REGION IN PROPERTY AND CASUALTY INSURANCE IN THE 1<sup>ST</sup> HALF OF 2014



Values for 1<sup>st</sup> half of 2013 in parentheses

##### PERCENTAGE OF PREMIUMS BY REGION IN LIFE INSURANCE IN THE 1<sup>ST</sup> HALF OF 2014



Values for 1<sup>st</sup> half of 2013 in parentheses

## Health insurance

In health insurance, the Group wrote premiums of EUR 197.1 million in the first six months of 2014, representing a decrease of 1.1% compared to the same period in the previous year. Profit before taxes was EUR 31.6 million.

## BUSINESS DEVELOPMENT BY REGION

### Segment reporting by region

in EUR million	Premiums written		Profit before taxes	
	1.1.-30.6.2014	1.1.-30.6.2013	1.1.-30.6.2014	1.1.-30.6.2013
Austria	2,340.6	2,373.7	110.7	112.3
Czech Republic	891.5	898.4	85.8	90.2
Slovakia	387.3	375.0	25.7	24.6
Poland	565.3	609.7	33.7	33.2
Romania	165.2	196.3	1.0	-17.9
Remaining markets	564.5	530.9	23.2	22.6
Central functions**	684.8	677.5	10.4	-59.4
Consolidation	-615.4	-632.0	0.4	0.0
<b>Total</b>	<b>4,983.8</b>	<b>5,029.7</b>	<b>290.9</b>	<b>205.7</b>

\* Remaining markets: Albania, Bosnia-Herzegovina, Bulgaria, Croatia, Estonia, Georgia, Germany, Hungary, Latvia, Liechtenstein, Lithuania, Macedonia, Serbia, Turkey, Ukraine

\*\* Central Functions include the following companies: BIAC, Central Point, ELVP, LVP Holding, Neue Heimat Holding, Progress, TBIH, VIG Fund, VIG Holding, VIG RE and the non-profit housing societies

### Austria

The Austrian companies of the Vienna Insurance Group generated premiums written of EUR 2,340.6 million in the 1<sup>st</sup> half of 2014, a decrease of 1.4%. This decrease is mainly due to the intentional reduction in motor vehicle business in the Donau branch office in Italy. Premiums written accordingly fell by 2.1% to EUR 1,121.4 million in the property and casualty insurance segment. Life insurance recorded a drop of 1.4% in premiums to EUR 1,035.1 million, primarily due to a reduction in unit-linked and index-linked life insurance. In health insurance, the Austrian VIG companies wrote premiums of EUR 184.1 million — an increase of 3.5%.

Profit before taxes was EUR 110.7 million. The 1.4% decrease was mainly due to the write-down on the subordinated Hypo Alpe Adria bonds. Although the combined ratio of 99.7% is considerably below the 2013 value of 102.3%, the large reserve rate for Italy is still having a major adverse effect on the value.

### Czech Republic

The Group companies in the Czech Republic recorded premiums written of EUR 891.5 million in the 1<sup>st</sup> half of the current year, representing a year-on-year decrease of 0.8%. When adjusted for exchange rate effects, however, the Czech Group companies recorded a premium increase of 6.0%.

Exchange rate effects caused premiums written in the property and casualty segment to fall sharply by 8.5% in the 1<sup>st</sup> half of 2014 to EUR 442.7 million. A total of EUR 448.8 million in premiums was written in the life insurance segment, an increase of 8.3%.

Profit before taxes declined 4.9% year-on-year to EUR 85.8 million. When adjusted for exchange rate effects, however, the profit before taxes rose by 1.6%. The combined ratio was an excellent 88.7%.

### Slovakia

The Slovakian Vienna Insurance Group companies increased their premiums written by 3.3% to EUR 387.3 million in the 1<sup>st</sup> half of 2014.

Premiums written for property and casualty insurance rose 2.1% to EUR 182.3 million. In life insurance, premiums written grew by 4.4% to EUR 205.0 million. An increase of 44.0% in bank distribution by the local Erste Group subsidiary once again made a significant contribution to the increase of premiums in the life insurance segment.

Profit before taxes rose by 4.3% year-on-year to EUR 25.7 million. The combined ratio was a very good 94.5%.

### Poland

The Polish Vienna Insurance Group companies wrote premiums of EUR 565.3 million in the 1<sup>st</sup> half of 2014, a drop of 7.3% compared to the same period in the previous year. When adjusted for the intentional reduction in low-margin short-term single-premium life insurance products, however, premiums written recorded an increase of 4.4%.

The property and casualty insurance segment generated premiums written of EUR 296.2 million, representing a 0.8% increase compared to the same period in the previous year. Premium volume in the life insurance segment

declined by 14.8% in the 1<sup>st</sup> half of the current year to EUR 269.2 million due to the previously mentioned reduction in short-term single-premium products.

Profit before taxes rose by 1.4% year-on-year to EUR 33.7 million. The combined ratio was 96.0% in the 1<sup>st</sup> half of 2014.

### **Romania**

The Romanian companies in the Group wrote premiums totalling EUR 165.2 million in the first six months of the current year, a decrease of 15.8%.

Due to the ongoing restructuring of the product portfolio, premiums written in the property and casualty insurance segment declined 10.6% to EUR 137.7 million. In life insurance, premiums written fell to EUR 27.5 million in the 1<sup>st</sup> half of 2014. The decline in premiums was primarily due to elimination of high sales volume group insurance during the realignment of BCR Life in the 2<sup>nd</sup> half of 2013.

Profit before taxes rose to EUR 1.0 million in the 1<sup>st</sup> half of 2014, thereby continuing the positive trend of the 1<sup>st</sup> quarter, although it is still too early to talk about a Romanian market recovery. The combined ratio improved considerably compared to the previous year, although at a level of 108.3% it is still above the 100% mark.

### **Remaining Markets**

The Remaining Markets region includes Albania, Bosnia-Herzegovina, Bulgaria, Croatia, Estonia, Georgia, Germany, Hungary, Latvia, Liechtenstein, Lithuania, Macedonia, Serbia, Turkey and Ukraine.

In spite of negative exchange rate effects, Group companies recorded premiums written of EUR 564.5 million in the countries of the Remaining Markets region, an increase of 6.3%.

The property and casualty insurance segment saw premiums written decline by 0.6% to EUR 319.1 million. In life insurance, premiums written rose to EUR 232.4 million. This significant year-on-year increase of 23.1% was due to good premium growth in all markets.

Profit before taxes increased 2.5% year-on-year to EUR 23.2 million. When adjusted for exchange rate effects,

the growth was even 7.2%. The combined ratio also recorded a further improvement to 97.6%.

### **Central Functions**

Premiums written in the Central Functions area increased 1.1% in the 1<sup>st</sup> half of 2014 to EUR 684.8 million.

Profit before taxes rose to EUR 10.4 million in the first six months of the current year.

## **EMPLOYEES**

VIG had a total of 22,626 employees in the 1<sup>st</sup> half of 2014, which was 513 fewer than 2013 as a whole. This decrease was mainly due to the restructuring measures in Romania.

## **BUSINESS DEVELOPMENT IN THE 2<sup>ND</sup> QUARTER OF 2014**

In the 2<sup>nd</sup> quarter of 2014, Vienna Insurance Group achieved consolidated premiums written totalling EUR 2,252.6 million, a decrease of 3.1% compared to the same period in the previous year.

Expenses for claims and insurance benefits less reinsurers' share were EUR 1,768.8 million in the 2<sup>nd</sup> quarter of 2014, a decrease of 7.6% compared to the 2<sup>nd</sup> quarter of 2013.

Acquisition and administrative expenses less reinsurance commissions received were EUR 462.4 million in the 2<sup>nd</sup> quarter of the current year, representing a slight decrease of 0.2% compared to the same period in the previous year.

Profit before taxes was EUR 139.0 million in the 2<sup>nd</sup> quarter of 2014.

The financial result for the 2<sup>nd</sup> quarter of this year was EUR 280.0 million. The year-on-year decrease of 13.3% was primarily due to the write-down on the Hypo Alpe Adria subordinated bonds.

## **RELATED PARTY TRANSACTIONS**

Information on related party transactions is provided in the notes to the consolidated financial statements on page 26.

## **SIGNIFICANT EVENTS AFTER THE FINANCIAL STATEMENTS WERE PREPARED**

The situation in Ukraine continued to be extremely tense as of the editorial deadline for these half-year financial statements. The EU approved far-reaching economic sanctions against Russia due to the current events, and Russia responded in particular with import bans on agricultural products from the US and EU. VIG is represented by four insurance companies in Ukraine, all of which operate primarily in Western Ukraine and the Kiev area. These include the three non-life insurers UIG, Kniazha and Globus, and the life insurance company Jupiter. VIG wrote premiums of EUR 31.8 million in Ukraine in the 1<sup>st</sup> half of 2014, and earned a profit before taxes of EUR 1.4 million.

In Turkey, Prime Minister Recep Tayyip Erdoğan received 52% of the valid votes in the first round of the presidential elections. The economic policy consequences of these elections are impossible to predict in the short term.

In Austria, the National Council approved special legislation for winding down Hypo Alpe Adria International AG on 8 July 2014. Part of this legislation includes a resolution on participation by subordinated creditors totalling EUR 890 million. These subordinated bonds were originally supposed to have been guaranteed by the provincial government of Carinthia and a number of holders of the bonds, including Austrian companies within Vienna Insurance Group, have announced actions in the competent courts. The national debt increased by EUR 22 billion as a result of this nationalisation.

## **RISK REPORT**

The core business of Vienna Insurance Group consists of assuming risk. A conscious and controlled handling of risks at all levels of the Group therefore forms the basis for sustainable business development. In order to ensure this sustainability, VIG follows a conservative risk policy that forms the foundation of an integrated risk management system that is an integral part of the structural and process organisation of the Company. Local risk departments and a coordinating risk management department at holding company level assist VIG operational departments with Group-wide risk management processes, while continuously promoting

the risk awareness of each employee and the existing risk culture in the entire Group.

