

50 COMPANIES  
+ 25 COUNTRIES  
= **NUMBER 1**



# Letter from the Chairwoman of the Managing Board

**Dear Shareholders,  
Ladies and Gentlemen!**

As shown by the reckoning on the cover of this interim report, "50 companies + 25 countries = NUMBER 1", Vienna Insurance Group (VIG) is the leading insurance group in Austria and Central and Eastern Europe (CEE). And we are very proud of this! Our leading position in this region is due not only to our broad positioning built on our multi-brand strategy, but also to the great expertise of the local management and employees in our companies. Each of our around 50 Group companies maintains its own individual market presence, thereby allowing us to address different target groups and tailor product portfolios to the specific circumstances in each country.



year-on-year increase of 22.4%. With respect to individual markets, Romania (+116.0%), Bulgaria (+22.5%), Hungary (+16.1%) and Austria (+12.0%) recorded particularly noteworthy results in this regard.

We also significantly improved our combined ratio to an excellent 96.9% in the 1<sup>st</sup> quarter of 2017, as compared to 97.8% for the same period in 2016.

As we confidently continue on our successful path into the future, I would like to thank you, our shareholders, clients and business partners on behalf of the entire Managing Board for the faith you have shown in us.

A handwritten signature in dark ink, appearing to read 'Stadler'.

Elisabeth Stadler

This does not mean, however, that we follow this multi-brand strategy at all costs. If individual markets offer clear synergy potential that outweighs the benefits of a diversified market presence, then back-office functions and companies may be merged to take advantage of cost benefits and increased efficiency. We are already carefully examining a possible pooling of potential in some of our markets.

With respect to business development in the first three months of this year, Group premiums written remained stable at EUR 2,719.6 million. This represented an increase of 0.5% compared to the same period of the previous year, notwithstanding the decrease in single-premium life insurance business due to the ongoing low interest rate environment.

When adjusted for single-premium life insurance, total premiums increased 4.2%. A closer look at the individual Vienna Insurance Group markets shows significant growth in Hungary (+46.5%), the Turkey/Georgia region (+17.7%), Slovakia (+10.0%) and the Czech Republic (+5.1%) in the 1<sup>st</sup> quarter of 2017.

Vienna Insurance Group also recorded a positive start to the year in terms of Group profit. Group profit before taxes was EUR 109.6 million in the first three months, representing a

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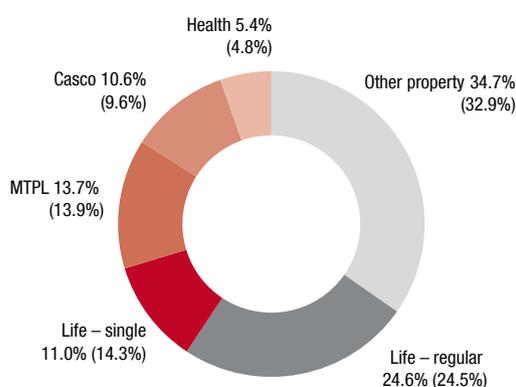
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# Interim management report

## BUSINESS DEVELOPMENT (IN ACCORDANCE WITH IFRS)

Vienna Insurance Group wrote EUR 2,719.6 million in Group premiums in the 1<sup>st</sup> quarter of 2017, an increase of 0.5% compared to the same period in the previous year. Excluding single-premium life insurance business, the Group recorded a significant increase in premiums of 4.2%.

### PREMIUM SHARE BY LINE OF BUSINESS IN THE 1<sup>ST</sup> QUARTER OF 2017



Values for 1<sup>st</sup> quarter 2016 in parentheses

Expenses for claims and insurance benefits less reinsurers' share decreased to EUR 1,741.4 million in the first three months of 2017, representing a year-on-year decrease of 0.5%. Acquisition and administrative expenses less reinsurance commissions rose 3.2% year-on-year to EUR 518.2 million, primarily due to first-time consolidation of BTA Baltic (1<sup>st</sup> quarter of 2016: EUR 502.3 million).

Group profit before taxes was EUR 109.6 million in the 1<sup>st</sup> quarter of 2017, representing a significant year-on-year increase of 22.4% that was primarily due to good growth in the financial result and an improved combined ratio.

The Group combined ratio after reinsurance (not including investment income) improved to an excellent 96.9% in the 1<sup>st</sup> quarter of 2017, primarily due to good performance in Austria (1<sup>st</sup> quarter of 2016: 97.8%).

## VIG IN THE 1<sup>ST</sup> QUARTER OF 2017

- Premium volume increased to EUR 2,719.6 million, +4.2% not including single-premium life products
- Profit before taxes rose significantly to EUR 109.6 million
- The combined ratio was an excellent 96.9%

Group investments including cash and cash equivalents were EUR 36.2 billion as of 31 March 2017.

VIG earned a financial result of EUR 247.7 million in the 1<sup>st</sup> quarter of 2017. This represented a year-on-year increase of 10.6% that was primarily due to an increase in current income resulting from full consolidation of the non-profit societies and an increase in realised profits due to the sale of shares.

## BUSINESS DEVELOPMENT BY SEGMENT

### DEVELOPMENT BY SEGMENT

|                                | Premiums written |                | Result before taxes |                       |
|--------------------------------|------------------|----------------|---------------------|-----------------------|
|                                | 1.1.-31.3.17     | 1.1.-31.3.16   | 1.1.-31.3.17        | 1.1.-31.3.16 adjusted |
| <b>in EUR million</b>          |                  |                |                     |                       |
| Austria                        | 1,290.7          | 1,347.8        | 37.9                | 33.8                  |
| Czech Republic                 | 427.5            | 406.8          | 42.0                | 42.9                  |
| Slovakia                       | 209.9            | 190.8          | 11.4                | 10.8                  |
| Poland                         | 213.3            | 207.0          | 5.9                 | 7.8                   |
| Romania                        | 131.6            | 142.3          | 3.2                 | 1.5                   |
| Baltic states                  | 76.5             | 34.3           | -2.4                | -3.5                  |
| Hungary                        | 73.7             | 50.3           | 1.1                 | 0.9                   |
| Bulgaria                       | 43.5             | 42.3           | 2.4                 | 2.0                   |
| Turkey/Georgia                 | 67.7             | 57.5           | 1.9                 | 2.0                   |
| Remaining CEE <sup>1</sup>     | 89.3             | 79.5           | 5.9                 | 4.4                   |
| Other Markets <sup>2</sup>     | 68.0             | 106.5          | 6.7                 | 6.6                   |
| Central Functions <sup>3</sup> | 393.7            | 369.0          | -6.1                | -19.8                 |
| Consolidation                  | -365.8           | -328.5         | -0.3                | 0.3                   |
| <b>Total</b>                   | <b>2,719.6</b>   | <b>2,705.8</b> | <b>109.6</b>        | <b>89.6</b>           |

<sup>1</sup> Remaining CEE: Albania, Bosnia-Herzegovina, Croatia, Macedonia, Moldova, Serbia, Ukraine

<sup>2</sup> Remaining Markets: Germany, Liechtenstein

<sup>3</sup> Central Functions include VIG Holding, VIG Re, VIG Fund, the non-profit societies, corporate IT service providers and intermediate holding companies.

### **Austria**

The Austrian VIG companies wrote EUR 1,290.7 million in premiums in the first three months of 2017. This represented a year-on-year decrease of 4.2%, which was due to a decrease in single-premium life insurance business. When adjusted for this, the Austrian Group companies recorded an increase of 0.6%.

Profit before taxes increased 12.0% year-on-year to EUR 37.9 million in the 1<sup>st</sup> quarter of 2017 as a result of a significant improvement in the combined ratio.

Due to a stable loss situation without large events, the combined ratio improved to an excellent 95.8% in the first three months of 2017 (1<sup>st</sup> quarter of 2016: 99.5%).

### **Czech Republic**

The Vienna Insurance Group companies in the Czech Republic wrote EUR 427.5 million in premiums in the 1<sup>st</sup> quarter of 2017, an increase of 5.1% compared to the same period in the previous year. The increase was primarily due to good performance in the other property and casualty insurance and regular premium life insurance areas.

Profit before taxes declined 2.1% year-on-year to EUR 42.0 million in the first three months of the current year.

In spite of many large losses in the other property and casualty insurance and indirect business areas, and the overall negative adverse change in losses in the motor own damage area, the combined ratio was a very good 94.9% (1<sup>st</sup> quarter of 2016: 88.7%).

### **Slovakia**

Premiums written were EUR 209.9 million in Slovakia in the first three months of the current year. This year-on-year increase of 10.0% was primarily due to good performance in the single-premium life insurance area.

Profit before taxes rose 5.3% to EUR 11.4 million in the 1<sup>st</sup> quarter of 2017 (1<sup>st</sup> quarter of 2016: EUR 10.8 million).

The combined ratio improved compared to the same period in the previous year to 93.6% (1<sup>st</sup> quarter of 2016: 95.7%).

### **Poland**

The Polish Vienna Insurance Group companies wrote EUR 213.3 million in premiums in the 1<sup>st</sup> quarter of 2017, an increase of 3.1% compared to the same period in the previous year. The increase was mainly due to good performance in the motor third party liability area and other property and casualty insurance.

Profit before taxes fell to EUR 5.9 million in the first three months of the current year, representing a 25.0% drop compared to the same period in the previous year. The decrease was primarily due to ongoing difficult market conditions and a change in cancellation terms when certain life insurance products are surrendered.

The combined ratio improved to a very good 96.2% in the 1<sup>st</sup> quarter of 2017 (1<sup>st</sup> quarter of 2016: 99.2%).

### **Romania**

The Romanian Group companies wrote EUR 131.6 million in premiums in the 1<sup>st</sup> quarter of 2017, representing a decrease of 7.5%. This decrease was primarily due to regulatory measures imposing a maximum limit on motor third party liability premiums for six months.

Profit before taxes increased compared to the same period of the previous year to EUR 3.2 million (1<sup>st</sup> quarter of 2016: EUR 1.5 million). This significant increase in profits was due to favourable market developments that primarily led to a significant improvement in the combined ratio.

As a result, the combined ratio improved once again compared to the same period of the previous year to 98.1% in the 1<sup>st</sup> quarter of 2017 (1<sup>st</sup> quarter of 2016: 102.8%).

### **Baltic States**

The Baltics consists of the countries of Estonia, Latvia and Lithuania.

VIG companies in the Baltic States wrote EUR 76.5 million in premiums in the first three months of 2017 (1<sup>st</sup> quarter of 2016: EUR 34.3 million). The striking year-on-year increase in premiums was primarily due to first-time consolidation of the non-life insurance company BTA Baltic that was acquired.

Earnings were negatively affected by Compensa Non-Life start-up costs for establishing branches in Estonia and Latvia, leading to a loss of EUR 2.4 million in the 1<sup>st</sup> quarter of 2017 (1<sup>st</sup> quarter of 2016: loss of EUR 3.5 million).

Although the combined ratio of 107.7% improved significantly compared to the same period of the previous year, primarily due to first-time consolidation of BTA Baltic, it nevertheless continued to be above the 100% mark (1<sup>st</sup> quarter of 2016: 131.6%).

#### **Hungary**

EUR 73.7 million in premiums were written in Hungary in the 1<sup>st</sup> quarter of 2017. This significant increase of 46.5% was mainly the result of strong premium growth in the other property and casualty insurance area.

Profit before taxes increased to EUR 1.1 million due to a significant improvement in the underwriting result. This represented a year-on-year increase of 16.1%.

The combined ratio improved significantly compared to the same period in the previous year to 99.8% (1<sup>st</sup> quarter of 2016: 105.1%).

#### **Bulgaria**

Premiums written rose 2.9% to EUR 43.5 million in Bulgaria in the 1<sup>st</sup> quarter of 2017. The increase was mainly due to good performance in the motor lines of business and single-premium life products.

The Bulgarian Group companies contributed EUR 2.4 million to Group profits before taxes in the 1<sup>st</sup> quarter of the current year. This corresponds to a strong year-on-year increase of 22.5%, primarily due to the significant

improvement in Bulstrad Non-Life's underwriting result and the first-time consolidation of Nova.

The combined ratio improved significantly compared to the same period in the previous year to 97.3%, mainly due to a more restrictive underwriting policy for motor third party liability insurance and the targeted reduction in marine business (1<sup>st</sup> quarter of 2016: 105.1%).

#### **Turkey/Georgia**

The VIG companies in the Turkey/Georgia segment wrote EUR 67.7 million in premiums during the first three months of 2017, representing a major year-on-year increase of 17.7%. The strong increase in premiums was mainly due to positive performance for health insurance in Georgia.

Profit before taxes was EUR 1.9 million in the 1<sup>st</sup> quarter of 2017, which was essentially the same as the level in the previous year (1<sup>st</sup> quarter of 2016: EUR 2.0 million).

Higher loss ratios, primarily due to large losses in Turkey, led to a combined ratio of 104.3% in the 1<sup>st</sup> quarter of 2017 (1<sup>st</sup> quarter of 2016: 96.0%).

#### **Remaining CEE**

The Remaining CEE segment includes the countries of Albania, Bosnia-Herzegovina, Croatia, Macedonia, Moldova, Serbia and Ukraine.

Vienna Insurance Group companies in the Remaining CEE countries wrote EUR 89.3 million in premiums in the 1<sup>st</sup> quarter of 2017. The year-on-year increase of 12.4% was mainly due to the positive development in other property and casualty insurance in Serbia and Croatia.

Profit before taxes rose 35.2% to EUR 5.9 million, primarily due to positive earnings performance in Albania and Serbia.

The combined ratio also improved to 96.7% in the 1<sup>st</sup> quarter of the current year, mainly due to positive performance in Albania and Serbia. (1<sup>st</sup> quarter of 2016: 102.8%).

### **Remaining Markets**

The Remaining Markets segment includes the countries of Germany and Liechtenstein.

Vienna Insurance Group companies in the Remaining Markets segment wrote EUR 68.0 million in premiums in the first three months of the current year. The year-on-year drop of 36.2% was due to the decrease in single-premium life insurance business.

Profit before taxes rose 1.9% to EUR 6.7 million in the 1<sup>st</sup> quarter of 2017.