The risk management processes themselves ensure that all risks in the Group can be promptly and appropriately identified, assessed, analysed and controlled. The associated reporting and regular communications between the Managing Board, risk departments and operating departments also ensure transparency and form a framework for ensuring that the risk situation is appropriately taken into account in the decisions made at the individual company and Group levels.

The Vienna Insurance Group risk environment remained practically unchanged in the 1<sup>st</sup> half of 2014, so that information on the significant business risks to which Vienna Insurance Group is exposed can be obtained from the risk reporting in the Group Annual Report 2013.

In addition to regulatory capital requirements, Standard & Poor's also confirmed VIG's existing A+ rating with a stable outlook at the end of July 2014, simultaneously confirming the Group's risk-bearing capacity. VIG's excellent capital resources even exceed Standard & Poor's defined standard for AAA.

Financial market volatility is being monitored closely. The uncertainty associated with these areas reinforces VIG's decision to maintain the investment policy, which is based on a highly conservative and security-oriented approach to financial markets, that it has followed to date.

Given its efficient risk management based on a conservative business and risk strategy and its strong capital base, VIG feels it is excellently prepared for the current and future solvency requirements under Solvency II and the requirements of the new supervisory regime.

VIG continues to work intensively on implementing all of the requirements of Solvency II. Aside from preparations for the approval procedure for VIG's partial internal model, the main focus of preparations in the 2<sup>nd</sup> half of 2014 continues to be on fulfilling the requirements for the interim measures of the European insurance supervisory authority EIOPA and the European Commission's Delegated Acts, Solvency II, which are currently in the draft stage, and

related functional and technical adjustments to calculation and reporting processes.

## OUTLOOK

### Economic outlook

The economic recovery that began in the Eurozone at the end of 2013 is not as strong as was expected at the beginning of this year. Although global economic growth still continues, it had already weakened again in the 1<sup>st</sup> quarter of 2014. According to WIFO (Austrian Institute of Economic Research) forecasts, the Austrian economy will not grow more than 1.4% in 2014. Even though this is around twice the growth rate for the last two years, it is nevertheless significantly less than the rate that was still expected by many experts at the beginning of the year. Economic growth is also subject to major uncertainties in all of Europe. These include, in particular, the management of government budgets, political risks, such as those in Ukraine and Russia, and the risk of deflation in several European countries. By increasing real interest rates, deflation would also cause a dangerous increase in the level of debt.

The economies of countries in the CEE region will probably be strengthened mainly by increased investments and social

expenditures and the effects of major infrastructure projects. The WIIW (Vienna Institute for International Economic Studies) forecasts average economic growth of 2.1% in 2014 for the eleven new EU countries in the region. In the entire region of Central, Eastern and South Eastern Europe, only Slovenia and Serbia are forecast to have a slight recession (-0.5%) and Ukraine is forecast to have a recession of -3.5%. The forecasts for the two following years are completely positive for all countries. The Baltic States, Poland, Turkey, Slovakia and even Romania are among the countries predicted to have above-average growth rates in the coming two years.

### VIG outlook

The Managing Board of Vienna Insurance Group continues to follow its proven management principles and remains convinced of the high potential offered by the CEE region. The Group will be guided by the opportunities and conditions existing in its 25 markets in Austria and Central and Eastern Europe. During growth phases, the focus is on the above-average exploitation of potential. Phases of calm in the market, on the other hand, are used to promote profit optimisation and efficiency improvements. In addition, Group-wide optimisation measures based on market- and product-specific initiatives will be used to strengthen the organisation and make it more efficient.

## CURRENT TOPICS

### Storm disasters in Central and Eastern Europe

The 1<sup>st</sup> half of 2014 was greatly affected by the flooding in May, which led to around EUR 60 million in gross claims. After deducting reinsurance, VIG has retained a net amount of around EUR 20 million. The great majority of the claims came from Austria, Bosnia-Herzegovina and Serbia.

In total, gross claims due to storm disasters were around EUR 104 million in the 1<sup>st</sup> half of 2014. After deducting reinsurance, VIG retained a net amount of around EUR 62 million.

### Mergers and acquisitions

#### Acquisition of life insurer AXA completed

VIG has acquired a 100% stake in Hungarian life insurance company AXA Biztosító Zrt. The transaction is concluded after the granting of regulatory approval. Following a transition period the company will be renamed Vienna Life Vienna Insurance Group Biztosító Zrt. The company operates nationwide. The life insurance segment accounted for the lion's share of the total, with a strong focus on unit-linked products.

#### Acquisition of life insurer Skandia Poland completed

VIG has acquired 100% of shares in the life insurance company Skandia Zycie TU S.A. (Skandia Poland). After granting of the regulatory approvals, the transaction has been concluded. Skandia Poland has been operating on the Polish market for more than 14 years and sells its products – primarily unit-linked life insurance policies – particularly through financial intermediaries such as banks, insurance brokers and insurance platforms.

#### Acquisition of the Moldovan insurance company Donaris completed

As previously noted in the interim report for the 1<sup>st</sup> quarter of 2014, VIG has acquired around 94% of the shares of the insurance company Societatea de Asigurări-

Reasigurări "Donaris Group" S.A. (Donaris), which is headquartered in the Republic of Moldova. The transaction was concluded after receipt of official approval. Donaris was established in 1998 and its 8.4% market share puts it in fourth place in the Moldovan non-life insurance market. The company focuses on the motor vehicle lines of business.

### Annual General Meeting 2014

The 23<sup>rd</sup> Annual General Meeting of Vienna Insurance Group AG Wiener Versicherung Gruppe was held on 6 June 2014 at the Wiener Stadthalle. In light of the Group's exceptionally strong capital base and its robust operating performance in the financial year 2013, the Annual General Meeting approved the proposal by the Managing and Supervisory Boards for a further increase in the dividend to EUR 1.30 per share. VIG has therefore retained its dividend policy of distributing at least 30% of Group profits after taxes and non-controlling interests. The ex-dividend date is 11 June 2014, and the dividend payment date is 16 June 2014.

Since the appointments of all ten members of the Supervisory Board expired, the Annual General Meeting elected a new VIG Supervisory Board. At the constituent meeting of the Supervisory Board, Günter Geyer was elected Chairman, with Karl Skyba taking the post of Deputy Chairman. Gertrude Tumpel-Gugerell was appointed Chairwoman of the Audit Committee.

All the general meeting documents and a video of the speech given by CEO Peter Hagen are available on the Internet at [www.vig.com/en/annual-general-meeting](http://www.vig.com/en/annual-general-meeting).

### Awards

#### Czech companies Kooperativa and PČS receive multiple awards in the "Golden Crown" competition

The two Czech VIG companies Kooperativa and PČS received numerous awards in the prestigious "Zlatá koruna"

("Golden Crown") competition. Seven of the nine possible awards went to Kooperativa and the remaining two were received by PČS. The Financial Academy, a jury of more than 300 business experts, financial experts and journalists, has been granting awards in the competition for the best financial products in the Czech Republic for 12 years.

#### **s Versicherung erhielt „Recommender Award 2014“**

For the eighth time the Financial Marketing Association Austria (FMVÖ) awarded domestic financial institutions for customer loyalty and satisfaction. s Versicherung received the prestigious customer award in the category "Bank assurance" (prize winners in 2010 and 2012) for the third time.

## **Social involvement**

### **VIG Kids Camp**

Wiener Städtische Versicherungsverein, main shareholder of VIG, is staging the fifth Kids Camp for the children of Group companies' employees from more than 20 countries. The youngsters, who come from Austria and across Central and Eastern Europe, have a choice of three camps: the City Camp in the Strebersdorf area of Vienna, the Country Camp in Wagrain in Salzburg, and the Mountain Camp in the Styrian town of Mariazell. Wiener Städtische Versicherungsverein aims in this way to promote intercultural understanding and an exchange between the cultures that determine our lives in the centre of Europe.

# Capital markets & investor relations & share

## CAPITAL MARKETS

### International overview

The ongoing low level of interest rates was once again the main driver of developments on international stock exchanges. While fears about faster tapering of expansive measures by the US Federal Reserve and the Ukraine crisis led to significant — although temporary — plunges in prices in the 1<sup>st</sup> quarter of 2014, the 2<sup>nd</sup> quarter saw a slow upward trend in prices, accompanied by relatively low volatility. Even the downward revision of economic forecasts had no significant effect on price movements, particularly in the US and important emerging markets, due to central bank policy.

The US Dow Jones Industrial (DJI) Index, denominated in USD, closed at 16,826.60 points at the end of June 2014, the highest quarterly closing value of all time. This meant that the index recovered from the slight fall in the 1<sup>st</sup> quarter to achieve a total gain of 1.5% over the first six months of the current year. The Pan-European Eurostoxx 50 Index rose by 3.8% in the 1<sup>st</sup> half of 2014. Performance was mixed for the different equity markets in Europe. A number of Southern European stock exchanges earned strong gains, while performance was rather poor in the United Kingdom and Germany. The Japanese Nikkei 225 leading index in JPY, which rose considerably in 2013, suffered a 6.9% correction in the 1<sup>st</sup> half of 2014. Concerns about weak economic data from China caused prices to drop considerably in the 1<sup>st</sup> quarter and this was only partially reversed in the remainder of the period.

In spite of generally weak economic growth in emerging markets, the MSCI Emerging Markets Index in USD rose 4.8% in the 1<sup>st</sup> half of 2014. Price performance was poorer in the countries of Eastern Europe: uncertainty due to the Ukraine crisis had a negative effect on the region, and even led to a slight fall (of 0.02%) in the Eastern European CECE Index in EUR for the 1<sup>st</sup> half of 2014.