The combined ratio was an excellent 80.3% in the 1<sup>st</sup> quarter of 2017 (1<sup>st</sup> quarter of 2016: 78.0%).

### **Central Functions**

Premiums written in the Central Functions segment rose 6.7% in the 1<sup>st</sup> quarter of 2017 to EUR 393.7 million. This was mainly the result of an increase in premiums generated by Group company VIG Re entering new reinsurance business areas (Western Europe).

The Central Functions reported a loss of EUR 6.1 million in the 1<sup>st</sup> quarter of 2017. This was considerably less than in the same period of the previous year due to full consolidation of the non-profit societies.

### **EMPLOYEES**

Vienna Insurance Group had a total of 24,780 employees in the 1<sup>st</sup> quarter of the current year, which was 179 more than 2016 as a whole. This was due to an increase in the number of sales employees, primarily in Georgia and Slovakia.

### **BUSINESS DEVELOPMENT BY BALANCE SHEET UNIT**

Further information on business development by balance sheet units is provided in the additional disclosures in accordance with the Austrian Insurance Supervision Act (VAG) starting on page 50.

### **RELATED PARTY TRANSACTIONS**

Information on related party transactions is provided in the notes to the consolidated financial statements on page 49.

### **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, Vienna Insurance Group 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 central risk management department at the holding company level assist the 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 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 level.

The Vienna Insurance Group risk environment remained practically unchanged in the 1<sup>st</sup> quarter of 2017, 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 for 2016 and the Solvency and Financial Condition Report for 2016.

The solvency ratio was 195% as of 31 December 2016 at the level of the listed VIG Group, which was the same level

as the previous year. The Group's very good capital adequacy under Solvency II and its A+ rating from Standard & Poor's confirm its large risk-bearing capacity.

The situation in financial markets, in particular changes in the interest rate environment, is being monitored closely. Vienna Insurance Group will continue to maintain the conservative, security-oriented investment policy it has used to access financial markets in the past.

Given the effective management of risks based on a conservative business and risk strategy and its strong capital base, Vienna Insurance Group feels it is well-prepared for the future.

## VIG OUTLOOK

VIG has set itself a goal of continuously optimising profitability. The Group aims to generate healthy, well-considered growth and will continue to follow a profit-oriented growth policy based on this principle in the future. Vienna Insurance Group plans to continuously increase Group premiums to EUR 9.5 billion by 2019, and steadily increase profit before taxes to between EUR 450 and 470 million.

The Group will focus more strongly on its underwriting result in future years and endeavour to make improvements in both the claims and expenses areas that will improve the combined ratio in the direction of 95% over the medium term. Life insurance with biometric components and regular premiums will also be further promoted. These measures are aimed at compensating for the decrease in the ordinary financial result due to the current low interest rate environment.

Vienna Insurance Group will also continue to pursue its strategic initiatives for optimising its business model, ensuring future viability and organisation and cooperation. For example, VIG will focus on exploiting insurance potential in the health insurance segment and optimising the profitability of motor insurance.

A new focus will also be placed on digitisation of products and services.

Vienna Insurance Group would also like to further expand its bank insurance business in the future, as bank distribution has become more important in many markets in previous years. Vienna Insurance Group recognised this trend early on and now benefits from a partnership with Erste Group, a leading banking group in Austria and the Central and Eastern European region. Personal insurance typically dominates the range of insurance products sold through banks. Vienna Insurance Group also sees a great deal of potential in sales of health and property and casualty insurance. A project group was formed with bank insurance partner Erste Group for this purpose. The aim of the project is to optimise products, distribution and profits for bank and insurance companies in all countries where Erste Group and Vienna Insurance Group cooperate. The focus is on customer needs and requirements, easily understandable products and integration into the bank's digitisation initiative. This also includes organisational and structural considerations on the insurance side that will improve communications and service for customers and banking partners.

## CURRENT TOPICS

### **Subordinated bond placement**

Vienna Insurance Group privately placed a EUR 200 million subordinated bond with international institutional investors on 6 April 2017. The subordinated bond can be called by Vienna Insurance Group after 10 years and satisfies the tier 2 requirements under Solvency II. Inclusion for trading in the Third Market of the Vienna Stock Exchange took place on 13 April 2017.

Wiener Städtische also issued a EUR 250 million subordinated bond with a maturity of 10 years on 2 May 2017. The bond satisfies Solvency II tier 2 capital requirements and will be included for trading in the Third Market of the Vienna Stock Exchange from June 2017.

### **Optimising our business model**

Merging the Hungarian Vienna Insurance Group companies is being considered as part of Agenda 2020. The increased size of business operations would allow operating processes to be optimised, resources concentrated on developments in the area of digitisation and greater focus placed on taking advantage of market potential.

### **Name of Latvian Group company Baltikums changed to InterRisk**

The name of the Baltic Group company Baltikums that was acquired in October 2015 of last year has been changed. The company has been operating in the Baltic market under the name “InterRisk Vienna Insurance Group” AAS since March 2017.

## **AWARDS**

### **Wiener Städtische in Austria receives award for outstanding service**

Austrian Group company Wiener Städtische received a rating of “outstanding” for its impressive customer service in the “Professional Fund Service Awards”.

### **German InterRisk offers the “BEST casualty insurance”**

In its 2017 test of casualty insurance, business magazine FOCUS-MONEY and the rating specialists at Franke und Bornberg rated the adult XXL casualty model offered by the German VIG company InterRisk as the “BEST casualty insurance”.

# Capital markets & investor relations & share

## CAPITAL MARKETS

### International overview

Stock markets recorded respectable gains in the 1<sup>st</sup> quarter of 2017, the MSCI World Index in USD, which tracks price performance in the industrialised countries, rose 5.9% and the MSCI Emerging Markets Index in USD even rose as much as 11.1%.

The new US government under President Donald Trump, which assumed power in January 2017, brought hope to investors of significant tax cuts and increased infrastructure investment. This led to major share price increases on US stock exchanges, sending the US Dow Jones Industrial (DJI) Index to an all-time high of 21,115.55 points on 1 March 2017. Prices subsequently fell in March, resulting in an overall increase of 4.6% in the DJI in the 1<sup>st</sup> quarter of 2017.

Hopes for positive economic stimulus from the US, an overall positive outlook for the global economy and generally calm political environment in Europe generated price gains on European stock markets in the 1<sup>st</sup> quarter of 2017. The pan-European Euro Stoxx 50 equity index in EUR rose 6.4% in the first three months of the year. The German DAX stock index achieved an even greater gain of 7.2%. While European stock indices rose further at the end of the quarter due to an optimistic view of global trade and the global economy, the Japanese Nikkei 225 fell slightly (1.1%) at the end of the quarter compared to the end of 2016. Although economic data and corporate earnings had a positive effect of the Japanese market, the market was negatively affected by uncertainty about the economy and, in particular, trade policy.

Emerging market stock markets recorded their best quarter in five years. Positive economic data from a number of key markets contributed to these gains. Emerging markets in Central and Eastern Europe also showed robust growth rates, wakening increasing investor interest. As a result, the Eastern European CECE Index in EUR gained a highly respectable 9.9% in the 1<sup>st</sup> quarter of 2017.

### Vienna Stock Exchange

The Vienna Stock Exchange ATX Index outperformed the Euro Stoxx 50 Index in EUR with an increase of 8.0% in the

1<sup>st</sup> quarter of 2017. The index rose relatively steadily to a level of 2,828.79 points at the end of the quarter on 31 March 2017, which was therefore not significantly lower than the highest closing level of the 1<sup>st</sup> quarter 2017 of 2,850.76. Thanks to the strong price gains, the market capitalisation of the Vienna Stock Exchange – the aggregate market value of all companies listed on the exchange – rose above the EUR 100 billion mark for the first time since the economic crisis of 2008.

## INVESTOR RELATIONS

Activities in the first quarter of 2017 started in January with participation in the German Corporate Conference organised by Kepler Cheuvreux in Frankfurt, followed by the Austrian Day of the Vienna Stock Market in London, with investor meetings scheduled by the Erste Group. VIG also attended the Baader Bank Austrian Conference in Stockholm at the end of February.

Following initial publication of preliminary results on 23 March 2017, including announcement of the proposed dividend of EUR 0.80 and a new outlook until 2019, VIG took the opportunity to exchange information directly with investors at the RCB Conference in Zürs at the end of March. The focus was on the Group's long-term expectations in connection with the strategic "Agenda 2020" work programme that was presented by Elisabeth Stadler.

The presentations used at these bank conferences are available on our website at [www.vig.com/events](http://www.vig.com/events). All of the documents concerning the published embedded value and on Solvency II are also available under Downloads on the menu.

## VIG SHARE PERFORMANCE

Vienna Insurance Group shares recorded an excellent start to 2017, achieving an increase of 6.5% in the 1<sup>st</sup> quarter of 2017. The performance of the first three month was significantly higher than the performance of the Euro Stoxx Insurance Index calculated in EUR. The Vienna Insurance Group share reached its high for the 1<sup>st</sup> quarter of EUR 23.640 on 15 March 2017, before losing some ground to fall behind the ATX.

This was followed, however, by an unbelievable rally starting in the middle of April that raised the share price to EUR 25.560 by the editorial deadline.

#### Overview of VIG shares

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

#### Key share information for the 1<sup>st</sup> quarter of 2017

|  |     |             |
|--|-----|-------------|
| High   | EUR | 23.640      |
| Low  | EUR | 21.590      |
| Year-end price                               | EUR | 22.680      |
| Market capitalisation                        | EUR | 2.9 billion |
| Dividend 2016                                | EUR | 0.80        |
| Average daily stock exchange trading volume* | EUR | 3.6 million |

\* Using single counting

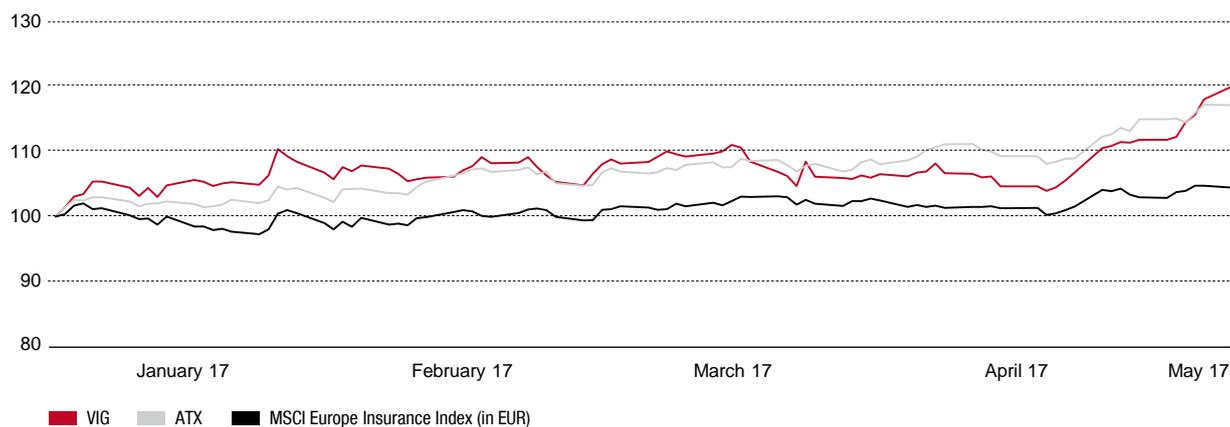
#### VIG financial calendar\*

|   |                  |
|---|------------------|
| Results for the 1 <sup>st</sup> quarter of 2017                     | 23 May 2017      |
| Results for the 1 <sup>st</sup> half of 2017                        | 22 August 2017   |
| Results for the 1 <sup>st</sup> to 3 <sup>rd</sup> quarters of 2017 | 29 November 2017 |

\* Preliminary schedule

#### VIENNA INSURANCE GROUP (VIG) COMPARED TO THE ATX AND MSCI EUROPE INSURANCE INDEX (IN EUR) 1 JANUARY 2017 TO 8 MAY 2017

Indexed (basis = 100)



# Consolidated interim financial statements in accordance with IFRS

## CONSOLIDATED BALANCE SHEET AS OF 31 MARCH 2017

| Assets  | Notes    | 31.3.2017         | 31.12.2016        |
|---|----------|-------------------|-------------------|
| <i>in EUR '000</i>  |          |                   |                   |
| <b>A. Intangible assets</b>   | <b>1</b> |                   |                   |
| I. Goodwill   |          | 1,538,609         | 1,532,190         |
| II. Purchased insurance portfolios                                      |          | 41,137            | 43,339            |
| III. Other intangible assets  |          | 471,052           | 478,971           |
| <b>Total intangible assets</b>  |          | <b>2,050,798</b>  | <b>2,054,500</b>  |
| <b>B. Investments</b>   |          |                   |                   |
| I. Land and buildings   |          | 5,601,816         | 5,601,623         |
| a) Self-used property   |          | 425,888           | 429,484           |
| b) Investment property  |          | 5,175,928         | 5,172,139         |
| II. Shares in at equity consolidated companies                          |          | 274,965           | 269,699           |
| III. Financial instruments  |          | 28,792,008        | 28,774,934        |
| a) Loans and other investments  |          | 3,392,174         | 3,396,574         |
| b) Other securities   | 2        | 25,399,834        | 25,378,360        |
| Financial instruments held to maturity                                  |          | 3,099,581         | 3,065,822         |
| Financial instruments available for sale                                |          | 21,909,746        | 21,851,248        |
| Financial instruments recognised at fair value through profit and loss* |          | 390,507           | 461,290           |
| <b>Total investments</b>  |          | <b>34,668,789</b> | <b>34,646,256</b> |
| <b>C. Investments for unit-linked and index-linked life insurance</b>   |          | <b>8,779,793</b>  | <b>8,549,580</b>  |
| <b>D. Reinsurers' share in underwriting provisions</b>                  | <b>3</b> | <b>1,122,428</b>  | <b>985,211</b>    |
| <b>E. Receivables</b>   | <b>4</b> | <b>1,586,618</b>  | <b>1,459,631</b>  |
| <b>F. Tax receivables and advance payments out of income tax</b>        |          | <b>247,100</b>    | <b>236,940</b>    |
| <b>G. Deferred tax assets</b>   |          | <b>143,076</b>    | <b>138,230</b>    |
| <b>H. Other assets</b>  |          | <b>356,670</b>    | <b>347,819</b>    |
| <b>I. Cash and cash equivalents</b>                                     |          | <b>1,531,044</b>  | <b>1,589,941</b>  |
| <b>Total</b>  |          | <b>50,486,316</b> | <b>50,008,108</b> |

\* Including held for trading

The numbers for the individual items in the consolidated balance sheet and consolidated income statement refer to detailed disclosures for these items in the Notes to the consolidated balance sheet section in the Notes to the consolidated financial statements starting on page 28.

## CONSOLIDATED BALANCE SHEET AS OF 31 MARCH 2017

| Liabilities and shareholders' equity  | Notes    | 31.3.2017         | 31.12.2016        |
|---|----------|-------------------|-------------------|
| 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                  |          | 193,619           | 193,619           |
| IV. Retained earnings   |          | 2,000,893         | 1,929,339         |
| V. Other reserves   |          | 182,843           | 199,415           |
| <b>Subtotal</b>   |          | <b>4,619,245</b>  | <b>4,564,263</b>  |
| VI. Other non-controlling interests   |          | 111,606           | 114,219           |
| VII. Non-controlling interests from non-profit societies                          |          | 1,052,945         | 1,032,775         |
| <b>Total shareholders' equity</b>   |          | <b>5,783,796</b>  | <b>5,711,257</b>  |
| <b>B. Subordinated liabilities</b>  |          | <b>1,016,558</b>  | <b>1,265,009</b>  |
| <b>C. Underwriting provisions</b>   | <b>6</b> |                   |                   |
| I. Provision for unearned premiums  |          | 1,667,940         | 1,282,164         |
| II. Mathematical reserve  |          | 21,563,220        | 21,528,896        |
| III. Provision for outstanding claims   |          | 4,841,706         | 4,815,063         |
| IV. Provision for profit-unrelated premium refunds                                |          | 64,840            | 63,605            |
| V. Provision for profit-related premium refunds                                   |          | 1,463,978         | 1,491,192         |
| VI. Other underwriting provisions   |          | 38,551            | 39,151            |
| <b>Total underwriting provisions</b>  |          | <b>29,640,235</b> | <b>29,220,071</b> |
| <b>D. Underwriting provisions for unit-linked and index-linked life insurance</b> |          | <b>8,392,457</b>  | <b>8,129,884</b>  |
| <b>E. Non-underwriting provisions</b>   |          |                   |                   |
| I. Provisions for pensions and similar obligations                                |          | 519,289           | 518,766           |
| II. Other provisions  |          | 284,320           | 296,482           |
| <b>Total non-underwriting provisions</b>  |          | <b>803,609</b>    | <b>815,248</b>    |
| <b>F. Liabilities</b>   | <b>7</b> | <b>4,193,354</b>  | <b>4,202,585</b>  |
| <b>G. Tax liabilities out of income tax</b>                                       |          | <b>198,640</b>    | <b>181,300</b>    |
| <b>H. Deferred tax liabilities</b>  |          | <b>312,362</b>    | <b>325,150</b>    |
| <b>I. Other liabilities</b>   |          | <b>145,305</b>    | <b>157,604</b>    |
| <b>Total</b>  |          | <b>50,486,316</b> | <b>50,008,108</b> |

## CONSOLIDATED INCOME STATEMENT FOR THE REPORTING PERIOD

|  | Notes | 1.1.-31.3.2017    | 1.1.-31.3.2016<br>adjusted |
|--|-------|-------------------|----------------------------|
| <b>in EUR '000</b>   |       |                   |                            |
| <b>Premiums</b>  |       |                   |                            |
| Premiums written – gross   | 8     | 2,719,571         | 2,705,759                  |
| Premiums written – reinsurers' share                               |       | -320,699          | -329,109                   |
| <b>Premiums written – retention</b>                                |       | <b>2,398,872</b>  | <b>2,376,650</b>           |
| Change in unearned premiums – gross                                |       | -370,288          | -381,241                   |
| Change in unearned premiums – reinsurers' share                    |       | 124,270           | 142,423                    |
| <b>Net earned premiums – retention</b>                             |       | <b>2,152,854</b>  | <b>2,137,832</b>           |
| <b>Financial result excluding at equity consolidated companies</b> | 9     | <b>235,905</b>    | <b>214,415</b>             |
| Income from investments  |       | 391,257           | 315,496                    |
| Expenses for investments and interest expenses                     |       | -155,352          | -101,081                   |
| <b>Result from shares in at equity consolidated companies</b>      |       | <b>11,819</b>     | <b>9,653</b>               |
| <b>Other income</b>  | 10    | <b>29,517</b>     | <b>36,932</b>              |
| <b>Expenses for claims and insurance benefits</b>                  | 11    | <b>-1,741,419</b> | <b>-1,750,554</b>          |
| Expenses for claims and insurance benefits – gross                 |       | -1,779,604        | -1,884,242                 |
| Expenses for claims and insurance benefits – reinsurers' share     |       | 38,185            | 133,688                    |
| <b>Acquisition and administrative expenses</b>                     | 12    | <b>-518,229</b>   | <b>-502,288</b>            |
| Acquisition expenses   |       | -465,871          | -448,688                   |
| Administrative expenses  |       | -100,666          | -93,148                    |
| Reinsurance commissions  |       | 48,308            | 39,548                     |
| <b>Other expenses</b>  | 13    | <b>-60,827</b>    | <b>-56,406</b>             |
| <b>Result before taxes</b>   |       | <b>109,620</b>    | <b>89,584</b>              |
| <b>Tax expenses/income</b>   |       | <b>-22,006</b>    | <b>-20,940</b>             |
| <b>Result of the period</b>  |       | <b>87,614</b>     | <b>68,644</b>              |
| thereof attributable to Vienna Insurance Group shareholders        |       | 69,052            | 67,248                     |
| thereof other non-controlling interests                            |       | -817              | 1,396                      |
| thereof non-controlling interests in non-profit societies          |       | 19,379            | 0                          |
| <b>Result per share (annualised)*</b>                              | 5     |                   |                            |
| Undiluted = diluted earnings per share (in EUR)                    |       | 2.07              | 1.98                       |
| <b>Result of the period (Carry-forward)</b>                        |       | <b>87,614</b>     | <b>68,644</b>              |

\* The calculation of these figures includes the aliquot portion of interest expenses for hybrid capital.

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

|   | 1.1.-31.3.2017 | 1.1.-31.3.2016<br>adjusted |
|---|----------------|----------------------------|
| <b>in EUR '000</b>  |                |                            |
| <b>Result of the period (Carry-forward)</b>   | <b>87,614</b>  | <b>68,644</b>              |
| <b>Other comprehensive income (OCI)</b>   |                |                            |
| <b>Items that will not be reclassified to profit and loss in subsequent periods</b> |                |                            |
| +/- Underwriting gains and losses from provisions for employee benefits             | -743           | -2,532                     |
| +/- Deferred profit participation   | 213            | 687                        |
| +/- Deferred taxes  | 116            | 441                        |
| <b>Subtotal</b>   | <b>-414</b>    | <b>-1,404</b>              |
| <b>Items that will be reclassified to profit or loss in subsequent periods</b>      |                |                            |
| +/- Exchange rate changes through equity  | 14,233         | 1,086                      |
| +/- Unrealised gains and losses from financial instruments available for sale       | -145,387       | 444,459                    |
| +/- Cash flow hedge reserve   | 156            | 874                        |
| +/- Share of other reserves of associated companies                                 | 43             | 324                        |
| +/- Deferred mathematical reserve   | 47,350         | -102,942                   |
| +/- Deferred profit participation   | 57,428         | -200,192                   |
| +/- Deferred taxes  | 9,931          | -33,254                    |
| <b>Subtotal</b>   | <b>-16,246</b> | <b>110,355</b>             |
| <b>Total OCI</b>  | <b>-16,660</b> | <b>108,951</b>             |
| <b>Total profit of the period including other comprehensive income after taxes</b>  | <b>70,954</b>  | <b>177,595</b>             |
| thereof attributable to Vienna Insurance Group shareholders                         | 52,480         | 174,204                    |
| thereof other non-controlling interests   | -1,192         | 3,391                      |
| thereof non-controlling interests in non-profit societies                           | 19,666         | 0                          |

## CONSOLIDATED SHAREHOLDERS' EQUITY

| Development   | Share capital | Capital reserves |                         | Retained earnings | Other reserves   |         | Subtotal  |
|---|---------------|------------------|-------------------------|-------------------|------------------|---------|-----------|
|   |               | Other            | payments hybrid capital |                   | Currency reserve | Other   |           |
| in EUR '000   |               |                  |                         |                   |                  |         |           |
| As of 1 January 2016                                  | 132,887       | 2,109,003        | 193,619                 | 1,718,620         | -157,711         | 306,087 | 4,302,505 |
| Changes in scope of consolidation/ownership interests | 0             | 0                | 0                       | 1,229             | 0                | 0       | 1,229     |
| Other comprehensive income                            | 0             | 0                | 0                       | 67,248            | 1,145            | 105,811 | 174,204   |
| Other comprehensive income exclusive currency changes | 0             | 0                | 0                       | 0                 | 0                | 105,811 | 105,811   |
| Currency change                                       | 0             | 0                | 0                       | 0                 | 1,145            | 0       | 1,145     |
| Result of the period                                  | 0             | 0                | 0                       | 67,248            | 0                | 0       | 67,248    |
| Dividend payment                                      | 0             | 0                | 0                       | 0                 | 0                | 0       | 0         |
| As of 31 March 2016                                   | 132,887       | 2,109,003        | 193,619                 | 1,787,097         | -156,566         | 411,898 | 4,477,938 |
| As of 1 January 2017                                  | 132,887       | 2,109,003        | 193,619                 | 1,929,339         | -181,373         | 380,788 | 4,564,263 |
| Changes in scope of consolidation/ownership interests | 0             | 0                | 0                       | 2,502             | 0                | 0       | 2,502     |
| Other comprehensive income                            | 0             | 0                | 0                       | 69,052            | 14,285           | -30,857 | 52,480    |
| Other comprehensive income exclusive currency changes | 0             | 0                | 0                       | 0                 | 0                | -30,857 | -30,857   |
| Currency change                                       | 0             | 0                | 0                       | 0                 | 14,285           | 0       | 14,285    |
| Result of the period                                  | 0             | 0                | 0                       | 69,052            | 0                | 0       | 69,052    |
| Dividend payment                                      | 0             | 0                | 0                       | 0                 | 0                | 0       | 0         |
| As of 31 March 2017                                   | 132,887       | 2,109,003        | 193,619                 | 2,000,893         | -167,088         | 349,931 | 4,619,245 |

| Development   | Subtotal  | Non-controlling interests |                      | Shareholders' equity |
|---|-----------|---------------------------|----------------------|----------------------|
|   |           | Others                    | Non-profit societies |                      |
| in EUR '000   |           |                           |                      |                      |
| As of 1 January 2016                                  | 4,302,505 | 111,955                   | 0                    | 4,414,460            |
| Changes in scope of consolidation/ownership interests | 1,229     | 13                        | 0                    | 1,242                |
| Other comprehensive income                            | 174,204   | 3,391                     | 0                    | 177,595              |
| Other comprehensive income exclusive currency changes | 105,811   | 2,054                     | 0                    | 107,865              |
| Currency change                                       | 1,145     | -59                       | 0                    | 1,086                |
| Result of the period                                  | 67,248    | 1,396                     | 0                    | 68,644               |
| Dividend payment                                      | 0         | -1,184                    | 0                    | -1,184               |
| As of 31 March 2016                                   | 4,477,938 | 114,175                   | 0                    | 4,592,113            |
| As of 1 January 2017                                  | 4,564,263 | 114,219                   | 1,032,775            | 5,711,257            |
| Changes in scope of consolidation/ownership interests | 2,502     | -12                       | 504                  | 2,994                |
| Other comprehensive income                            | 52,480    | -1,192                    | 19,666               | 70,954               |
| Other comprehensive income exclusive currency changes | -30,857   | -322                      | 287                  | -30,892              |
| Currency change                                       | 14,285    | -53                       | 0                    | 14,232               |
| Result of the period                                  | 69,052    | -817                      | 19,379               | 87,614               |
| Dividend payment                                      | 0         | -1,409                    | 0                    | -1,409               |
| As of 31 March 2017                                   | 4,619,245 | 111,606                   | 1,052,945            | 5,783,796            |