### Vienna Stock Exchange

The Vienna Stock Exchange started the 1<sup>st</sup> quarter of 2014 well, with the ATX leading index achieving its current high

for the year of 2,729.07 points in the middle of January. Two significant corrections, due to global concerns about economic growth and the events in Ukraine, caused the index to fall by more than 12% to a low for the year of 2,386.96 points on 14 March 2014. After a period of recovery, the ATX fell below 2,400 points again in the 2<sup>nd</sup> half of May, due in part to disappointing company results and tension concerning the elections in Ukraine. The ATX closed the 1<sup>st</sup> half of the year at 2,500.85 points, representing a fall of 1.8% compared to the index value at the end of 2013.

## INVESTOR RELATIONS

Vienna Insurance Group took part in four banking conferences in Europe in the 2<sup>nd</sup> quarter:

- Austrian Investment Day held by Wiener Privatbank and Wood & Company in Vienna
- Austrian Conference held by Baader Bank and the Vienna Stock Exchange in London
- German, Swiss & Austrian Conference held by Deutsche Bank in Berlin
- Goldman Sachs European Financials Conference in Madrid

In addition, many meetings were organised with VIG management in Vienna. The meetings focused on developments and trends in the Group's major markets, in particular Romania. Existing institutional investors also had the opportunity to discuss current topics directly with the Chief Financial Officer during a roadshow day in London at the beginning of July.

The new Vienna Insurance Group company brochure prepared before the General Meeting and presented to shareholders there for the first time at the beginning of June is particularly noteworthy. "Our best sides" provides a concise, easy-to-read description of the features that set the Group apart and a quick overview of VIG. The printed brochure is available in German and English. If you would like a copy, please contact the Investor Relations team by phone at +43 50390 21919 or email [investor.relations@vig.com](mailto:investor.relations@vig.com).

## VIG SHARE PERFORMANCE

Similar to the ATX Index, the VIG share price was extremely volatile in the first three months of 2014. It also recorded its low of EUR 33.800 for the 1<sup>st</sup> half of the year at the same time as the ATX Index. The share price moved in a rising trend channel from April to the middle of June, achieving its high for the reporting period of EUR 40.070 on 10 June 2014. VIG shares closed the 1<sup>st</sup> half of 2014 at EUR 39.090, representing an increase of 7.9% over the end of the year. This was much better than the performance achieved by the ATX (-1.8%) and the MSCI Europe Insurance Index (+0.4%). VIG shares also recorded a strong one-year gain of 9.5%.

### VIG financial calendar\*

9M results for 2014	18 November 2014
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\* Preliminary schedule

### Key share information 1<sup>st</sup> half of 2014

High	EUR	40.070
Low	EUR	33.800
Year-end price	EUR	39.090
Market capitalisation	EUR	5 bn
Dividend 2013	EUR	1.30
Average daily stock exchange trading volume*	EUR	2.9 mn

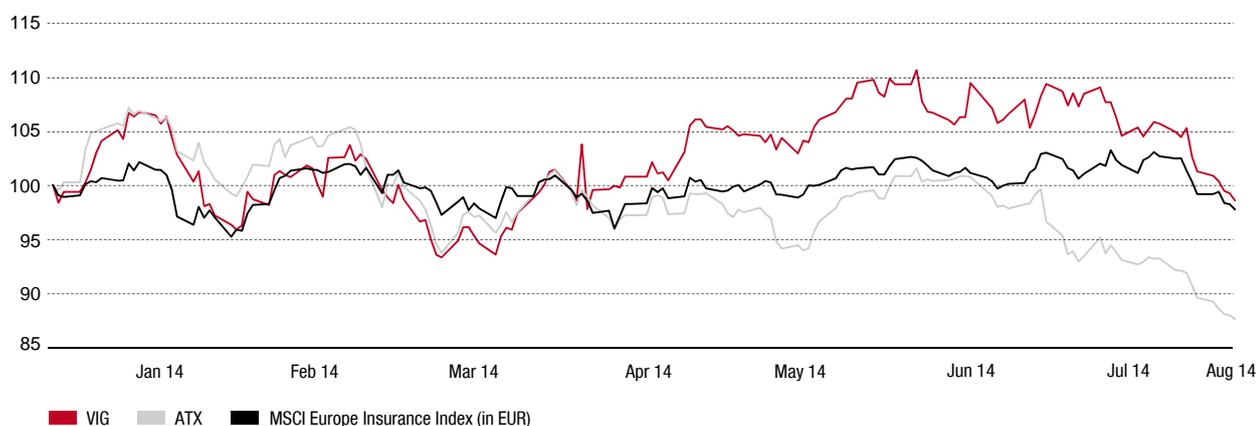
\* Using single counting

### Overview of VIG shares

Initial listing (Vienna)	17 October 1994
Initial listing (Prague)	5 February 2008
Number of common shares	128 mn
Free float	approx. 30%
ISIN	AT0000908504
Security symbol	VIG
Bloomberg	VIG AV / VIG CP
Reuters	VIGR.VI / VIGR.PR
Rating – Standard & Poor's	A+, stable outlook

## VIENNA INSURANCE GROUP (VIG) COMPARED TO THE ATX AND MSCI EUROPE INSURANCE INDEX (IN EUR) 1 JANUARY 2014 UNTIL 30 JUNE 2014

Indexed (basis =100)



# Consolidated interim financial statements

## CONSOLIDATED BALANCE SHEET AS OF 30 JUNE 2014

<b>ASSETS</b>	<b>30.6.2014</b>	<b>31.12.2013</b>
in EUR '000		
<b>A. Intangible assets</b>		
I. Goodwill	1,589,327	1,595,874
II. Purchased insurance portfolios	32,307	35,377
III. Other intangible assets	668,318	634,495
<b>Total intangible assets</b>	<b>2,289,952</b>	<b>2,265,746</b>
<b>B. Investments</b>		
I. Land and buildings	1,654,542	2,675,538
a) Self-used	432,993	442,877
b) Investment property	1,221,549	2,232,661
II. Shares in at equity consolidated companies	671,564	447,353
III. Financial instruments	27,342,875	26,077,644
a) Loans and other investments	4,223,823	4,529,912
b) Other securities	23,119,052	21,547,732
Financial instruments held to maturity	3,017,259	3,018,709
Financial investments available for sale	19,598,485	17,918,713
Financial instruments recognised at fair value through profit and loss <sup>*</sup>	503,308	610,310
<b>Total investments</b>	<b>29,668,981</b>	<b>29,200,535</b>
<b>C. Investments of unit- and index-linked life insurance</b>	<b>7,037,884</b>	<b>6,707,275</b>
<b>D. Reinsurers' share in underwriting provisions</b>	<b>1,135,819</b>	<b>1,028,426</b>
<b>E. Receivables</b>	<b>1,645,784</b>	<b>1,560,699</b>
<b>F. Tax receivables and advance payments out of income tax</b>	<b>100,871</b>	<b>82,253</b>
<b>G. Deferred tax assets</b>	<b>79,757</b>	<b>91,823</b>
<b>H. Other assets</b>	<b>339,049</b>	<b>335,109</b>
<b>I. Cash and cash equivalents</b>	<b>874,946</b>	<b>705,025</b>
<b>Total ASSETS</b>	<b>43,173,043</b>	<b>41,976,891</b>

<sup>\*</sup> Including trading assets

## CONSOLIDATED BALANCE SHEET AS OF 30 JUNE 2014

LIABILITIES AND SHAREHOLDERS' EQUITY	30.6.2014	31.12.2013
in EUR '000		
<b>A. Shareholders' equity</b>		
I. Share capital	132,887	132,887
II. Other capital reserves	2,109,003	2,109,003
III. Capital reserves from additional payments on hybrid capital	245,602	245,602
IV. Retained earnings	2,273,405	2,238,981
V. Other reserves	322,097	123,177
<b>Subtotal</b>	<b>5,082,994</b>	<b>4,849,650</b>
VI. Non-controlling interests	168,235	170,445
<b>Total shareholders' equity</b>	<b>5,251,229</b>	<b>5,020,095</b>
<b>B. Subordinated liabilities</b>	<b>1,022,101</b>	<b>1,029,944</b>
<b>C. Underwriting provisions</b>		
I. Provision for unearned premiums	1,438,946	1,182,084
II. Mathematical reserve	19,768,305	19,327,154
III. Provision for outstanding claims	4,440,433	4,252,867
IV. Provisions for profit-unrelated premium refunds	45,732	52,534
V. Provision for profit-related premium refunds	1,679,130	1,095,242
VI. Other underwriting provisions	65,986	70,583
<b>Total underwriting provisions</b>	<b>27,438,532</b>	<b>25,980,464</b>
<b>D. Underwriting provisions for unit- and index-linked life insurance</b>	<b>6,719,100</b>	<b>6,489,366</b>
<b>E. Non-underwriting provisions</b>		
I. Provisions for pensions and similar obligations	362,819	371,388
II. Other provisions	196,245	228,737
<b>Total non-underwriting provisions</b>	<b>559,064</b>	<b>600,125</b>
<b>F. Liabilities</b>	<b>1,684,054</b>	<b>2,432,165</b>
<b>G. Tax liabilities out of income tax</b>	<b>78,521</b>	<b>62,793</b>
<b>H. Deferred tax liabilities</b>	<b>234,347</b>	<b>167,438</b>
<b>I. Other liabilities</b>	<b>186,095</b>	<b>194,501</b>
<b>Total LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>43,173,043</b>	<b>41,976,891</b>