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

| Composition dividend payments – retention | 31.3.2017 | 31.12.2016    |
|---|-----------|---------------|
| in EUR '000                               |           |               |
| Dividends                                 | 0         | 76,800        |
| Interest payments on the hybrid capital   | 0         | 15,841        |
| Deferred taxes shown in equity            | 0         | -3,960        |
| <b>Total</b>                              | <b>0</b>  | <b>88,681</b> |

| Composition other reserves  | 31.3.2017      | 31.12.2016     |
|---|----------------|----------------|
| in EUR '000   |                |                |
| Unrealised gains and losses   | 501,371        | 531,956        |
| Cash flow hedge reserve   | 33             | -68            |
| Underwriting gains and losses from provisions for employee benefits | -149,163       | -148,749       |
| Share of other reserves of associated companies                     | -2,310         | -2,351         |
| <b>Total</b>  | <b>349,931</b> | <b>380,788</b> |

| Unrealised gains and losses   | 31.3.2017        | 31.12.2016       |
|---|------------------|------------------|
| in EUR '000   |                  |                  |
| Bonds   | 2,281,869        | 2,463,824        |
| Shares and other participations   | 170,164          | 170,005          |
| Investment funds  | 94,864           | 58,767           |
| <b>Subtotal</b>   | <b>2,546,897</b> | <b>2,692,596</b> |
| +/- Exchange rate changes from financial instruments available for sale | 11,177           | 10,866           |
| +/- Deferred mathematical reserve                                       | -881,515         | -928,865         |
| +/- Deferred profit participation                                       | -1,016,441       | -1,073,869       |
| +/- Deferred taxes  | -149,997         | -159,695         |
| +/- Other non-controlling interests                                     | -8,750           | -9,077           |
| <b>Total</b>  | <b>501,371</b>   | <b>531,956</b>   |

| Cash flow hedge reserve                                | 31.3.2017 | 31.12.2016 |
|--|-----------|------------|
| in EUR '000  |           |            |
| Cash flow hedge reserve                                | -2,958    | -3,113     |
| +/- Deferred taxes                                     | 0         | -233       |
| +/- Non-controlling interests for non-profit societies | 2,991     | 3,278      |
| <b>Total</b>   | <b>33</b> | <b>-68</b> |

| Underwriting gains and losses from provisions for employee benefits | 31.3.2017       | 31.12.2016      |
|---|-----------------|-----------------|
| in EUR '000   |                 |                 |
| Pension provision and severance provision                           | -300,722        | -299,982        |
| +/- Deferred profit participation                                   | 90,550          | 90,337          |
| +/- Deferred taxes  | 49,271          | 49,155          |
| +/- Other non-controlling interests                                 | 1,610           | 1,613           |
| +/- Non-controlling interests for non-profit societies              | 10,128          | 10,128          |
| <b>Total</b>  | <b>-149,163</b> | <b>-148,749</b> |

| Share of other reserves of associated companies | 31.3.2017     | 31.12.2016    |
|---|---------------|---------------|
| in EUR '000                                     |               |               |
| Share of other reserves of associated companies | -2,489        | -2,532        |
| +/- Other non-controlling interests             | 179           | 181           |
| <b>Total</b>                                    | <b>-2,310</b> | <b>-2,351</b> |

| Currency reserve                    | 31.3.2017       | 31.12.2016      |
|-------------------------------------|-----------------|-----------------|
| in EUR '000                         |                 |                 |
| Currency reserve                    | -168,826        | -183,058        |
| +/- Other non-controlling interests | 1,738           | 1,685           |
| <b>Total</b>                        | <b>-167,088</b> | <b>-181,373</b> |

## CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE REPORTING PERIOD

|   | 1.1.-31.3.2017   | 1.1.-31.3.2016<br>adjusted |
|---|------------------|----------------------------|
| <b>in EUR '000</b>  |                  |                            |
| <b>Result of the period</b>   | <b>87,614</b>    | <b>68,644</b>              |
| Change in underwriting provisions net   | 439,383          | 502,446                    |
| Change in underwriting receivables and liabilities  | -270,213         | -252,156                   |
| Change in deposit receivables and liabilities as well as in reinsurance receivables and liabilities | 87,857           | 107,110                    |
| Change in other receivables and liabilities   | 86,235           | 48,768                     |
| Change in securities held for trading   | 73,023           | 15,524                     |
| Gain/loss from disposal of investments  | -41,639          | -17,636                    |
| Depreciation/appreciation of all other investments  | 42,043           | 7,731                      |
| Change in pension, severance and other personnel provisions   | -1,532           | 1,974                      |
| Change in deferred tax asset/liability excl. tax liabilities  | -8,799           | -54                        |
| Change in other balance sheet items   | -31,258          | -31,627                    |
| Change in goodwill and other intangible assets  | 19,259           | 17,395                     |
| Other cash-neutral income and expenses and adjustments to the result of the period <sup>1</sup>     | -51,468          | 1,141                      |
| <b>Cash flow from operating activities</b>  | <b>430,505</b>   | <b>469,260</b>             |
| Cash inflow from sale of subsidiaries   | 0                | -3,057                     |
| Cash inflow from the sale of available for sale securities  | 1,070,820        | 957,819                    |
| Payments for the acquisition of available for sale securities                                       | -1,209,302       | -1,336,121                 |
| Cash inflow from the disposals/repayments of held to maturity securities                            | 8,343            | 112,280                    |
| Payments for the addition of held to maturity securities  | -34,364          | -46,051                    |
| Cash inflow from the sale of land and buildings   | 20,167           | 149                        |
| Payments for the acquisition of land and buildings  | -54,142          | -18,044                    |
| Cash inflow for the sale of intangible assets   | 312              | 4                          |
| Payments for the acquisition of intangible assets   | -9,281           | -6,064                     |
| Change in unit-linked and index-linked life insurance items   | 7,290            | -81,738                    |
| Change in other investments   | -7,402           | 142,066                    |
| <b>Cash flow from investing activities</b>  | <b>-207,559</b>  | <b>-278,757</b>            |
| Decrease of subordinated liabilities  | -248,445         | -3,000                     |
| Dividend payments   | -1,409           | -1,184                     |
| Cash inflow from other financing activities   | 2,438            | 0                          |
| Cash outflow from other financing activities  | -34,409          | 0                          |
| <b>Cash flow from financing activities</b>  | <b>-281,825</b>  | <b>-4,184</b>              |
| <b>Change in cash and cash equivalents</b>  | <b>-58,879</b>   | <b>186,319</b>             |
| <b>Cash and cash equivalents at beginning of period<sup>2</sup></b>                                 | <b>1,589,941</b> | <b>1,103,234</b>           |
| Change in cash and cash equivalents   | -58,879          | 186,319                    |
| Effects of foreign currency exchange differences on cash and cash equivalents                       | -18              | -1,607                     |
| <b>Cash and cash equivalents at end of period<sup>2</sup></b>                                       | <b>1,531,044</b> | <b>1,287,946</b>           |
| thereof non-profit societies  | 142,956          | 0                          |

<sup>1</sup> The non-cash income and expenses are primarily the result of exchange rate changes.

<sup>2</sup> The amount of Cash and cash equivalents at the beginning and the end of period correlates with position Cash and cash equivalents on the Asset side.

| <b>Additional information on Cash Flow Statement</b> | 1.1.-31.3.2017 | 1.1.-31.3.2016 |
|--|----------------|----------------|
| <b>in EUR '000</b>                                   |                |                |
| Received interest <sup>4</sup>                       | 190,820        | 196,521        |
| Received dividends <sup>4</sup>                      | 30,321         | 23,677         |
| Interest paid <sup>3</sup>                           | 33,673         | 29,454         |
| Income taxes paid <sup>4</sup>                       | 19,278         | 24,012         |

<sup>3</sup> Interest paid result primarily from financing activities.

<sup>4</sup> Income tax payments, received dividends and received interest are included in the cash flow from operating activities.

# Notes to the consolidated financial statements

## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These consolidated financial statements for the 1<sup>st</sup> quarter of 2017 were prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the European Union, and the applicable commercial law provisions of § 245a(1) of the Austrian Commercial Code (Unternehmensgesetzbuch – UGB) and Chapter 7 of the Austrian Insurance Supervision Act (Versicherungsaufsichtsgesetz – VAG).

They are in compliance with IAS 34 “Interim Financial Reporting”. The same IFRS accounting policies were used as for the last financial statements for the previous financial year. Similarly, the estimates and discretionary assessments needed to prepare the consolidated financial statements were made in the same way. This does not include newly applicable or amended standards.

### New standards and amendments to existing reporting standards that have not yet been adopted by the EU

| New standards and changes to current reporting standards |  | Applicable as of  |
|--|--|---|
| <b>Those already adopted by the EU</b>                   |  |   |
| IFRS 15  | Revenue from contracts with customers  | 1.1.2018  |
| IFRS 9   | Financial instruments  | 1.1.2018  |
| <b>Those not yet adopted by the EU</b>                   |  |   |
| IFRS 14  | Regulatory Deferral Accounts   | EU decided this standard shall not be transferred into EU law |
| IFRS 16  | Leases   | 1.1.2019  |
| Changes according IFRS 10 and IAS 28                     | Sale or contribution of assets between an investor and its associate or joint venture      | still open  |
| Changes in IAS 12  | Recognition of deferred tax assets for unrealised losses                                   | 1.1.2017  |
| Changes in IAS 7   | Changes to the statement of cash flows   | 1.1.2017  |
| Clarification of IFRS 15                                 | Clarifications concerning revenue from contracts with customers                            | 1.1.2018  |
| Changes in IFRS 2  | Clarifications and measurement of share-based payments                                     | 1.1.2018  |
| IFRS 4   | Application of IFRS 9 Financial instruments in conjunction with IFRS 4 Insurance contracts | 1.1.2018  |
| All IFRS   | Yearly improvements (cycle 2014–2016)  | 1 January 2017 or 1 January 2018                              |
| IFRIC interpretation 22                                  | Foreign currency transactions and advance consideration                                    | 1.1.2018  |
| Changes in IAS 40  | Classification of property under construction  | 1.1.2018  |

VIG is not planning early adoption of the revised provisions. With the exception of the amendments to IFRS 16 and IFRS 9, these amendments are expected to have no effect, or no material effect on the consolidated financial statements.

The new requirements in IFRS 16 primarily concern the accounting presentation of leases by the lessee. The lessee now recognises a liability for the future lease payments to be made for each lease. At the same time, a right-of-use asset is recognised in the amount of the present value of the future lease payments and amortised linearly over the contractually stipulated useful life. As a result, the previous distinction between operating and finance leases no longer applies. IFRS 16 also includes requirements for sale-and-leaseback transactions and related financial statement notes disclosures. Future division of leasing payments into a portion for amortisation of the right of use and an interest portion will cause a shift between the financial result and non-underwriting expenses in the income statement. The Group does not expect any significant effect on the result before taxes. The effects on the balance sheet of recognising the liability and the right of use are still being examined.

The amendment to IFRS 9 can be expected to lead to considerably higher volatility of profit for the period. Further amendments which are likely to have greater effects on VIG primarily concern the treatment of interest clauses in debt instruments and the treatment of impairment. It must be noted that there is a draft of an amendment to IFRS 4 that has been submitted to EFRAG for endorsement that would allow insurance companies to apply IFRS 9 at the same time as the forthcoming IFRS 17 for insurance contracts. In this case, IFRS 9 is likely to be applicable no later than 2021.

## Foreign currency translation

### FOREIGN CURRENCY TRANSACTIONS

The separate financial statements of each Group subsidiary are prepared in the currency that generally prevails for the ordinary business activities of the company (functional currency). Transactions not concluded in the functional currency are recognised using the mean rate of exchange on the date of the transaction. Monetary assets and liabilities in foreign currency existing on the balance sheet date are translated to euros using the mean rate of exchange on the balance sheet date. Any resulting foreign currency gains and losses are recognised in profit or loss during the reporting period.

### TRANSLATION OF SEPARATE FINANCIAL STATEMENTS IN FOREIGN CURRENCIES

These consolidated interim financial statements present the assets, liabilities, income and expenses of each Group subsidiary in euros, the reporting currency of VIG. All assets and liabilities reported in the separate financial statements are translated to euros using the mean rate of exchange on the balance sheet date. Items in the income statement are translated using the average month-end mean rate of exchange during the reporting period. In the statement of cash flows, the mean rate of exchange on the balance sheet date is used for changes in balance sheet items, and the mean rate of exchange at the end of the period is used for income statement items. Unless otherwise indicated, all of the financial information presented in euros has been commercially rounded up or down. Currency translation differences, including those that result from accounting using the equity method, are recognised directly in equity.

The following table shows the relevant exchange rates for the consolidated financial statements:

| Name                      | Currency | Period-end exchange rate |            | Average exchange rate |                |
|---------------------------|----------|--------------------------|------------|-----------------------|----------------|
|                           |          | 31.3.2017                | 31.12.2016 | 1.1.-31.3.2017        | 1.1.-31.3.2016 |
|                           |          | 1 EUR ≙                  | 1 EUR ≙    | 1 EUR ≙               | 1 EUR ≙        |
| Albanian lek              | ALL      | 136.1300                 | 135.2300   | 135.8393              | 138.3013       |
| Bosnian Convertible Marka | BAM      | 1.9558                   | 1.9558     | 1.9558                | 1.9558         |
| Bulgarian lev             | BGN      | 1.9558                   | 1.9558     | 1.9558                | 1.9558         |
| Georgian lari             | GEL      | 2.6266                   | 2.7940     | 2.7736                | 2.6856         |
| Croatian kuna             | HRK      | 7.4465                   | 7.5597     | 7.4668                | 7.6170         |
| Macedonian denar          | MKD      | 61.6939                  | 61.4812    | 61.5601               | 61.6767        |
| Moldovan leu              | MDL      | 20.9191                  | 20.8895    | 21.2454               | 22.1215        |
| Turkish new lira          | TRY      | 3.8894                   | 3.7072     | 3.9378                | 3.2470         |
| Polish zloty              | PLN      | 4.2265                   | 4.4103     | 4.3206                | 4.3652         |
| Romanian leu              | RON      | 4.5525                   | 4.5390     | 4.5217                | 4.4924         |
| Swiss franc               | CHF      | 1.0696                   | 1.0739     | 1.0694                | 1.0960         |
| Serbian dinar             | RSD      | 123.9679                 | 123.4723   | 123.8690              | 122.8276       |
| Czech koruna              | CZK      | 27.0300                  | 27.0210    | 27.0213               | 27.0395        |
| Ukraine hryvnia           | UAH      | 28.9642                  | 28.4226    | 28.8695               | 28.4538        |
| Hungarian forint          | HUF      | 307.6200                 | 309.8300   | 309.0949              | 312.0240       |

## DISCLOSURES ON SEASONAL AND ECONOMIC INFLUENCES

Within VIG, seasonal fluctuations mainly occur in premiums, losses and the 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). Adverse weather events, such as storms, can also occur during the summer and autumn. With respect to the financial result, most of the dividend income occurs in the 2<sup>nd</sup> quarter.

## CHANGES TO THE SCOPE OF CONSOLIDATION

Acquired companies are added to the scope of consolidation based on internal Group guidelines. The guidelines include quantitative thresholds and quantitative criteria that take into account IFRS 10. Detailed information on the criteria and procedure is available in the Group Annual Report for 2016 starting on page 128.

No changes were made to the scope of consolidation during the reporting period.

## SEGMENT REPORTING

### DETERMINATION OF REPORTABLE SEGMENTS

The segments were determined in accordance with IFRS 8 Operating segments based on internal reporting to the principal decision-maker. The individual markets in which the Group operates were identified as the operating segments. The Group Managing Board, the principal decision-maker, regularly evaluates earning power based on the segments and decides on the allocation of resources to the segments. The focus on countries is also reflected in the country responsibilities of the members of the VIG Managing Board. The countries Estonia, Latvia and Lithuania are combined in the Baltic States operating segment, and Albania and Kosovo are combined in the Albania incl. Kosovo operating segment when reporting to the Managing Board. The countries of Turkey and Georgia are also combined into one reporting segment.

The reportable segments were determined using the aggregation criteria in IFRS 8.12 and IFRS 8.14 and the quantitative thresholds defined in IFRS 8.13.

### GENERAL INFORMATION ON SEGMENT REPORTING

Like transactions with third parties, transfer prices between reportable segments are determined using market prices. Intragroup transactions between segments are eliminated in the consolidation column. The only exception is dividends and intercompany profits, which are eliminated in each segment.

Further information on segment reporting is available in the Group Annual Report for 2016 starting on page 136.

## CONSOLIDATED BALANCE SHEET BY SEGMENT

| Assets   | Austria           |                   | Czech Republic   |                  | Slovakia         |                  |
|--|-------------------|-------------------|------------------|------------------|------------------|------------------|
|  | 31.3.2017         | 31.12.2016        | 31.3.2017        | 31.12.2016       | 31.3.2017        | 31.12.2016       |
| in EUR '000  |                   |                   |                  |                  |                  |                  |
| A. Intangible assets   | 357,055           | 357,481           | 433,994          | 434,563          | 117,069          | 117,179          |
| B. Investments   | 21,677,454        | 21,811,944        | 3,215,044        | 3,099,805        | 1,237,944        | 1,247,048        |
| C. Investments for unit-linked and index-linked life insurance | 5,663,027         | 5,581,420         | 315,579          | 300,123          | 204,053          | 199,144          |
| D. Reinsurers' share in underwriting provisions                | 470,654           | 379,602           | 114,878          | 100,134          | 56,791           | 58,039           |
| E. Receivables   | 713,109           | 624,222           | 160,540          | 117,146          | 66,516           | 58,915           |
| F. Tax receivables and advance payments out of income tax      | 35,459            | 30,937            | 10,016           | 9,290            | 4,403            | 4,726            |
| G. Deferred tax assets   | 67,078            | 66,186            | 4,631            | 3,913            | 5,819            | 4,321            |
| H. Other assets  | 135,480           | 146,056           | 139,478          | 136,641          | 7,356            | 7,221            |
| I. Cash and cash equivalents                                   | 934,655           | 728,287           | 81,393           | 169,692          | 61,448           | 45,748           |
| <b>Total</b>   | <b>30,053,971</b> | <b>29,726,135</b> | <b>4,475,553</b> | <b>4,371,307</b> | <b>1,761,399</b> | <b>1,742,341</b> |

| Assets   | Poland           |                  | Romania          |                  | Baltic states  |                |
|--|------------------|------------------|------------------|------------------|----------------|----------------|
|  | 31.3.2017        | 31.12.2016       | 31.3.2017        | 31.12.2016       | 31.3.2017      | 31.12.2016     |
| in EUR '000  |                  |                  |                  |                  |                |                |
| A. Intangible assets   | 144,953          | 138,792          | 198,812          | 199,247          | 138,948        | 141,066        |
| B. Investments   | 875,003          | 854,330          | 593,280          | 588,776          | 365,240        | 323,192        |
| C. Investments for unit-linked and index-linked life insurance | 879,698          | 774,197          | 195,595          | 208,854          | 44,405         | 41,910         |
| D. Reinsurers' share in underwriting provisions                | 54,104           | 51,284           | 32,955           | 29,399           | 15,295         | 17,328         |
| E. Receivables   | 136,123          | 129,874          | 143,169          | 156,642          | 45,775         | 37,830         |
| F. Tax receivables and advance payments out of income tax      | 8,196            | 5,765            | 2,169            | 2,176            | 983            | 721            |
| G. Deferred tax assets   | 5,584            | 5,485            | 20,036           | 20,357           | 1,890          | 1,878          |
| H. Other assets  | 11,439           | 8,652            | 14,562           | 6,651            | 4,450          | 3,861          |
| I. Cash and cash equivalents                                   | 11,267           | 21,292           | 13,794           | 8,954            | 21,433         | 54,233         |
| <b>Total</b>   | <b>2,126,367</b> | <b>1,989,671</b> | <b>1,214,372</b> | <b>1,221,056</b> | <b>638,419</b> | <b>622,019</b> |

| Assets   | Hungary        |                | Bulgaria       |                | Turkey/Georgia |                |
|--|----------------|----------------|----------------|----------------|----------------|----------------|
|  | 31.3.2017      | 31.12.2016     | 31.3.2017      | 31.12.2016     | 31.3.2017      | 31.12.2016     |
| in EUR '000  |                |                |                |                |                |                |
| A. Intangible assets   | 26,644         | 26,188         | 190,475        | 191,141        | 26,073         | 25,276         |
| B. Investments   | 157,416        | 161,548        | 153,073        | 154,317        | 96,047         | 98,446         |
| C. Investments for unit-linked and index-linked life insurance | 411,939        | 405,665        | 1,494          | 1,420          | 0              | 0              |
| D. Reinsurers' share in underwriting provisions                | 12,041         | 9,895          | 21,142         | 19,699         | 65,671         | 65,948         |
| E. Receivables   | 20,115         | 17,822         | 44,969         | 37,195         | 74,114         | 53,437         |
| F. Tax receivables and advance payments out of income tax      | 0              | 29             | 4              | 4              | 243            | 11             |
| G. Deferred tax assets   | 170            | 165            | 1,123          | 1,124          | 2,268          | 2,151          |
| H. Other assets  | 7,595          | 6,480          | 2,325          | 2,109          | 4,608          | 993            |
| I. Cash and cash equivalents                                   | 7,235          | 2,411          | 21,422         | 11,906         | 27,035         | 23,832         |
| <b>Total</b>   | <b>643,155</b> | <b>630,203</b> | <b>436,027</b> | <b>418,915</b> | <b>296,059</b> | <b>270,094</b> |

| Assets   | Remaining CEE    |                  | Other Markets    |                  | Central Functions |                  | Total             |                   |
|--|------------------|------------------|------------------|------------------|-------------------|------------------|-------------------|-------------------|
|  | 31.3.2017        | 31.12.2016       | 31.3.2017        | 31.12.2016       | 31.3.2017         | 31.12.2016       | 31.3.2017         | 31.12.2016        |
| <b>in EUR '000</b>   |                  |                  |                  |                  |                   |                  |                   |                   |
| A. Intangible assets   | 95,833           | 95,612           | 1,297            | 1,366            | 319,645           | 326,589          | 2,050,798         | 2,054,500         |
| B. Investments   | 757,863          | 741,254          | 619,853          | 611,842          | 4,920,572         | 4,953,754        | 34,668,789        | 34,646,256        |
| C. Investments for unit-linked and index-linked life insurance | 78,774           | 74,307           | 985,229          | 962,540          | 0                 | 0                | 8,779,793         | 8,549,580         |
| D. Reinsurers' share in underwriting provisions                | 30,359           | 27,446           | 5,848            | 6,831            | 242,690           | 219,606          | 1,122,428         | 985,211           |
| E. Receivables   | 67,806           | 69,779           | 16,017           | 15,603           | 98,365            | 141,166          | 1,586,618         | 1,459,631         |
| F. Tax receivables and advance payments out of income tax      | 1,847            | 1,373            | 2,518            | 2,372            | 181,262           | 179,536          | 247,100           | 236,940           |
| G. Deferred tax assets   | 3,612            | 3,323            | 1,112            | 987              | 29,753            | 28,340           | 143,076           | 138,230           |
| H. Other assets  | 9,710            | 9,720            | 4,593            | 4,333            | 15,074            | 15,102           | 356,670           | 347,819           |
| I. Cash and cash equivalents                                   | 24,091           | 25,433           | 36,215           | 47,454           | 291,056           | 450,699          | 1,531,044         | 1,589,941         |
| <b>Total</b>   | <b>1,069,895</b> | <b>1,048,247</b> | <b>1,672,682</b> | <b>1,653,328</b> | <b>6,098,417</b>  | <b>6,314,792</b> | <b>50,486,316</b> | <b>50,008,108</b> |

The investments included shares in at equity consolidated companies of EUR 234,629 in Austria (EUR 230,235), EUR 28,486 in the Czech Republic (EUR 28,022), and EUR 11,850 in the Central Functions segment (EUR 11,442).

| Liabilities and shareholders' equity                                       | Austria           |                   | Czech Republic   |                  | Slovakia         |                  |
|--|-------------------|-------------------|------------------|------------------|------------------|------------------|
|  | 31.3.2017         | 31.12.2016        | 31.3.2017        | 31.12.2016       | 31.3.2017        | 31.12.2016       |
| <b>in EUR '000</b>   |                   |                   |                  |                  |                  |                  |
| B. Subordinated liabilities  | 96,210            | 97,020            | 20,348           | 20,355           | 0                | 0                |
| C. Underwriting provisions   | 21,865,961        | 21,634,337        | 2,931,413        | 2,926,311        | 1,072,195        | 1,046,660        |
| D. Underwriting provisions for unit-linked and index-linked life insurance | 5,442,679         | 5,320,409         | 185,573          | 168,628          | 220,115          | 215,728          |
| E. Non-underwriting provisions   | 538,633           | 556,954           | 4,107            | 4,220            | 2,230            | 2,171            |
| F. Liabilities   | 609,445           | 682,072           | 262,621          | 198,158          | 71,915           | 83,797           |
| G. Tax liabilities out of income tax                                       | 177,579           | 164,337           | 12,386           | 9,262            | 825              | 98               |
| H. Deferred tax liabilities  | 218,477           | 230,549           | 26,307           | 26,922           | 12,579           | 14,054           |
| I. Other liabilities   | 87,390            | 91,125            | 9,171            | 11,612           | 6,756            | 8,409            |
| <b>Subtotal</b>  | <b>29,036,374</b> | <b>28,776,803</b> | <b>3,451,926</b> | <b>3,365,468</b> | <b>1,386,615</b> | <b>1,370,917</b> |

| Liabilities and shareholders' equity                                       | Poland           |                  | Romania        |                | Baltic states  |                |
|--|------------------|------------------|----------------|----------------|----------------|----------------|
|  | 31.3.2017        | 31.12.2016       | 31.3.2017      | 31.12.2016     | 31.3.2017      | 31.12.2016     |
| <b>in EUR '000</b>   |                  |                  |                |                |                |                |
| B. Subordinated liabilities  | 0                | 0                | 0              | 0              | 0              | 0              |
| C. Underwriting provisions   | 778,097          | 755,047          | 504,395        | 504,808        | 346,549        | 329,940        |
| D. Underwriting provisions for unit-linked and index-linked life insurance | 840,994          | 745,124          | 194,896        | 208,092        | 44,405         | 41,910         |
| E. Non-underwriting provisions   | 8,655            | 8,358            | 10,791         | 11,283         | 393            | 2,039          |
| F. Liabilities   | 83,152           | 91,307           | 84,890         | 85,561         | 29,885         | 29,129         |
| G. Tax liabilities out of income tax                                       | 57               | 77               | 0              | 0              | 219            | 56             |
| H. Deferred tax liabilities  | 22,969           | 19,847           | 0              | 0              | 10,021         | 10,333         |
| I. Other liabilities   | 17,920           | 18,630           | 2,241          | 8,117          | 2,318          | 2,203          |
| <b>Subtotal</b>  | <b>1,751,844</b> | <b>1,638,390</b> | <b>797,213</b> | <b>817,861</b> | <b>433,790</b> | <b>415,610</b> |

| Liabilities and shareholders' equity                                       | Hungary        |                | Bulgaria       |                | Turkey/Georgia |                |
|--|----------------|----------------|----------------|----------------|----------------|----------------|
|  | 31.3.2017      | 31.12.2016     | 31.3.2017      | 31.12.2016     | 31.3.2017      | 31.12.2016     |
| in EUR '000  |                |                |                |                |                |                |
| B. Subordinated liabilities  | 0              | 0              | 0              | 0              | 0              | 0              |
| C. Underwriting provisions   | 149,045        | 127,540        | 150,077        | 143,365        | 194,463        | 178,515        |
| D. Underwriting provisions for unit-linked and index-linked life insurance | 399,281        | 392,680        | 1,510          | 1,420          | 0              | 0              |
| E. Non-underwriting provisions   | 4,651          | 4,964          | 19,838         | 19,142         | 4,760          | 4,857          |
| F. Liabilities   | 15,816         | 18,289         | 19,228         | 15,214         | 32,838         | 29,798         |
| G. Tax liabilities out of income tax                                       | 185            | 213            | 275            | 214            | 215            | 572            |
| H. Deferred tax liabilities  | 993            | 1,010          | 1,812          | 1,809          | 27             | 4              |
| I. Other liabilities   | 4,725          | 2,609          | 364            | 178            | 2,124          | 2,062          |
| <b>Subtotal</b>  | <b>574,696</b> | <b>547,305</b> | <b>193,104</b> | <b>181,342</b> | <b>234,427</b> | <b>215,808</b> |

| Liabilities and shareholders' equity                                       | Remaining CEE  |                | Other Markets    |                  | Central Functions |                  | Total             |                   |
|--|----------------|----------------|------------------|------------------|-------------------|------------------|-------------------|-------------------|
|  | 31.3.2017      | 31.12.2016     | 31.3.2017        | 31.12.2016       | 31.3.2017         | 31.12.2016       | 31.3.2017         | 31.12.2016        |
| in EUR '000  |                |                |                  |                  |                   |                  |                   |                   |
| B. Subordinated liabilities  | 0              | 0              | 0                | 0                | 900,000           | 1,147,634        | 1,016,558         | 1,265,009         |
| C. Underwriting provisions   | 701,809        | 684,490        | 588,918          | 583,345          | 357,313           | 305,713          | 29,640,235        | 29,220,071        |
| D. Underwriting provisions for unit-linked and index-linked life insurance | 78,774         | 74,307         | 984,230          | 961,586          | 0                 | 0                | 8,392,457         | 8,129,884         |
| E. Non-underwriting provisions   | 7,532          | 7,455          | 8,179            | 8,863            | 193,840           | 184,942          | 803,609           | 815,248           |
| F. Liabilities   | 32,434         | 38,654         | 27,302           | 40,657           | 2,923,828         | 2,889,949        | 4,193,354         | 4,202,585         |
| G. Tax liabilities out of income tax                                       | 1,558          | 1,155          | 0                | 1                | 5,341             | 5,315            | 198,640           | 181,300           |
| H. Deferred tax liabilities  | 2,176          | 2,223          | 775              | 867              | 16,226            | 17,532           | 312,362           | 325,150           |
| I. Other liabilities   | 10,612         | 9,959          | 2                | 21               | 1,682             | 2,679            | 145,305           | 157,604           |
| <b>Subtotal</b>  | <b>834,895</b> | <b>818,243</b> | <b>1,609,406</b> | <b>1,595,340</b> | <b>4,398,230</b>  | <b>4,553,764</b> | <b>44,702,520</b> | <b>44,296,851</b> |
| Shareholders' equity   |                |                |                  |                  |                   |                  | 5,783,796         | 5,711,257         |
| <b>Total</b>   |                |                |                  |                  |                   |                  | <b>50,486,316</b> | <b>50,008,108</b> |

Intersegment transactions have been eliminated from the amounts indicated for each segment. As a result, the segment assets and liabilities cannot be netted to determine the segment shareholders' equity.