## CONSOLIDATED SHAREHOLDERS' EQUITY

### CHANGE IN CONSOLIDATED SHAREHOLDERS' EQUITY IN FINANCIAL YEARS 2014 AND 2013

	Share capital	Other capital reserves	Capital reserves from additional payments on hybrid capital	Retained earnings	Other reserves	Subtotal	Non-controlling interests	Shareholders' equity
in EUR '000								
<b>As of 1 January 2013</b>	<b>132,887</b>	<b>2,109,003</b>	<b>495,602</b>	<b>2,238,301</b>	<b>368,809</b>	<b>5,344,602</b>	<b>344,010</b>	<b>5,688,612</b>
Changes in scope of consolidation/ownership interests	0	0	0	-49,338	0	-49,338	-204,985	-254,323
Total profit for the period incl. other comprehensive income after taxes	0	0	0	140,563	-156,185	-15,622	2,594	-13,028
Dividend expenses	0	0	0	-193,600	0	-193,600	-9,506	-203,106
<b>As of 30 June 2013</b>	<b>132,887</b>	<b>2,109,003</b>	<b>495,602</b>	<b>2,135,926</b>	<b>212,624</b>	<b>5,086,042</b>	<b>132,113</b>	<b>5,218,155</b>
<b>As of 1 January 2014</b>	<b>132,887</b>	<b>2,109,003</b>	<b>245,602</b>	<b>2,238,981</b>	<b>123,177</b>	<b>4,849,650</b>	<b>170,445</b>	<b>5,020,095</b>
Changes in scope of consolidation/ownership interests	0	0	0	7,357	0	7,357	-1,252	6,105
Total profit for the period incl. other comprehensive income after taxes	0	0	0	213,467	198,920	412,387	13,095	425,482
Dividend expenses	0	0	0	-186,400	0	-186,400	-14,053	-200,453
<b>As of 30 June 2014</b>	<b>132,887</b>	<b>2,109,003</b>	<b>245,602</b>	<b>2,273,405</b>	<b>322,097</b>	<b>5,082,994</b>	<b>168,235</b>	<b>5,251,229</b>

The above subtotal equals the equity attributable to shareholders and other capital providers of the parent company.

The shareholders' share of changes recognised directly in the equity of the companies accounted for under the equity method is EUR 25,569,000 (EUR 17,536,000).

#### Composition Other reserves

	30.6.2014	31.12.2013
in EUR '000		
Unrealised gains and losses	529,235	318,275
Cash Flow hedge reserve	-6,165	-6,165
IAS 19 reserve	-67,633	-69,603
Share of other reserves of associated companies	-8,573	-6,146
Currency reserve	-124,767	-113,184
<b>Total</b>	<b>322,097</b>	<b>123,177</b>

<b>Unrealised gains and losses from OCI</b>	<b>30.6.2014</b>	<b>31.12.2013</b>
in EUR '000		
Bonds	1,819,552	978,583
Shares and other participations	151,580	149,989
Investment funds	40,478	30,321
	<b>2,011,610</b>	<b>1,158,893</b>
+/- Exchange rate changes, AFS securities	7,858	7,737
+/- Deferred profit participation	-1,313,869	-745,243
+/- Deferred taxes	-166,675	-98,873
+/- Non-controlling interests	-9,689	-4,239
<b>Total</b>	<b>529,235</b>	<b>318,275</b>

<b>Cash Flow hedge reserve</b>	<b>30.6.2014</b>	<b>31.12.2013</b>
in EUR '000		
Cash flow hedge	-8,220	-8,220
+/- Deferred taxes	2,055	2,055
<b>Total</b>	<b>-6,165</b>	<b>-6,165</b>

<b>IAS 19 reserve</b>	<b>30.6.2014</b>	<b>31.12.2013</b>
in EUR '000		
Pension provision and severance provision	-128,523	-130,750
+/- Deferred profit participation	37,586	37,587
+/- Deferred taxes	22,728	22,732
+/- Non-controlling interests	576	828
<b>Total</b>	<b>-67,633</b>	<b>-69,603</b>

## CONSOLIDATED INCOME STATEMENT

for the period from 1 January 2014 to 30 June 2014 (including comparative period)	1.1.-30.6.2014	1.1.-30.6.2013
in EUR '000		
<b>Premiums</b>		
<b>Premiums written – gross</b>	<b>4,983,764</b>	<b>5,029,668</b>
Premiums written – reinsurers' share	-498,789	-479,441
<b>Premiums written – retention</b>	<b>4,484,975</b>	<b>4,550,227</b>
Change in unearned premium – gross	-253,977	-258,913
Change in unearned premium – reinsurers' share	90,524	116,525
<b>Net earned premiums – retention</b>	<b>4,321,522</b>	<b>4,407,839</b>
<b>Financial result excl. at equity consolidated companies</b>		
Income from investments	758,173	767,620
Expenses for investments and interest expenses	-234,022	-192,150
<b>Total financial result excluding at equity consolidated companies</b>	<b>524,151</b>	<b>575,470</b>
<b>Result from shares in at equity consolidated companies</b>	<b>27,447</b>	<b>17,536</b>
<b>Other income</b>	<b>58,070</b>	<b>81,960</b>
<b>Expenses for claims and insurance benefits</b>		
Expenses for claims and insurance benefits – gross	-3,780,532	-4,002,773
Expenses for claims and insurance benefits – reinsurers' share	177,899	268,084
<b>Total expenses for claims and insurance benefits</b>	<b>-3,602,633</b>	<b>-3,734,689</b>
<b>Acquisition and administrative expenses</b>		
Acquisition expenses	-845,935	-829,928
Administrative expenses	-158,275	-165,155
Reinsurance commissions	72,069	58,914
<b>Total acquisition and administrative expenses</b>	<b>-932,141</b>	<b>-936,169</b>
<b>Other expenses</b>	<b>-105,565</b>	<b>-206,255</b>
<b>Profit before taxes</b>	<b>290,851</b>	<b>205,692</b>
<b>Tax expense</b>	<b>-69,407</b>	<b>-59,220</b>
<b>Profit for the period</b>	<b>221,444</b>	<b>146,472</b>
<i>thereof attributable to shareholders of Vienna Insurance Group</i>	<i>213,467</i>	<i>140,563</i>
<i>thereof non-controlling interests in net profit for the period</i>	<i>7,977</i>	<i>5,909</i>
Earnings per share (annualised)		
Undiluted = diluted earnings per share (in EUR)	3.18	1.89
<b>Profit for the period (Carry-forward)</b>	<b>221,444</b>	<b>146,472</b>

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the period from 1 January 2014 to 30 June 2014 (including comparative period)	1.1.-30.6.2014	1.1.-30.6.2013
in EUR '000		
<b>Profit for the period (Carry-forward)</b>	<b>221,444</b>	<b>146,472</b>
<b>Other comprehensive income (OCI)</b>		
<b>Items that will not be reclassified to profit or loss in subsequent periods</b>		
+/- IAS 19 reserve	2,236	0
<i>thereof deferred profit participation</i>	-1	0
<i>thereof deferred taxes</i>	-4	0
<b>Subtotal</b>	<b>2,231</b>	<b>0</b>
<b>Items that will be reclassified to profit or loss in subsequent periods</b>		
+/- Exchange rates through equity	-11,591	-41,081
+/- Unrealised gains and losses from financial instruments available for sale	852,898	-362,470
+/- Share of other reserves of associated companies	-3,072	0
<i>thereof deferred profit participation</i>	-568,626	200,922
<i>thereof deferred taxes</i>	-67,802	43,129
<b>Subtotal</b>	<b>201,807</b>	<b>-159,500</b>
<b>Other comprehensive income after taxes</b>	<b>204,038</b>	<b>-159,500</b>
<b>Total profit for the period incl. other comprehensive income after taxes</b>	<b>425,482</b>	<b>-13,028</b>
<i>thereof attributable to Vienna Insurance Group shareholders</i>	<i>412,387</i>	<i>-15,622</i>
<i>thereof non-controlling interests</i>	<i>13,095</i>	<i>2,594</i>

## CONSOLIDATED INCOME STATEMENT

for the period from 1 April 2014 to 30 June 2014 (including comparative period)	1.4.-30.6.2014	1.4.-30.6.2013
in EUR '000		
<b>Premiums</b>		
<b>Premiums written – gross</b>	<b>2,252,614</b>	<b>2,324,444</b>
Premiums written – reinsurers' share	-179,080	-161,581
<b>Premiums written – retention</b>	<b>2,073,534</b>	<b>2,162,863</b>
Change in unearned premium – gross	65,891	68,438
Change in unearned premium – reinsurers' share	-30,454	-22,322
<b>Net earned premiums – retention</b>	<b>2,108,971</b>	<b>2,208,979</b>
<b>Financial result excl. at equity consolidated companies</b>		
Income from investments	399,985	412,090
Expenses for investments and interest expenses	-133,882	-100,461
<b>Total financial result excluding at equity consolidated companies</b>	<b>266,103</b>	<b>311,629</b>
<b>Result from shares in at equity consolidated companies</b>	<b>13,850</b>	<b>11,184</b>
<b>Other income</b>	<b>30,517</b>	<b>39,715</b>
<b>Expenses for claims and insurance benefits</b>		
Expenses for claims and insurance benefits – gross	-1,899,401	-2,114,994
Expenses for claims and insurance benefits – reinsurers' share	130,565	200,039
<b>Total expenses for claims and insurance benefits</b>	<b>-1,768,836</b>	<b>-1,914,955</b>
<b>Acquisition and administrative expenses</b>		
Acquisition expenses	-410,888	-406,302
Administrative expenses	-82,997	-84,188
Reinsurance commissions	31,489	27,174
<b>Total acquisition and administrative expenses</b>	<b>-462,396</b>	<b>-463,316</b>
<b>Other expenses</b>	<b>-49,204</b>	<b>-146,908</b>
<b>Profit before taxes</b>	<b>139,005</b>	<b>46,328</b>
<b>Tax expense</b>	<b>-37,280</b>	<b>-26,555</b>
<b>Profit for the period</b>	<b>101,725</b>	<b>19,773</b>
<i>thereof attributable to shareholders of Vienna Insurance Group</i>	<i>95,026</i>	<i>16,728</i>
<i>thereof non-controlling interests in net profit for the period</i>	<i>6,699</i>	<i>3,045</i>
Earnings per share (annualised)		
Undiluted = diluted earnings per share (in EUR)	2.81	0.21
<b>Profit for the period (Carry-forward)</b>	<b>101,725</b>	<b>19,773</b>