## CONSOLIDATED INCOME STATEMENT BY SEGMENT

|  | Austria        |                          | Czech Republic |               | Slovakia      |               | Poland       |              |
|--|----------------|--------------------------|----------------|---------------|---------------|---------------|--------------|--------------|
|  | 1.1.-31.3.17   | 1.1.-31.3.16<br>adjusted | 1.1.-31.3.17   | 1.1.-31.3.16  | 1.1.-31.3.17  | 1.1.-31.3.16  | 1.1.-31.3.17 | 1.1.-31.3.16 |
| in EUR '000  |                |                          |                |               |               |               |              |              |
| Premiums written – gross   | 1,290,728      | 1,347,796                | 427,465        | 406,818       | 209,907       | 190,808       | 213,343      | 207,010      |
| Net earned premiums – retention                                    | 858,556        | 911,168                  | 295,805        | 286,093       | 158,883       | 138,840       | 174,464      | 174,467      |
| <b>Financial result excluding at equity consolidated companies</b> | <b>176,153</b> | <b>172,312</b>           | <b>24,923</b>  | <b>21,038</b> | <b>11,390</b> | <b>11,215</b> | <b>6,035</b> | <b>8,907</b> |
| Income from investments  | 223,981        | 211,030                  | 31,773         | 39,007        | 12,371        | 12,180        | 10,980       | 11,326       |
| Expenses for investments and interest expenses                     | -47,828        | -38,718                  | -6,850         | -17,969       | -981          | -965          | -4,945       | -2,419       |
| Result from shares in at equity consolidated companies             | 10,940         | 8,858                    | 463            | 447           | 0             | 0             | 0            | 0            |
| Other income   | 5,394          | 4,669                    | 12,155         | 11,929        | 2,267         | 4,053         | 2,695        | 2,004        |
| Expenses for claims and insurance benefits                         | -824,853       | -873,717                 | -192,766       | -180,347      | -129,231      | -107,653      | -135,937     | -135,918     |
| Acquisition and administrative expenses                            | -183,700       | -183,042                 | -88,081        | -88,187       | -25,725       | -27,384       | -37,237      | -37,676      |
| Other expenses   | -4,636         | -6,439                   | -10,490        | -8,050        | -6,225        | -8,284        | -4,142       | -3,946       |
| <b>Result before taxes</b>   | <b>37,854</b>  | <b>33,809</b>            | <b>42,009</b>  | <b>42,923</b> | <b>11,359</b> | <b>10,787</b> | <b>5,878</b> | <b>7,838</b> |
| Tax expenses/income  | -6,728         | -6,203                   | -7,337         | -7,586        | -4,453        | -4,042        | -1,406       | -1,655       |
| <b>Result of the period</b>  | <b>31,126</b>  | <b>27,606</b>            | <b>34,672</b>  | <b>35,337</b> | <b>6,906</b>  | <b>6,745</b>  | <b>4,472</b> | <b>6,183</b> |

|  | Romania      |              | Baltic states |               | Hungary      |              | Bulgaria     |              |
|--|--------------|--------------|---------------|---------------|--------------|--------------|--------------|--------------|
|  | 1.1.-31.3.17 | 1.1.-31.3.16 | 1.1.-31.3.17  | 1.1.-31.3.16  | 1.1.-31.3.17 | 1.1.-31.3.16 | 1.1.-31.3.17 | 1.1.-31.3.16 |
| in EUR '000  |              |              |               |               |              |              |              |              |
| Premiums written – gross   | 131,570      | 142,306      | 76,493        | 34,334        | 73,668       | 50,293       | 43,493       | 42,281       |
| Net earned premiums – retention                                    | 98,954       | 84,087       | 56,988        | 26,767        | 38,097       | 35,290       | 29,633       | 25,936       |
| <b>Financial result excluding at equity consolidated companies</b> | <b>2,882</b> | <b>2,912</b> | <b>1,346</b>  | <b>1,185</b>  | <b>1,977</b> | <b>2,096</b> | <b>2,437</b> | <b>2,793</b> |
| Income from investments  | 4,293        | 4,703        | 1,970         | 1,801         | 2,519        | 2,856        | 6,326        | 6,132        |
| Expenses for investments and interest expenses                     | -1,411       | -1,791       | -624          | -616          | -542         | -760         | -3,889       | -3,339       |
| Result from shares in at equity consolidated companies             | 0            | 0            | 0             | 0             | 0            | 0            | 0            | 0            |
| Other income   | 1,933        | 2,530        | 233           | 161           | 429          | 563          | 124          | 169          |
| Expenses for claims and insurance benefits                         | -70,795      | -54,756      | -40,850       | -22,701       | -27,432      | -25,374      | -17,482      | -17,270      |
| Acquisition and administrative expenses                            | -23,091      | -26,400      | -17,278       | -7,897        | -9,177       | -8,843       | -9,656       | -6,554       |
| Other expenses   | -6,641       | -6,872       | -2,815        | -1,063        | -2,796       | -2,786       | -2,644       | -3,105       |
| <b>Result before taxes</b>   | <b>3,242</b> | <b>1,501</b> | <b>-2,376</b> | <b>-3,548</b> | <b>1,098</b> | <b>946</b>   | <b>2,412</b> | <b>1,969</b> |
| Tax expenses/income  | -563         | -293         | 188           | -7            | -76          | -137         | -194         | -197         |
| <b>Result of the period</b>  | <b>2,679</b> | <b>1,208</b> | <b>-2,188</b> | <b>-3,555</b> | <b>1,022</b> | <b>809</b>   | <b>2,218</b> | <b>1,772</b> |

|  | Turkey/Georgia |              | Remaining CEE |              | Other Markets |              |
|--|----------------|--------------|---------------|--------------|---------------|--------------|
|  | 1.1.-31.3.17   | 1.1.-31.3.16 | 1.1.-31.3.17  | 1.1.-31.3.16 | 1.1.-31.3.17  | 1.1.-31.3.16 |
| <b>in EUR '000</b>   |                |              |               |              |               |              |
| Premiums written – gross   | 67,706         | 57,523       | 89,339        | 79,505       | 67,975        | 106,512      |
| Net earned premiums – retention                                    | 24,503         | 23,557       | 61,161        | 55,523       | 54,580        | 94,106       |
| <b>Financial result excluding at equity consolidated companies</b> | <b>2,119</b>   | <b>1,669</b> | <b>7,521</b>  | <b>9,407</b> | <b>5,293</b>  | <b>4,342</b> |
| Income from investments  | 3,253          | 3,109        | 11,273        | 11,648       | 5,762         | 4,979        |
| Expenses for investments and interest expenses                     | -1,134         | -1,440       | -3,752        | -2,241       | -469          | -637         |
| Result from shares in at equity consolidated companies             | 0              | 0            | 0             | 0            | 0             | 0            |
| Other income   | 1,456          | 623          | 1,435         | 1,472        | 1,000         | 5,903        |
| Expenses for claims and insurance benefits                         | -20,455        | -18,448      | -39,483       | -37,832      | -39,722       | -86,667      |
| Acquisition and administrative expenses                            | -4,657         | -4,426       | -20,952       | -18,837      | -6,105        | -4,598       |
| Other expenses   | -1,060         | -999         | -3,785        | -5,371       | -8,354        | -6,516       |
| <b>Result before taxes</b>   | <b>1,906</b>   | <b>1,976</b> | <b>5,897</b>  | <b>4,362</b> | <b>6,692</b>  | <b>6,570</b> |
| Tax expenses/income  | -123           | 231          | -782          | -1,262       | -1,601        | -1,559       |
| <b>Result of the period</b>  | <b>1,783</b>   | <b>2,207</b> | <b>5,115</b>  | <b>3,100</b> | <b>5,091</b>  | <b>5,011</b> |

|  | Central Functions |                       | Consolidation |              | Total          |                       |
|--|-------------------|-----------------------|---------------|--------------|----------------|-----------------------|
|  | 1.1.-31.3.17      | 1.1.-31.3.16 adjusted | 1.1.-31.3.17  | 1.1.-31.3.16 | 1.1.-31.3.17   | 1.1.-31.3.16 adjusted |
| <b>in EUR '000</b>   |                   |                       |               |              |                |                       |
| Premiums written – gross   | 393,679           | 369,049               | -365,795      | -328,476     | 2,719,571      | 2,705,759             |
| Net earned premiums – retention                                    | 299,264           | 278,919               | 1,966         | 3,079        | 2,152,854      | 2,137,832             |
| <b>Financial result excluding at equity consolidated companies</b> | <b>-6,017</b>     | <b>-23,493</b>        | <b>-154</b>   | <b>32</b>    | <b>235,905</b> | <b>214,415</b>        |
| Income from investments  | 90,186            | 21,317                | -13,430       | -14,592      | 391,257        | 315,496               |
| Expenses for investments and interest expenses                     | -96,203           | -44,810               | 13,276        | 14,624       | -155,352       | -101,081              |
| Result from shares in at equity consolidated companies             | 416               | 348                   | 0             | 0            | 11,819         | 9,653                 |
| Other income   | 402               | 2,868                 | -6            | -12          | 29,517         | 36,932                |
| Expenses for claims and insurance benefits                         | -203,873          | -190,381              | 1,460         | 510          | -1,741,419     | -1,750,554            |
| Acquisition and administrative expenses                            | -89,579           | -84,829               | -2,991        | -3,615       | -518,229       | -502,288              |
| Other expenses   | -6,711            | -3,236                | -528          | 261          | -60,827        | -56,406               |
| <b>Result before taxes</b>   | <b>-6,098</b>     | <b>-19,804</b>        | <b>-253</b>   | <b>255</b>   | <b>109,620</b> | <b>89,584</b>         |
| Tax expenses/income  | 1,069             | 1,770                 | 0             | 0            | -22,006        | -20,940               |
| <b>Result of the period</b>  | <b>-5,029</b>     | <b>-18,034</b>        | <b>-253</b>   | <b>255</b>   | <b>87,614</b>  | <b>68,644</b>         |

## NOTES TO THE CONSOLIDATED BALANCE SHEET

### 1. INTANGIBLE ASSETS

| Composition                    | 31.3.2017        | 31.12.2016       |
|--------------------------------|------------------|------------------|
| <i>in EUR '000</i>             |                  |                  |
| Goodwill                       | 1,538,609        | 1,532,190        |
| Purchased insurance portfolios | 41,137           | 43,339           |
| <b>Other intangible assets</b> | <b>471,052</b>   | <b>478,971</b>   |
| Purchased software             | 388,836          | 395,761          |
| Other                          | 82,216           | 83,210           |
| <b>Total</b>                   | <b>2,050,798</b> | <b>2,054,500</b> |

| Development of goodwill                              | 31.3.2017        | 31.12.2016       |
|--|------------------|------------------|
| <i>in EUR '000</i>                                   |                  |                  |
| Acquisition costs                                    | 1,884,782        | 1,838,652        |
| Cumulative impairment as of 31.12. of previous years | -352,592         | -349,613         |
| <b>Book value as of 31.12. of the previous year</b>  | <b>1,532,190</b> | <b>1,489,039</b> |
| Exchange rate changes                                | 6,419            | -7,332           |
| <b>Book value as of 1.1.</b>                         | <b>1,538,609</b> | <b>1,481,707</b> |
| Additions  | 0                | 55,082           |
| Impairments  | 0                | -4,599           |
| <b>Book value as of 31.3. or 31.12.</b>              | <b>1,538,609</b> | <b>1,532,190</b> |
| Cumulative impairment as of 31.3. or 31.12.          | 352,583          | 352,592          |
| <b>Acquisition costs</b>                             | <b>1,891,192</b> | <b>1,884,782</b> |