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the period from 1 April 2014 to 30 June 2014 (including comparative period)	1.4.-30.6.2014	1.4.-30.6.2013
in EUR '000		
<b>Profit for the period (Carry-forward)</b>	<b>101,725</b>	<b>19,773</b>
<b>Other comprehensive income (OCI)</b>		
<b>Items that will not be reclassified to profit or loss in subsequent periods</b>		
+/- IAS 19 reserve	9	0
<i>thereof deferred profit participation</i>	-1	0
<i>thereof deferred taxes</i>	1	0
<b>Subtotal</b>	<b>9</b>	<b>0</b>
<b>Items that will be reclassified to profit or loss in subsequent periods</b>		
+/- Exchange rates through equity	6,693	-20,054
+/- Unrealised gains and losses from financial instruments available for sale	460,739	-289,292
+/- Share of other reserves of associated companies	-54	0
<i>thereof deferred profit participation</i>	-291,870	168,698
<i>thereof deferred taxes</i>	-39,520	27,691
<b>Subtotal</b>	<b>135,988</b>	<b>-112,957</b>
<b>Other comprehensive income after taxes</b>	<b>135,997</b>	<b>-112,957</b>
<b>Total profit for the period incl. other comprehensive income after taxes</b>	<b>237,722</b>	<b>-93,184</b>
<i>thereof attributable to Vienna Insurance Group shareholders</i>	228,273	-93,570
<i>thereof non-controlling interests</i>	9,449	386

## CONSOLIDATED CASH FLOW STATEMENT

for the period from 1 January 2014 to 30 June 2014 (including comparative period)	1.1.-30.6.2014	1.1.-30.6.2013
in EUR '000		
<b>Profit for the period</b>	<b>221,444</b>	<b>146,472</b>
Change in underwriting provisions net	711,592	529,804
Change in underwriting receivables and liabilities	-153,873	-220,929
Change in deposit receivables and liabilities as well as in reinsurance receivables and liabilities	24,093	34,938
Change in other receivables and liabilities	106,840	146,352
Changes in securities held for trading	93,318	67,743
Gain/loss from disposal of investments	-94,657	-70,591
Depreciation/appreciation of all other investments	57,927	44,941
Change in pension, severance and other personnel provisions	1,383	76,035
Change in deferred tax asset/liability excl. tax liabilities	7,357	2
Change in other balance sheet items	-38,363	-54,532
Change in other intangible assets	-30,483	59,854
Other cash-neutral income and expenses and adjustments to the result for the period <sup>1)</sup>	232,091	60,788
<b>Cash flow from operating activities</b>	<b>1,138,669</b>	<b>820,877</b>
Cash inflow from the sale of fully and at equity consolidated companies	5	0
Payments for the acquisition of fully and at equity consolidated companies	0	-13,222
Cash inflow from the sale of financial instruments available for sale	2,250,531	2,300,319
Payments for the acquisition of financial instruments available for sale	-3,022,917	-2,957,210
Cash inflow from the sale of financial instruments held to maturities	116,214	267,183
Payments for the acquisition of financial instruments held to maturity	-116,308	-160,484
Cash inflow from the sale of land and buildings	39,508	4,490
Payments for the acquisition of land and buildings	-31,784	-101,998
Change in unit- and index-linked life insurance items	-48,637	-97,851
Change in other investments	53,546	-69,862
<b>Cash flow from investing activities</b>	<b>-759,842</b>	<b>-828,635</b>
Decrease of subordinated liabilities	-7,823	-4,050
Dividend payments	-180,453	-163,106
Cash inflow from other financing activities	0	3,084
Cash outflow from other financing activities	-1,299	-3,896
<b>Cash flow from financing activities</b>	<b>-189,575</b>	<b>-167,968</b>
<b>Change in cash and cash equivalents</b>	<b>189,252</b>	<b>-175,726</b>
<b>Cash and cash equivalents at beginning of period<sup>2)</sup></b>	<b>705,025</b>	<b>772,238</b>
Change in cash and cash equivalents	189,252	-175,726
Change in scope of consolidation	-22,671	-50,286
Effects of foreign currency exchange differences in cash and cash equivalents	3,340	3,107
<b>Cash and cash equivalents at end of period</b>	<b>874,946</b>	<b>549,333</b>
<i>thereof non-profit housing societies</i>	<i>0</i>	<i>23,730</i>
<b>Additional information</b>		
Received interest	444,601	478,250
Received dividends	85,186	87,372
Interest paid <sup>3)</sup>	24,926	23,839
Income taxes paid	38,374	25,753

<sup>1)</sup> The non-cash income and expenses are primarily the result of exchange rate changes. <sup>2)</sup> The amount shown for Cash and cash equivalents at the end of the reporting period corresponds to asset item I, "Cash and cash equivalents". <sup>3)</sup> The interest paid is primarily attributable to financing activities.

## SEGMENT REPORTING

### CONSOLIDATED BALANCE SHEET BY LINES OF BUSINESS

ASSETS	Property/Casualty		Life		Health		Total	
	30.6.2014	31.12.2013	30.6.2014	31.12.2013	30.6.2014	31.12.2013	30.6.2014	31.12.2013
in EUR '000								
A. Intangible assets	1,314,811	1,289,991	975,103	975,700	38	55	2,289,952	2,265,746
B. Investments	6,389,023	6,857,466	22,021,300	21,139,673	1,258,658	1,203,396	29,668,981	29,200,535
C. Investments of unit- and index-linked life insurance	0	0	7,037,884	6,707,275	0	0	7,037,884	6,707,275
D. Reinsurers' share in underwriting provisions	1,033,960	901,827	99,683	124,541	2,176	2,058	1,135,819	1,028,426
E. Receivables	1,126,272	1,001,168	490,893	521,946	28,619	37,585	1,645,784	1,560,699
F. Tax receivables and advance payments out of income tax	79,166	65,747	21,633	16,467	72	39	100,871	82,253
H. Other assets	155,937	152,204	182,424	182,026	688	879	339,049	335,109
I. Cash and cash equivalents	518,198	555,803	346,902	141,659	9,846	7,563	874,946	705,025
<b>Subtotal</b>	<b>10,617,367</b>	<b>10,824,206</b>	<b>31,175,822</b>	<b>29,809,287</b>	<b>1,300,097</b>	<b>1,251,575</b>	<b>43,093,286</b>	<b>41,885,068</b>
Deferred tax assets							79,757	91,823
<b>Total ASSETS</b>							<b>43,173,043</b>	<b>41,976,891</b>

LIABILITIES AND SHAREHOLDERS' EQUITY	Property/Casualty		Life		Health		Total	
	30.6.2014	31.12.2013	30.6.2014	31.12.2013	30.6.2014	31.12.2013	30.6.2014	31.12.2013
in EUR '000								
B. Subordinated liabilities	801,226	810,785	220,375	218,659	500	500	1,022,101	1,029,944
C. Underwriting provisions	5,441,928	5,040,312	20,870,067	19,838,767	1,126,537	1,101,385	27,438,532	25,980,464
D. Underwriting provisions for unit- and index-linked life insurance	0	0	6,719,100	6,489,366	0	0	6,719,100	6,489,366
E. Non-underwriting provisions	345,218	385,143	168,517	169,740	45,329	45,242	559,064	600,125
F. Liabilities	1,170,257	1,922,615	492,601	498,652	21,196	10,898	1,684,054	2,432,165
G. Tax liabilities out of income tax	49,622	39,570	28,899	23,223	0	0	78,521	62,793
I. Other liabilities	50,713	52,334	134,469	141,093	913	1,074	186,095	194,501
<b>Subtotal</b>	<b>7,858,964</b>	<b>8,250,759</b>	<b>28,634,028</b>	<b>27,379,500</b>	<b>1,194,475</b>	<b>1,159,099</b>	<b>37,687,467</b>	<b>36,789,358</b>
Deferred tax liabilities							234,347	167,438
Shareholders' equity							5,251,229	5,020,095
<b>Total LIABILITIES AND SHAREHOLDERS' EQUITY</b>							<b>43,173,043</b>	<b>41,976,891</b>

The amounts indicated for each business segment have been adjusted for internal segment transactions. As a result, the asset and liability balances cannot be used to infer the shareholders' equity allocated to each area of operations.