## 2. OTHER SECURITIES

| Development   | Held to maturity<br>(incl. reclassified) |                  | Available for sale |                   | Held for trading |                | Recognised at fair value<br>through profit and loss |                |
|---|--|------------------|--------------------|-------------------|------------------|----------------|---|----------------|
|   | 31.3.2017                                | 31.12.2016       | 31.3.2017          | 31.12.2016        | 31.3.2017        | 31.12.2016     | 31.3.2017   | 31.12.2016     |
| <b>in EUR '000</b>  |  |                  |                    |                   |                  |                |   |                |
| Acquisition costs   | 3,063,233                                | 3,080,231        |                    |                   |                  |                |   |                |
| Cumulative depreciation as of 31.12.<br>of the previous years | 2,589                                    | -14,116          |                    |                   |                  |                |   |                |
| <b>Book value as of 31.12.<br/>of the previous year</b>       | <b>3,065,822</b>                         | <b>3,066,115</b> | <b>21,851,248</b>  | <b>20,649,481</b> | <b>131,400</b>   | <b>171,410</b> | <b>329,890</b>                                      | <b>229,374</b> |
| Exchange rate changes   | 9,065                                    | -6,265           | 21,342             | -10,417           | 2,074            | -2,769         | -7  | 24             |
| <b>Book value as of 1.1.</b>                                  | <b>3,074,887</b>                         | <b>3,059,850</b> | <b>21,872,590</b>  | <b>20,639,064</b> | <b>133,474</b>   | <b>168,641</b> | <b>329,883</b>                                      | <b>229,398</b> |
| Reclassifications   | 0  | 0                | 7,387              | 11,186            | -652             | -14            | -19   | 11,273         |
| Additions   | 33,037                                   | 192,014          | 1,210,705          | 3,887,838         | 13,667           | 103,090        | 22,887  | 199,800        |
| Disposals/repayments  | -8,343                                   | -186,151         | -1,067,118         | -3,234,330        | -33,048          | -135,619       | -69,794   | -225,915       |
| Change in scope of consolidation                              | 0  | 0                | 0                  | 3,877             | 0                | 0              | 0   | 111,101        |
| Changes in value recognised in<br>profit and loss             | 0  | 187              | 0                  | 20,820            | -7,301           | -4,698         | 1,410   | 4,233          |
| Changes recognised directly in equity                         | 0  | 0                | -113,032           | 546,944           | 0                | 0              | 0   | 0              |
| Impairments   | 0  | -78              | -786               | -24,151           | 0                | 0              | 0   | 0              |
| <b>Book value as of 31.3. or 31.12.</b>                       | <b>3,099,581</b>                         | <b>3,065,822</b> | <b>21,909,746</b>  | <b>21,851,248</b> | <b>106,140</b>   | <b>131,400</b> | <b>284,367</b>                                      | <b>329,890</b> |
| Cumulative appreciation/depreciation<br>as of 31.3. or 31.12. | -1,125                                   | -2,589           |                    |                   |                  |                |   |                |
| Acquisition costs   | 3,098,456                                | 3,063,233        |                    |                   |                  |                |   |                |

## 3. REINSURERS' SHARE IN UNDERWRITING PROVISIONS

| Composition                                    | 31.3.2017        | 31.12.2016     |
|--|------------------|----------------|
| <b>in EUR '000</b>                             |                  |                |
| Provision for unearned premiums                | 267,203          | 149,918        |
| Mathematical reserve                           | 39,699           | 40,141         |
| Provision for outstanding claims               | 799,733          | 781,567        |
| Provision for profit-unrelated premium refunds | 13,327           | 11,291         |
| Other underwriting provisions                  | 2,466            | 2,294          |
| <b>Total</b>                                   | <b>1,122,428</b> | <b>985,211</b> |

## 4. RECEIVABLES

| Composition                                | 31.3.2017        | 31.12.2016       |
|--|------------------|------------------|
| <b>in EUR '000</b>                         |                  |                  |
| <b>Underwriting</b>                        | <b>931,992</b>   | <b>794,974</b>   |
| Receivables from direct insurance business | 851,257          | 651,748          |
| from policyholders                         | 679,372          | 486,109          |
| from insurance intermediaries              | 113,795          | 109,638          |
| from insurance companies                   | 58,090           | 56,001           |
| Receivables from reinsurance business      | 80,735           | 143,226          |
| <b>Non-underwriting</b>                    | <b>654,626</b>   | <b>664,657</b>   |
| Other receivables                          | 654,626          | 664,657          |
| <b>Total</b>                               | <b>1,586,618</b> | <b>1,459,631</b> |

## 5. EARNINGS PER SHARE (ANNUALISED)

Under IAS 33.10, basic earnings per share “shall be calculated by dividing profit or loss attributable to common shareholders of the parent entity (the numerator) by the weighted average number of common shares outstanding (the denominator) during the period.”

|  |                    | 1.1.-31.3.2017 |                    | 1.1.-31.3.2016<br>adjusted |  |
|--|--------------------|----------------|--------------------|----------------------------|--|
| Result of the period   | in EUR '000        | 87,614         | in EUR '000        | 68,644                     |  |
| Other non-controlling interests in net result for the period                   | in EUR '000        | 817            | in EUR '000        | -1,396                     |  |
| Non-controlling interests in non-profit societies in net result for the period | in EUR '000        | -19,379        | in EUR '000        | 0                          |  |
| <b>Result for the period less non-controlling interests</b>                    | <b>in EUR '000</b> | <b>69,052</b>  | <b>in EUR '000</b> | <b>67,248</b>              |  |
| Accrued interest expenses for hybrid capital                                   | in EUR '000        | 2,930          | in EUR '000        | 3,939                      |  |
| Number of shares at closing date   | units              | 128,000,000    | units              | 128,000,000                |  |
| <b>Earnings per share (annualised)</b>   | <b>EUR</b>         | <b>2.07</b>    | <b>EUR</b>         | <b>1.98</b>                |  |

Since there were no potential dilution effects in either the comparative period or the current reporting period, the basic earnings per share equal the diluted earnings per share.

## 6. UNDERWRITING PROVISION – GROSS

| Composition   | 31.3.2017         | 31.12.2016        |
|---|-------------------|-------------------|
| in EUR '000   |                   |                   |
| Provision for unearned premiums                                   | 1,667,940         | 1,282,164         |
| <b>Mathematical reserve</b>                                       | <b>21,563,220</b> | <b>21,528,896</b> |
| Guaranteed policy benefits  | 19,873,376        | 19,791,408        |
| Allocated and committed profit shares                             | 808,329           | 808,622           |
| Deferred actuarial reserve  | 881,515           | 928,866           |
| Provision for outstanding claims                                  | 4,841,706         | 4,815,063         |
| <b>Provision for premium refunds</b>                              | <b>1,528,818</b>  | <b>1,554,797</b>  |
| Profit-related premium refunds                                    | 312,668           | 297,704           |
| Profit-unrelated premium refunds                                  | 64,840            | 63,605            |
| Deferred profit participation recognised through profit and loss* | 225,419           | 209,956           |
| Deferred profit participation recognised directly in equity*      | 925,891           | 983,532           |
| Other underwriting provisions                                     | 38,551            | 39,151            |
| <b>Total</b>  | <b>29,640,235</b> | <b>29,220,071</b> |

\* The deferred profit participation is solely due to the profit-related premium refund.

## 7. LIABILITIES

| Composition                              | 31.3.2017        | 31.12.2016       |
|--|------------------|------------------|
| in EUR '000                              |                  |                  |
| <b>Underwriting</b>                      | <b>806,601</b>   | <b>852,885</b>   |
| Liabilities from direct business         | 582,972          | 653,676          |
| to policyholders                         | 348,286          | 442,872          |
| to insurance intermediaries              | 175,591          | 175,597          |
| to insurance companies                   | 59,095           | 35,207           |
| Liabilities from reinsurance business    | 177,148          | 144,063          |
| Deposits from ceded reinsurance business | 46,481           | 55,146           |
| <b>Non-underwriting</b>                  | <b>3,386,753</b> | <b>3,349,700</b> |
| Liabilities to financial institutions    | 1,295,439        | 1,304,901        |
| Other liabilities                        | 2,091,314        | 2,044,799        |
| <b>Total</b>                             | <b>4,193,354</b> | <b>4,202,585</b> |

## NOTES TO THE CONSOLIDATED INCOME STATEMENT

### 8. PREMIUMS WRITTEN

| Premiums written  | 1.1.-31.3.2017             |                                       |                                       |                                  |                                 |                  |                  |
|-------------------|----------------------------|---------------------------------------|---------------------------------------|----------------------------------|---------------------------------|------------------|------------------|
| Gross             | Motor own damage insurance | Motor third party liability insurance | Other property and casualty insurance | Life insurance – regular premium | Life insurance – single-premium | Health insurance | Total            |
| in EUR '000       |                            |                                       |                                       |                                  |                                 |                  |                  |
| Austria           | 92,445                     | 106,872                               | 530,216                               | 347,630                          | 110,206                         | 103,359          | 1,290,728        |
| Czech Republic    | 57,578                     | 69,966                                | 139,952                               | 137,362                          | 19,333                          | 3,274            | 427,465          |
| Slovakia          | 27,128                     | 41,921                                | 38,734                                | 41,894                           | 57,862                          | 2,368            | 209,907          |
| Poland            | 30,212                     | 38,912                                | 51,491                                | 48,564                           | 42,394                          | 1,770            | 213,343          |
| Romania           | 28,834                     | 41,143                                | 27,455                                | 10,890                           | 21,436                          | 1,812            | 131,570          |
| Baltic states     | 13,163                     | 21,540                                | 15,759                                | 11,635                           | 2,715                           | 11,681           | 76,493           |
| Hungary           | 4,980                      | 8,173                                 | 28,196                                | 21,450                           | 8,565                           | 2,304            | 73,668           |
| Bulgaria          | 12,212                     | 6,180                                 | 10,199                                | 9,641                            | 2,089                           | 3,172            | 43,493           |
| Turkey/Georgia    | 7,848                      | 15,001                                | 31,888                                | 0                                | 0                               | 12,969           | 67,706           |
| Remaining CEE     | 9,973                      | 18,814                                | 28,509                                | 14,959                           | 14,158                          | 2,926            | 89,339           |
| Other Markets     | 0                          | 0                                     | 31,736                                | 18,210                           | 18,029                          | 0                | 67,975           |
| Central Functions | 0                          | 0                                     | 384,240                               | 4,378                            | 0                               | 5,061            | 393,679          |
| Consolidation     | 0                          | 0                                     | 0                                     | 0                                | 0                               | 0                | -365,795         |
| <b>Total</b>      | <b>284,373</b>             | <b>368,522</b>                        | <b>1,318,375</b>                      | <b>666,613</b>                   | <b>296,787</b>                  | <b>150,696</b>   | <b>2,719,571</b> |

| Premiums written   | 1.1.-31.3.2016             |                                       |                                       |                                  |                                 |                  |                  |
|--------------------|----------------------------|---------------------------------------|---------------------------------------|----------------------------------|---------------------------------|------------------|------------------|
| Gross              | Motor own damage insurance | Motor third party liability insurance | Other property and casualty insurance | Life insurance – regular premium | Life insurance – single-premium | Health insurance | Total            |
| <b>in EUR '000</b> |                            |                                       |                                       |                                  |                                 |                  |                  |
| Austria            | 89,331                     | 107,351                               | 526,888                               | 349,334                          | 174,060                         | 100,832          | 1,347,796        |
| Czech Republic     | 52,173                     | 68,432                                | 126,921                               | 130,544                          | 25,323                          | 3,425            | 406,818          |
| Slovakia           | 26,074                     | 40,870                                | 37,561                                | 40,268                           | 44,130                          | 1,905            | 190,808          |
| Poland             | 30,676                     | 30,964                                | 45,848                                | 50,123                           | 47,764                          | 1,635            | 207,010          |
| Romania            | 24,741                     | 74,956                                | 26,320                                | 11,084                           | 5,169                           | 36               | 142,306          |
| Baltic states      | 2,574                      | 7,123                                 | 3,009                                 | 10,002                           | 4,269                           | 7,357            | 34,334           |
| Hungary            | 4,755                      | 5,283                                 | 10,878                                | 19,277                           | 8,420                           | 1,680            | 50,293           |
| Bulgaria           | 9,777                      | 4,373                                 | 15,887                                | 8,661                            | 411                             | 3,172            | 42,281           |
| Turkey/Georgia     | 7,733                      | 13,028                                | 30,498                                | 0                                | 0                               | 6,264            | 57,523           |
| Remaining CEE      | 9,157                      | 18,437                                | 22,424                                | 14,520                           | 12,852                          | 2,115            | 79,505           |
| Other Markets      | 0                          | 0                                     | 29,659                                | 18,129                           | 58,724                          | 0                | 106,512          |
| Central Functions  | 0                          | 0                                     | 358,603                               | 4,717                            | 0                               | 5,729            | 369,049          |
| Consolidation      | 0                          | 0                                     | 0                                     | 0                                | 0                               | 0                | -328,476         |
| <b>Total</b>       | <b>256,991</b>             | <b>370,817</b>                        | <b>1,234,496</b>                      | <b>656,659</b>                   | <b>381,122</b>                  | <b>134,150</b>   | <b>2,705,759</b> |

## 9. FINANCIAL RESULT

| Composition   | 1.1.-31.3.2017 |                |               |               |              |               |              |
|---|----------------|----------------|---------------|---------------|--------------|---------------|--------------|
|   | Austria        | Czech Republic | Slovakia      | Poland        | Romania      | Baltic states | Hungary      |
| <b>in EUR '000</b>  |                |                |               |               |              |               |              |
| Current income  | 191,774        | 26,363         | 10,957        | 8,013         | 3,959        | 1,507         | 1,984        |
| Income from appreciation                                    | 1,623          | 780            | 556           | 2,607         | 64           | 435           | 0            |
| of which a reduction in impairment                          | 0              | 0              | 0             | 0             | 0            | 0             | 0            |
| Gains from disposal of investments                          | 30,584         | 4,630          | 858           | 360           | 270          | 28            | 535          |
| <b>Total income</b>   | <b>223,981</b> | <b>31,773</b>  | <b>12,371</b> | <b>10,980</b> | <b>4,293</b> | <b>1,970</b>  | <b>2,519</b> |
| Depreciation of investment                                  | 20,029         | 2,354          | 691           | 635           | 321          | 415           | 0            |
| of which impairment of investments                          | 515            | 0              | 0             | 271           | 0            | 0             | 0            |
| F/X differences   | 5              | 1,319          | 5             | 2,152         | -55          | -55           | 82           |
| Losses from disposal of investments                         | 1,418          | 813            | 58            | 321           | 6            | 78            | 53           |
| <b>Interest expenses</b>                                    | <b>10,439</b>  | <b>665</b>     | <b>31</b>     | <b>977</b>    | <b>627</b>   | <b>51</b>     | <b>154</b>   |
| Personnel provisions  | 1,339          | 0              | 0             | 0             | 0            | 0             | 0            |
| Interest expenses for liabilities to financial institutions | 12             | 0              | 0             | 0             | 0            | 0             | 0            |
| Interest expenses for liabilities from public funding       | 568            | 0              | 0             | 0             | 0            | 0             | 2            |
| Interest expenses for subordinate liabilities               | 5,027          | 253            | 0             | 128           | 265          | 45            | 131          |
| Other interest expenses                                     | 3,493          | 412            | 31            | 849           | 362          | 6             | 21           |
| <b>Other expenses</b>                                       | <b>15,937</b>  | <b>1,699</b>   | <b>196</b>    | <b>860</b>    | <b>512</b>   | <b>135</b>    | <b>253</b>   |
| Managed Portfolio Fees                                      | 1,051          | 740            | 30            | 328           | 153          | 0             | 59           |
| Asset management expenses                                   | 12,908         | 645            | 157           | 532           | 331          | 129           | 194          |
| Other expenses  | 1,978          | 314            | 9             | 0             | 28           | 6             | 0            |
| <b>Total expenses</b>                                       | <b>47,828</b>  | <b>6,850</b>   | <b>981</b>    | <b>4,945</b>  | <b>1,411</b> | <b>624</b>    | <b>542</b>   |