## INVESTMENTS BY REGION

ASSETS	Austria		Czech Republic		Slovakia		Poland	
	30.6.2014	31.12.2013	30.6.2014	31.12.2013	30.6.2014	31.12.2013	30.6.2014	31.12.2013
in EUR '000								
B. Investments	20,317,254	19,328,914	3,134,620	3,159,480	1,195,304	1,138,553	1,133,432	1,147,516
C. Investments for unit- and index-linked life insurance	5,278,992	5,048,430	293,165	275,021	188,499	177,929	184,578	170,659
<b>Total investments</b>	<b>25,596,246</b>	<b>24,377,344</b>	<b>3,427,785</b>	<b>3,434,501</b>	<b>1,383,803</b>	<b>1,316,482</b>	<b>1,318,010</b>	<b>1,318,175</b>

ASSETS	Romania		Remaining markets		Central functions		Total	
	30.6.2014	31.12.2013	30.6.2014	31.12.2013	30.6.2014	31.12.2013	30.6.2014	31.12.2013
in EUR '000								
B. Investments	347,471	319,913	1,551,466	1,508,067	1,989,434	2,598,092	29,668,981	29,200,535
C. Investments for unit- and index-linked life insurance	183,074	175,896	909,576	859,340	0	0	7,037,884	6,707,275
<b>Total investments</b>	<b>530,545</b>	<b>495,809</b>	<b>2,461,042</b>	<b>2,367,407</b>	<b>1,989,434</b>	<b>2,598,092</b>	<b>36,706,865</b>	<b>35,907,810</b>

## SEGMENT REPORTING

### CONSOLIDATED INCOME STATEMENT BY LINES OF BUSINESS AND REGION

BUSINESS LINES	Property/Casualty		Life		Health		Total	
	1.1.-30.6.14	1.1.-30.6.13	1.1.-30.6.14	1.1.-30.6.13	1.1.-30.6.14	1.1.-30.6.13	1.1.-30.6.14	1.1.-30.6.13
in EUR '000								
Premiums written – gross	2,563,533	2,617,907	2,223,178	2,212,617	197,053	199,144	4,983,764	5,029,668
Net earned premiums	1,926,736	2,022,177	2,195,570	2,188,259	199,216	197,403	4,321,522	4,407,839
Financial result excl. at equity consolidated companies	74,891	103,016	431,383	457,822	17,877	14,632	524,151	575,470
Income from investments	196,612	207,060	539,068	539,965	22,493	20,596	758,173	767,621
Expenses for investments and interest expenses	-121,721	-104,044	-107,685	-82,143	-4,616	-5,964	-234,022	-192,151
Result from shares in at equity consolidated companies	25,876	16,168	1,571	1,368	0	0	27,447	17,536
Other income	38,379	48,600	19,613	33,295	78	65	58,070	81,960
Expenses for claims and insurance benefits	-1,272,499	-1,392,263	-2,168,812	-2,175,613	-161,322	-166,813	-3,602,633	-3,734,689
Acquisition and administrative expenses	-572,975	-592,887	-335,852	-320,570	-23,314	-22,712	-932,141	-936,169
Other expenses	-62,784	-165,646	-41,841	-39,742	-940	-867	-105,565	-206,255
<b>Profit before taxes</b>	<b>157,624</b>	<b>39,165</b>	<b>101,632</b>	<b>144,819</b>	<b>31,595</b>	<b>21,708</b>	<b>290,851</b>	<b>205,692</b>
Tax expense	-42,168	-21,702	-23,400	-31,866	-3,839	-5,652	-69,407	-59,220
<b>Profit for the period</b>	<b>115,456</b>	<b>17,463</b>	<b>78,232</b>	<b>112,953</b>	<b>27,756</b>	<b>16,056</b>	<b>221,444</b>	<b>146,472</b>

REGIONS	Austria		Czech Republic		Slovakia		Poland	
	1.1.-30.6.14	1.1.-30.6.13	1.1.-30.6.14	1.1.-30.6.13	1.1.-30.6.14	1.1.-30.6.13	1.1.-30.6.14	1.1.-30.6.13
in EUR '000								
Premiums written – gross	2,340,553	2,373,702	891,508	898,416	387,296	374,978	565,333	609,744
Net earned premiums	1,788,462	1,810,434	712,964	706,596	308,664	297,838	453,103	486,536
Financial result excluding at equity consolidated companies	388,159	412,586	57,999	66,471	24,142	24,462	27,818	31,344
Income from investments	529,764	500,544	71,945	84,791	25,780	26,714	34,709	40,708
Expenses for investments and interest expenses	-141,605	-87,958	-13,946	-18,320	-1,638	-2,252	-6,891	-9,364
Result from shares in at equity consolidated companies	2,556	2,553	3,631	915	0	0	0	0
Other income	16,683	6,295	16,236	22,834	4,046	5,676	3,511	2,455
Expenses for claims and insurance benefits	-1,754,388	-1,788,856	-519,425	-504,309	-250,816	-245,813	-319,027	-378,332
Acquisition and administrative expenses	-314,634	-307,965	-164,278	-167,171	-46,862	-48,327	-125,325	-103,417
Other expenses	-16,162	-22,771	-21,300	-35,094	-13,482	-9,210	-6,365	-5,350
<b>Profit before taxes</b>	<b>110,676</b>	<b>112,276</b>	<b>85,827</b>	<b>90,242</b>	<b>25,692</b>	<b>24,626</b>	<b>33,715</b>	<b>33,236</b>
Tax expense	-38,010	-22,447	-18,279	-19,831	-7,532	-6,346	-7,458	-6,498
<b>Profit for the period</b>	<b>72,666</b>	<b>89,829</b>	<b>67,548</b>	<b>70,411</b>	<b>18,160</b>	<b>18,280</b>	<b>26,257</b>	<b>26,738</b>

REGIONS	Romania		Remaining markets		Central functions		Consolidation		Total	
	1.1.-30.6.14	1.1.-30.6.13	1.1.-30.6.14	1.1.-30.6.13	1.1.-30.6.14	1.1.-30.6.13	1.1.-30.6.14	1.1.-30.6.13	1.1.-30.6.14	1.1.-30.6.13
in EUR '000										
Premiums written – gross	165,230	196,345	564,462	530,941	684,815	677,524	-615,433	-631,982	<b>4,983,764</b>	<b>5,029,668</b>
Net earned premiums	87,861	158,324	409,912	378,487	563,424	568,072	-2,868	1,552	<b>4,321,522</b>	<b>4,407,839</b>
Financial result excluding at equity consolidated companies	6,497	4,307	40,226	36,101	-20,630	-353	-60	552	<b>524,151</b>	<b>575,470</b>
Income from investments	11,406	15,456	48,018	49,372	70,515	82,763	-33,964	-32,727	<b>758,173</b>	<b>767,621</b>
Expenses for investments and interest expenses	-4,909	-11,149	-7,792	-13,271	-91,145	-83,116	33,904	33,279	<b>-234,022</b>	<b>-192,151</b>
Result from shares in at equity consolidated companies	0	0	0	0	21,260	14,068	0	0	<b>27,447</b>	<b>17,536</b>
Other income	9,694	11,191	7,653	18,874	890	14,411	-643	224	<b>58,070</b>	<b>81,960</b>
Expenses for claims and insurance benefits	-58,304	-122,283	-298,574	-271,188	-402,233	-424,356	134	448	<b>-3,602,633</b>	<b>-3,734,689</b>
Acquisition and administrative expenses	-35,735	-54,309	-101,651	-109,153	-147,773	-139,617	4,117	-6,210	<b>-932,141</b>	<b>-936,169</b>
Other expenses	-9,045	-15,126	-34,385	-30,511	-4,544	-91,629	-282	3,436	<b>-105,565</b>	<b>-206,255</b>
<b>Profit before taxes</b>	<b>968</b>	<b>-17,896</b>	<b>23,181</b>	<b>22,610</b>	<b>10,394</b>	<b>-59,404</b>	<b>398</b>	<b>2</b>	<b>290,851</b>	<b>205,692</b>
Tax expense	91	1,737	-6,280	-3,987	8,061	-1,848	0	0	<b>-69,407</b>	<b>-59,220</b>
<b>Profit for the period</b>	<b>1,059</b>	<b>-16,159</b>	<b>16,901</b>	<b>18,623</b>	<b>18,455</b>	<b>-61,252</b>	<b>398</b>	<b>2</b>	<b>221,444</b>	<b>146,472</b>

# Notes to the consolidated interim financial statements

## NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS OF 30 JUNE 2014

### Summary of significant accounting policies

The consolidated interim financial statements for the 1<sup>st</sup> half of 2014 were prepared in accordance with International Financial Reporting Standards (IFRS), and are in compliance with IAS 34 "Interim Financial Reporting". The same accounting policies were used as for the financial statements for the previous financial year. Similarly, the discretionary assessments and assumptions needed to prepare the consolidated financial statements were made in the same way. This does not include newly applicable or amended standards.

### Disclosures on seasonal and economic influences

Within Vienna Insurance Group, seasonal fluctuations mainly take place in the areas of premiums, losses and financial result. Due to the large number of policies beginning in January, the 1<sup>st</sup> quarter is also normally the strongest quarter of the year in terms of premiums. In terms of

losses, the 1<sup>st</sup> quarter (or 1<sup>st</sup> half) also normally shows a higher level of charges, mainly due to adverse environmental influences (snow, snowmelt, storms, floods). With respect to the financial result, the majority of dividend payments occur in the 2<sup>nd</sup> quarter.

### Related party transactions

These mainly concern minor reinsurance relationships between companies in the Group, financing at market terms, chiefly in the real estate area, and intercompany charges. These transactions have no material effect on the performance of the Company. No loans or guarantees were granted to the members of the Managing Board or Supervisory Board during the reporting period.

### Disclosures on changes in the scope of consolidation

During the reporting period from 1 January 2014 to 30 June 2014, the following changes occurred in the scope of consolidation and the following subsidiaries were deconsolidated:

Deconsolidations	Deconsolidation date
KÁMEN OSTROMĚŘ	1.1.2014

The interest in the company KÁMEN OSTROMĚŘ was sold to a company outside the Group in February 2014. As a result, the company was deconsolidated as of 1 January 2014.

Change of consolidation method to at equity consolidation	% share	Date of change
Alpenländische Heimstätte GmbH	94.00	1.1.2014
Neue Heimat Oberösterreich GmbH	98.81	1.1.2014

Due to a loss of contractual control, the non-profit housing societies indicated above are included at equity in the consolidated financial statements.

The constitutive supervisory board meetings for the two companies Skandia Poland and AXA Biztosító Zrt. took place on 25 June 2014. The two companies will be included in the VIG scope of consolidation in the 3<sup>rd</sup> quarter of 2014.

Since integration into the Group-wide control system of the Moldovan company Donaris that VIG acquired had not been completed, the conditions for control were not yet satisfied in full. Inclusion in the scope of consolidation is under preparation.

## INTANGIBLE ASSETS

<b>Composition</b>	<b>30.6.2014</b>	<b>31.12.2013</b>
<i>in EUR '000</i>		
Goodwill	1,589,327	1,595,874
Purchased insurance portfolios	32,307	35,377
Other intangible assets	668,318	634,495
<i>Purchased software</i>	<i>629,545</i>	<i>597,258</i>
<i>Other</i>	<i>38,773</i>	<i>37,237</i>
<b>Total</b>	<b>2,289,952</b>	<b>2,265,746</b>

## OTHER SECURITIES

<b>Development</b>	<b>Held to maturity</b>		<b>Available for sale</b>		<b>Trading assets</b>		<b>Recognised at fair value through profit and loss</b>	
	<b>30.6.2014</b>	<b>31.12.2013</b>	<b>30.6.2014</b>	<b>31.12.2013</b>	<b>30.6.2014</b>	<b>31.12.2013</b>	<b>30.6.2014</b>	<b>31.12.2013</b>
<i>in EUR '000</i>								
Acquisition costs	3,033,331	3,199,793						
Cumulative depreciation as of 31.12. of previous years	-14,622	-18,970						
<b>Book value as of 31.12. of the previous year</b>	<b>3,018,709</b>	<b>3,180,823</b>	<b>17,918,713</b>	<b>17,111,825</b>	<b>282,564</b>	<b>277,164</b>	<b>327,746</b>	<b>420,854</b>
Exchange rate changes	-1,449	-190,467	36	-60,240	134	-2,398	76	-4,143
<b>Book value as of 1.1.</b>	<b>3,017,260</b>	<b>2,990,356</b>	<b>17,918,749</b>	<b>17,051,585</b>	<b>282,698</b>	<b>274,766</b>	<b>327,822</b>	<b>416,711</b>
Reclassifications	0	-6,722	0	-6,687	5,305	55	232	821
Additions	114,094	368,521	3,022,866	5,450,732	258,885	627,910	30,746	113,268
Disposals	-113,737	-334,824	-2,229,585	-4,297,518	-312,139	-641,913	-89,725	-180,545
Changes in scope of consolidation	0	2,150	318	-74,568	0	10,480	-10,930	-28,025
Changes in value recognised in profit and loss	5	32	11,922	508	1,617	11,266	8,797	5,516
Changes recognised directly in equity	0	0	892,871	-167,551	0	0	0	0
Impairments	-363	-804	-18,656	-37,788	0	0	0	0
<b>Book value as of 30.6. and 31.12. respectively</b>	<b>3,017,259</b>	<b>3,018,709</b>	<b>19,598,485</b>	<b>17,918,713</b>	<b>236,366</b>	<b>282,564</b>	<b>266,942</b>	<b>327,746</b>
Cumulative appreciation/depreciation as of 30.6. and 31.12. respectively	15,556	14,622						
<b>Acquisition costs</b>	<b>3,032,815</b>	<b>3,033,331</b>						

## FAIR VALUES OF INVESTMENTS

	<b>30.6.2014</b>	<b>31.12.2013</b>
<i>in EUR '000</i>		
Held to maturity	3,501,857	3,347,790
Land and buildings (self-use and investment property)	2,382,600	3,382,871
Loans and receivables	3,454,744	3,526,672



## UNDERWRITING PROVISION – GROSS

Composition	Property/ Casualty 30.6.2014	Life 30.6.2014	Health 30.6.2014	Total 30.6.2014	Total 31.12.2013
in EUR *000					
Provision for unearned premiums	1,294,877	128,445	15,624	1,438,946	1,182,084
Mathematical reserve	132	18,723,197	1,044,976	19,768,305	19,327,154
<i>thereof for guaranteed policy benefits</i>	132	17,587,262	1,044,976	18,632,370	18,320,203
<i>thereof for allocated and committed profit shares</i>	0	1,135,935	0	1,135,935	1,006,951
Provisions for outstanding claims	4,051,783	333,295	55,355	4,440,433	4,252,867
Provision for premium refunds	33,074	1,681,608	10,180	1,724,862	1,147,776
<i>thereof profit-related</i>	197	1,678,933	0	1,679,130	1,095,242
<i>thereof profit-unrelated</i>	32,877	2,675	10,180	45,732	52,534
Other underwriting provisions	62,062	3,522	402	65,986	70,583
<b>Total</b>	<b>5,441,928</b>	<b>20,870,067</b>	<b>1,126,537</b>	<b>27,438,532</b>	<b>25,980,464</b>

## LIABILITIES

Composition	Property/ Casualty 30.6.2014	Life 30.6.2014	Health 30.6.2014	Total 30.6.2014	Total 31.12.2013
in EUR *000					
<b>Underwriting</b>	<b>500,148</b>	<b>284,931</b>	<b>15,683</b>	<b>800,762</b>	<b>814,887</b>
Liabilities from direct business	334,917	192,124	13,629	540,670	546,202
<i>to policyholders</i>	168,581	153,946	12,036	334,563	369,786
<i>to insurance intermediaries</i>	106,648	35,791	432	142,871	146,335
<i>to insurance companies</i>	59,688	1,435	1,161	62,284	28,936
<i>arising from financial insurance contracts</i>	0	952	0	952	1,145
Liabilities from reinsurance business	146,583	12,039	2	158,624	153,103
Deposits from ceded reinsurance business	18,648	80,768	2,052	101,468	115,582
<b>Non-underwriting</b>	<b>670,109</b>	<b>207,670</b>	<b>5,513</b>	<b>883,292</b>	<b>1,617,278</b>
Liabilities to financial institutions	335,093	96,050	13	431,156	756,556
Other liabilities	335,016	111,620	5,500	452,136	860,722
<b>Total</b>	<b>1,170,257</b>	<b>492,601</b>	<b>21,196</b>	<b>1,684,054</b>	<b>2,432,165</b>

## INFORMATION RELATING TO THE CONSOLIDATED FINANCIAL INCOME STATEMENT

### PREMIUMS WRITTEN

Property/Casualty insurance	Gross	Reinsurers' share	Retention	Gross
	1.1.-30.6.2014	1.1.-30.6.2014	1.1.-30.6.2014	1.1.-30.6.2013
in EUR '000				
<b>Direct business</b>				
Casualty insurance	176,183	-1,521	174,662	181,452
Health insurance	23,446	-8,499	14,947	6,470
Land vehicle own-damage insurance	455,305	-19,083	436,222	481,036
Rail vehicle own-damage	1,394	-595	799	1,213
Aircraft own-damage insurance	3,115	-2,198	917	4,251
Sea, lake and river shipping own-damage insurance	5,439	-1,926	3,513	6,518
Transport insurance	26,190	-12,961	13,229	27,895
Fire explosion, other natural risks, nuclear energy	514,734	-176,036	338,698	519,269
Other property	260,921	-67,839	193,082	273,700
Liability insurance for land vehicles having their own drive train	611,437	-3,323	608,114	650,379
Carrier insurance	4,655	-1,266	3,389	3,521
Aircraft liability insurance	2,356	-1,229	1,127	2,836
Sea, lake and river shipping liability insurance	1,263	-460	803	1,992
General liability insurance	255,627	-50,792	204,835	278,150
Credit insurance	634	-178	456	46
Guarantee insurance	12,628	-3,723	8,905	9,332
Insurance for miscellaneous financial losses	83,110	-24,589	58,521	64,554
Legal expenses insurance	28,379	-158	28,221	27,616
Assistance insurance, travel health insurance	25,247	-681	24,566	22,369
<b>Subtotal</b>	<b>2,492,063</b>	<b>-377,057</b>	<b>2,115,006</b>	<b>2,562,599</b>
<b>Indirect business</b>				
Marine, aviation, and transport insurance	4,728	-2,306	2,422	5,235
Other insurances	61,604	-99,089	-37,485	43,409
Health insurance	5,138	0	5,138	6,664
<b>Subtotal</b>	<b>71,470</b>	<b>-101,395</b>	<b>-29,925</b>	<b>55,308</b>
<b>Total premiums written in Property and Casualty</b>	<b>2,563,533</b>	<b>-478,452</b>	<b>2,085,081</b>	<b>2,617,907</b>

Direct business life insurance	1.1.-30.6.2014	1.1.-30.6.2013
in EUR '000		
Regular premiums	1,178,932	1,186,367
Single premium policies	1,036,634	1,019,312
<b>Total premiums written direct in Life</b>	<b>2,215,566</b>	<b>2,205,679</b>
<i>thereof:</i>		
<i>Policies with profit participation</i>	<i>974,855</i>	<i>1,050,414</i>
<i>Policies without profit participation</i>	<i>438,230</i>	<i>436,714</i>
<i>Unit-linked policies</i>	<i>772,736</i>	<i>674,923</i>
<i>Index-linked policies</i>	<i>29,745</i>	<i>43,628</i>

## FINANCIAL RESULT

Composition: Income	Property/Casualty		Life		Health		Total	
	1.1.-30.6.2014	1.1.-30.6.2013	1.1.-30.6.2014	1.1.-30.6.2013	1.1.-30.6.2014	1.1.-30.6.2013	1.1.-30.6.2014	1.1.-30.6.2013
in EUR '000								
Current income	137,488	172,557	453,112	466,647	21,319	20,462	611,919	659,666
Income from appreciation	16,913	3,504	9,656	9,132	525	0	27,094	12,636
<i>of which a reduction in impairment</i>	<i>11,848</i>	<i>4,601</i>	<i>74</i>	<i>87</i>	<i>0</i>	<i>0</i>	<i>11,922</i>	<i>4,688</i>
Income from the disposal of investments	42,211	30,998	76,300	64,186	649	134	119,160	95,318
<b>Total</b>	<b>196,612</b>	<b>207,059</b>	<b>539,068</b>	<b>539,965</b>	<b>22,493</b>	<b>20,596</b>	<b>758,173</b>	<b>767,620</b>

Composition: Expenses	Property/Casualty		Life		Health		Total	
	1.1.-30.6.2014	1.1.-30.6.2013	1.1.-30.6.2014	1.1.-30.6.2013	1.1.-30.6.2014	1.1.-30.6.2013	1.1.-30.6.2014	1.1.-30.6.2013
in EUR '000								
Depreciation of investments	28,772	33,903	44,504	27,880	1,331	2,458	74,607	64,241
<i>of which a reduction in impairment</i>	<i>15,927</i>	<i>2,205</i>	<i>26,365</i>	<i>4,408</i>	<i>116</i>	<i>390</i>	<i>42,408</i>	<i>7,003</i>
Exchange rate changes	-2,088	4,344	-1,215	342	-79	-39	-3,382	4,647
Losses from disposal of investments	7,631	9,274	14,061	12,729	352	0	22,044	22,003
Interest expenses	30,215	19,620	9,580	11,021	440	1,024	40,235	31,665
Other expenses	57,191	36,902	40,755	30,171	2,572	2,521	100,518	69,594
<b>Total</b>	<b>121,721</b>	<b>104,043</b>	<b>107,685</b>	<b>82,143</b>	<b>4,616</b>	<b>5,964</b>	<b>234,022</b>	<b>192,150</b>

## EXPENSES FOR CLAIMS AND INSURANCE BENEFITS

Composition	Gross		Reinsurers' share		Retention	
	1.1.-30.6.2014	1.1.-30.6.2013	1.1.-30.6.2014	1.1.-30.6.2013	1.1.-30.6.2014	1.1.-30.6.2013
in EUR '000						
<b>Property/Casualty insurance</b>						
<b>Expenses for claims and insurance benefits</b>						
Payments for claims and insurance benefits	1,307,854	1,426,979	-166,963	-140,830	1,140,891	1,286,149
Changes in provision for outstanding claims	123,222	223,023	-3,677	-118,463	119,545	104,560
<b>Subtotal</b>	<b>1,431,076</b>	<b>1,650,002</b>	<b>-170,640</b>	<b>-259,293</b>	<b>1,260,436</b>	<b>1,390,709</b>
Change in mathematical reserve	-7	0	-1	1	-8	1
Change in other underwriting provisions	-4,636	-6,111	328	-1,887	-4,308	-7,998
Expenses for profit-unrelated premium refunds	13,778	4,435	2,601	5,116	16,379	9,551
<b>Total expenses</b>	<b>1,440,211</b>	<b>1,648,326</b>	<b>-167,712</b>	<b>-256,063</b>	<b>1,272,499</b>	<b>1,392,263</b>
<b>Life insurance</b>						
<b>Expenses for claims and insurance benefits</b>						
Payments for claims and insurance benefits	1,782,137	1,807,617	-11,417	-10,832	1,770,720	1,796,785
Changes in provision for outstanding claims	21,810	23,295	1,477	-1,118	23,287	22,177
<b>Subtotal</b>	<b>1,803,947</b>	<b>1,830,912</b>	<b>-9,940</b>	<b>-11,950</b>	<b>1,794,007</b>	<b>1,818,962</b>
Change in mathematical reserve	331,408	330,622	68	216	331,476	330,838
Change in other underwriting provisions	7	416	3	-77	10	339
Expenses for profit-related and profit-unrelated premium refunds	43,319	25,474	0	0	43,319	25,474
<b>Total expenses</b>	<b>2,178,681</b>	<b>2,187,424</b>	<b>-9,869</b>	<b>-11,811</b>	<b>2,168,812</b>	<b>2,175,613</b>
<b>Health insurance</b>						
<b>Expenses for claims and insurance benefits</b>						
Payments for claims and insurance benefits	122,000	124,270	-224	-210	121,776	124,060
Changes in provision for outstanding claims	7,521	5,610	-6	0	7,515	5,610
<b>Subtotal</b>	<b>129,521</b>	<b>129,880</b>	<b>-230</b>	<b>-210</b>	<b>129,291</b>	<b>129,670</b>
Change in mathematical reserve	25,188	31,122	-88	0	25,100	31,122
Expenses for profit-unrelated premium refunds	6,931	6,021	0	0	6,931	6,021
<b>Total expenses</b>	<b>161,640</b>	<b>167,023</b>	<b>-318</b>	<b>-210</b>	<b>161,322</b>	<b>166,813</b>
<b>Total</b>	<b>3,780,532</b>	<b>4,002,773</b>	<b>-177,899</b>	<b>-268,084</b>	<b>3,602,633</b>	<b>3,734,689</b>

## ACQUISITION AND ADMINISTRATIVE EXPENSES

Composition	Property/ Casualty	Life	Health	Total
	1.1.-30.6.2014	1.1.-30.6.2014	1.1.-30.6.2014	1.1.-30.6.2014
in EUR '000				
<b>Acquisition expenses</b>	<b>551,282</b>	<b>278,686</b>	<b>15,967</b>	<b>845,935</b>
<b>Administrative expenses</b>				
Pro rata personnel expenses	52,922	26,161	4,082	<b>83,165</b>
Pro rata material expenses	36,142	35,631	3,337	<b>75,110</b>
<b>Subtotal</b>	<b>89,064</b>	<b>61,792</b>	<b>7,419</b>	<b>158,275</b>
Received reinsurance commissions	-67,371	-4,626	-72	<b>-72,069</b>
<b>Total</b>	<b>572,975</b>	<b>335,852</b>	<b>23,314</b>	<b>932,141</b>

Composition	Property/ Casualty	Life	Health	Total
	1.1.-30.6.2013	1.1.-30.6.2013	1.1.-30.6.2013	1.1.-30.6.2013
in EUR '000				
<b>Acquisition expenses</b>	<b>551,516</b>	<b>262,900</b>	<b>15,512</b>	<b>829,928</b>
<b>Administrative expenses</b>				
Pro rata personnel expenses	54,847	25,018	3,968	<b>83,833</b>
Pro rata material expenses	41,098	36,922	3,302	<b>81,322</b>
<b>Subtotal</b>	<b>95,945</b>	<b>61,940</b>	<b>7,270</b>	<b>165,155</b>
Received reinsurance commissions	-54,574	-4,270	-70	<b>-58,914</b>
<b>Total</b>	<b>592,887</b>	<b>320,570</b>	<b>22,712</b>	<b>936,169</b>

## OTHER INFORMATION

Employee statistics	30.06.2014	31.12.2013
<b>Austria</b>	<b>5,218</b>	<b>5,235</b>
Field staff	2,827	2,828
Office employees	2,391	2,407
<b>Czech Republic</b>	<b>4,817</b>	<b>4,852</b>
Field staff	2,995	3,000
Office employees	1,822	1,852
<b>Slovakia</b>	<b>1,592</b>	<b>1,557</b>
Field staff	814	804
Office employees	778	753
<b>Poland</b>	<b>1,675</b>	<b>1,742</b>
Field staff	869	784
Office employees	806	958
<b>Romania</b>	<b>2,415</b>	<b>2,727</b>
Field staff	1,386	1,615
Office employees	1,029	1,112
<b>Remaining markets</b>	<b>6,484</b>	<b>6,483</b>
Field staff	4,084	4,108
Office employees	2,400	2,375
<b>Central functions</b>	<b>425</b>	<b>543</b>
Office employees	425	543
<b>Total</b>	<b>22,626</b>	<b>23,139</b>

# Declaration by the Managing Board

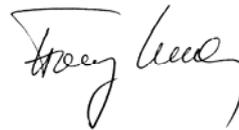
We confirm to the best of our knowledge that the interim financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group as required by the applicable accounting standards and that the Group management report gives a true and fair view of important events that have occurred during the

first six months of the financial year and their impact on the interim financial statements, and of the principal risks and uncertainties for the remaining six months of the financial year and of the major related party transactions to be disclosed. The interim report was not audited or reviewed by an auditor.

The Managing Board:



**Peter Hagen**  
General Manager,  
Chairman of the Managing Board



**Franz Fuchs**  
Member of the Managing Board



**Peter Höfinger**  
Member of the Managing Board



**Martin Simhandl**  
CFO, Member of the Managing Board

Vienna, 8 August 2014

## Managing Board areas of responsibility:

**Peter Hagen:** Group management, strategic planning, public relations, marketing, sponsoring, legal matters, people management, performance management motor vehicle insurance, asset risk management, IT, international processes and methods, SAP smile solutions; Country responsibilities: Austria (incl. coordination of s Versicherungsgruppe), Czech Republic, Ukraine

**Franz Fuchs:** Performance management personal insurance, strategic initiative health insurance; Country responsibilities: Baltic States, Poland, Romania

**Peter Höfinger:** International corporate and large customer business, Vienna International Underwriters (VIU), reinsurance, strategic initiative SME business, strategic initiative private customer property insurance; Country responsibilities: Albania (incl. Kosovo), Belarus, Bosnia-Herzegovina, Bulgaria, Croatia, Hungary, Macedonia, Montenegro, Serbia, Slovakia

**Martin Simhandl:** Asset management, subsidiaries department, finance and accounting, group cost structure, internal capital model project (Solvency II project), treasury/capital market; Country responsibilities: Germany, Georgia, Liechtenstein, Turkey

## **MEDIA PUBLISHER AND OWNER**

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## **NOTES**

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

The interim report was prepared with the greatest possible care in order to ensure that the information provided in all parts is correct and complete. Rounding, type-setting and printing errors can nevertheless not be completely ruled out.

All references in the text are to be understood as referring equally to men and women without discrimination.

In case of doubt, the German version is authoritative.

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