## Composition

1.1.-31.3.2017

|  | Bulgaria     | Turkey/<br>Georgia | Remaining<br>CEE | Other<br>Markets | Central<br>Functions | Consolidation  | Total          |
|--|--------------|--------------------|------------------|------------------|----------------------|----------------|----------------|
| <b>in EUR '000</b>   |              |                    |                  |                  |                      |                |                |
| Current income   | 5,748        | 3,110              | 9,578            | 4,939            | 84,764               | -13,430        | 339,266        |
| Income from appreciation                                       | 247          | 121                | 655              | 2                | 90                   | 0              | 7,180          |
| of which a reduction in impairment                             | 0            | 0                  | 617              | 0                | 0                    | 0              | 617            |
| Gains from disposal of investments                             | 331          | 22                 | 1,040            | 821              | 5,332                | 0              | 44,811         |
| <b>Total income</b>  | <b>6,326</b> | <b>3,253</b>       | <b>11,273</b>    | <b>5,762</b>     | <b>90,186</b>        | <b>-13,430</b> | <b>391,257</b> |
| Depreciation of investment                                     | 419          | 183                | 367              | 129              | 34,132               | 0              | 59,675         |
| of which impairment of investments                             | 0            | 0                  | 74               | 0                | 6,000                | 0              | 6,860          |
| F/X differences  | 93           | 295                | 2,575            | 0                | -4,031               | 0              | 2,385          |
| Losses from disposal of investments                            | 210          | 45                 | 151              | 20               | 0                    | 0              | 3,173          |
| <b>Interest expenses</b>                                       | <b>87</b>    | <b>276</b>         | <b>176</b>       | <b>119</b>       | <b>27,435</b>        | <b>-13,276</b> | <b>27,761</b>  |
| Personnel provisions   | 0            | 0                  | 0                | 0                | 155                  | 0              | 1,494          |
| Interest expenses for liabilities<br>to financial institutions | 0            | 0                  | 0                | 0                | 3,485                | 0              | 3,497          |
| Interest expenses for liabilities<br>from public funding       | 36           | 23                 | 19               | 0                | 11,539               | -6,959         | 5,228          |
| Interest expenses for subordinate liabilities                  | 40           | 0                  | 40               | 0                | 10,848               | -4,235         | 12,542         |
| Other interest expenses  | 11           | 253                | 117              | 119              | 1,408                | -2,082         | 5,000          |
| <b>Other expenses</b>  | <b>3,080</b> | <b>335</b>         | <b>483</b>       | <b>201</b>       | <b>38,667</b>        | <b>0</b>       | <b>62,358</b>  |
| Managed Portfolio Fees   | 38           | 3                  | 0                | 0                | 40                   | 0              | 2,442          |
| Asset management expenses                                      | 2,977        | 87                 | 393              | 162              | 37,599               | 0              | 56,114         |
| Other expenses   | 65           | 245                | 90               | 39               | 1,028                | 0              | 3,802          |
| <b>Total expenses</b>  | <b>3,889</b> | <b>1,134</b>       | <b>3,752</b>     | <b>469</b>       | <b>96,203</b>        | <b>-13,276</b> | <b>155,352</b> |

| Composition   | 1.1.-31.3.2016 |                |               |               |              |               |              |
|---|----------------|----------------|---------------|---------------|--------------|---------------|--------------|
|   | Austria        | Czech Republic | Slovakia      | Poland        | Romania      | Baltic states | Hungary      |
| <b>in EUR '000</b>  |                |                |               |               |              |               |              |
| Current income  | 191,212        | 31,638         | 11,163        | 7,321         | 3,435        | 1,325         | 2,294        |
| Income from appreciation                                    | 2,173          | 1,364          | 393           | 1,883         | 224          | 387           | 0            |
| of which a reduction in impairment                          | 0              | 0              | 0             | 0             | 0            | 0             | 0            |
| Gains from disposal of investments                          | 17,645         | 6,005          | 624           | 2,122         | 1,044        | 89            | 562          |
| <b>Total income</b>   | <b>211,030</b> | <b>39,007</b>  | <b>12,180</b> | <b>11,326</b> | <b>4,703</b> | <b>1,801</b>  | <b>2,856</b> |
| Depreciation of investment                                  | 9,852          | 1,744          | 574           | 853           | 308          | 404           | 0            |
| of which impairment of investments                          | 170            | 0              | 0             | 0             | 0            | 0             | 0            |
| F/X differences   | 455            | 1,497          | 11            | -62           | 361          | 0             | 343          |
| Losses from disposal of investments                         | 168            | 10,742         | 1             | 95            | 50           | 62            | 23           |
| <b>Interest expenses</b>                                    | <b>9,574</b>   | <b>909</b>     | <b>107</b>    | <b>752</b>    | <b>625</b>   | <b>70</b>     | <b>178</b>   |
| Personnel provisions  | 1,723          | 0              | 0             | 0             | 0            | 0             | 0            |
| Interest expenses for liabilities to financial institutions | 14             | 0              | 0             | 0             | 0            | 0             | 0            |
| Interest expenses for liabilities from public funding       | 538            | 0              | 0             | 0             | 0            | 0             | 0            |
| Interest expenses for subordinate liabilities               | 5,106          | 256            | 0             | 193           | 267          | 46            | 131          |
| Other interest expenses                                     | 2,193          | 653            | 107           | 559           | 358          | 24            | 47           |
| <b>Other expenses</b>                                       | <b>18,669</b>  | <b>3,077</b>   | <b>272</b>    | <b>781</b>    | <b>447</b>   | <b>80</b>     | <b>216</b>   |
| Other expenses  | 18,669         | 3,077          | 272           | 781           | 447          | 80            | 216          |
| <b>Total expenses</b>                                       | <b>38,718</b>  | <b>17,969</b>  | <b>965</b>    | <b>2,419</b>  | <b>1,791</b> | <b>616</b>    | <b>760</b>   |

## Composition

1.1.-31.3.2016

|   | Bulgaria     | Turkey/<br>Georgia | Remaining<br>CEE | Other<br>Markets | Central<br>Functions | Consolidation  | Total          |
|---|--------------|--------------------|------------------|------------------|----------------------|----------------|----------------|
| <b>in EUR '000</b>  |              |                    |                  |                  |                      |                |                |
| Current income  | 5,494        | 2,106              | 9,796            | 4,976            | 21,316               | -14,592        | 277,484        |
| Income from appreciation                                    | 294          | 904                | 62               | 0                | 0                    | 0              | 7,684          |
| of which a reduction in impairment                          | 0            | 0                  | 1                | 0                | 0                    | 0              | 1              |
| Gains from disposal of investments                          | 344          | 99                 | 1,790            | 3                | 1                    | 0              | 30,328         |
| <b>Total income</b>   | <b>6,132</b> | <b>3,109</b>       | <b>11,648</b>    | <b>4,979</b>     | <b>21,317</b>        | <b>-14,592</b> | <b>315,496</b> |
| Depreciation of investment                                  | 434          | 720                | 580              | 324              | 2,494                | 0              | 18,287         |
| of which impairment of investments                          | 92           | 0                  | 271              | 198              | 0                    | 0              | 731            |
| F/X differences   | 183          | -92                | 632              | 0                | -590                 | 0              | 2,738          |
| Losses from disposal of investments                         | 306          | 174                | 49               | 0                | 1,020                | 0              | 12,690         |
| <b>Interest expenses</b>                                    | <b>64</b>    | <b>245</b>         | <b>503</b>       | <b>144</b>       | <b>21,171</b>        | <b>-14,624</b> | <b>19,718</b>  |
| Personnel provisions  | 0            | 0                  | 0                | 0                | 199                  | 0              | 1,922          |
| Interest expenses for liabilities to financial institutions | 0            | 0                  | 0                | 0                | 1,191                | 0              | 1,205          |
| Interest expenses for liabilities from public funding       | 0            | 65                 | 20               | 0                | 6,149                | -6,264         | 508            |
| Interest expenses for subordinate liabilities               | 0            | 0                  | 40               | 0                | 13,616               | -4,281         | 15,374         |
| Other interest expenses                                     | 64           | 180                | 443              | 144              | 16                   | -4,079         | 709            |
| <b>Other expenses</b>                                       | <b>2,352</b> | <b>393</b>         | <b>477</b>       | <b>169</b>       | <b>20,715</b>        | <b>0</b>       | <b>47,648</b>  |
| Other expenses  | 2,352        | 393                | 477              | 169              | 20,715               | 0              | 47,648         |
| <b>Total expenses</b>                                       | <b>3,339</b> | <b>1,440</b>       | <b>2,241</b>     | <b>637</b>       | <b>44,810</b>        | <b>-14,624</b> | <b>101,081</b> |

## 10. OTHER INCOME

## Composition

1.1.-31.3.2017

1.1.-31.3.2016

| Other income       | 1.1.-31.3.2017 |                  |               | 1.1.-31.3.2016 |                  |               |
|--------------------|----------------|------------------|---------------|----------------|------------------|---------------|
|                    | Underwriting   | Non-underwriting | Total         | Underwriting   | Non-underwriting | Total         |
| <b>in EUR '000</b> |                |                  |               |                |                  |               |
| Austria            | 2,927          | 2,467            | 5,394         | 2,792          | 1,877            | 4,669         |
| Czech Republic     | 11,600         | 555              | 12,155        | 11,018         | 911              | 11,929        |
| Slovakia           | 2,021          | 246              | 2,267         | 3,944          | 109              | 4,053         |
| Poland             | 501            | 2,194            | 2,695         | 296            | 1,708            | 2,004         |
| Romania            | 1,570          | 363              | 1,933         | 1,459          | 1,071            | 2,530         |
| Baltic states      | 94             | 139              | 233           | 25             | 136              | 161           |
| Hungary            | 280            | 149              | 429           | 336            | 227              | 563           |
| Bulgaria           | 115            | 9                | 124           | 159            | 10               | 169           |
| Turkey/Georgia     | 106            | 1,350            | 1,456         | 174            | 449              | 623           |
| Remaining CEE      | 1,223          | 212              | 1,435         | 1,191          | 281              | 1,472         |
| Other Markets      | 950            | 50               | 1,000         | 5,893          | 10               | 5,903         |
| Central Functions  | 13             | 389              | 402           | 42             | 2,826            | 2,868         |
| Consolidation      | -6             | 0                | -6            | -12            | 0                | -12           |
| <b>Total</b>       | <b>21,394</b>  | <b>8,123</b>     | <b>29,517</b> | <b>27,317</b>  | <b>9,615</b>     | <b>36,932</b> |

## 11. EXPENSES FOR CLAIMS AND INSURANCE BENEFITS

| Composition  | 1.1.-31.3.2017 |                |                |                |                |               |               |
|--|----------------|----------------|----------------|----------------|----------------|---------------|---------------|
|  | Austria        | Czech Republic | Slovakia       | Poland         | Romania        | Baltic states | Hungary       |
| in EUR '000  |                |                |                |                |                |               |               |
| <b>Gross</b>   |                |                |                |                |                |               |               |
| <b>Expenses for claims and insurance benefits</b>                | <b>818,581</b> | <b>238,333</b> | <b>129,892</b> | <b>139,430</b> | <b>94,965</b>  | <b>42,793</b> | <b>34,810</b> |
| Payments for claims and insurance benefits                       | 840,766        | 254,102        | 137,817        | 139,943        | 92,001         | 40,519        | 36,879        |
| Changes in provision for outstanding claims                      | -22,185        | -15,769        | -7,925         | -513           | 2,964          | 2,274         | -2,069        |
| Change in mathematical reserve                                   | -5,798         | -11,926        | 14,383         | 19,421         | -2,897         | 6,337         | -4,533        |
| Change in other underwriting provisions                          | 0              | 0              | 0              | -265           | 0              | 0             | -152          |
| Expenses for profit-related and profit-unrelated premium refunds | 50,136         | 4,373          | -795           | 165            | -77            | 0             | 222           |
| <b>Total expenses</b>  | <b>862,919</b> | <b>230,780</b> | <b>143,480</b> | <b>158,751</b> | <b>91,991</b>  | <b>49,130</b> | <b>30,347</b> |
| <b>Reinsurers' share</b>   |                |                |                |                |                |               |               |
| <b>Expenses for claims and insurance benefits</b>                | <b>-82,583</b> | <b>-36,045</b> | <b>-14,249</b> | <b>-22,824</b> | <b>-21,256</b> | <b>-8,280</b> | <b>-2,746</b> |
| Payments for claims and insurance benefits                       | -77,919        | -44,971        | -20,884        | -22,720        | -19,502        | -6,202        | -3,402        |
| Changes in provision for outstanding claims                      | -4,664         | 8,926          | 6,635          | -104           | -1,754         | -2,078        | 656           |
| Change in mathematical reserve                                   | 44,910         | 0              | 0              | 10             | 60             | 0             | 0             |
| Change in other underwriting provisions                          | 0              | 0              | 0              | 0              | 0              | 0             | -188          |
| Expenses for profit-unrelated premium refunds                    | -393           | -1,969         | 0              | 0              | 0              | 0             | 19            |
| <b>Total expenses</b>  | <b>-38,066</b> | <b>-38,014</b> | <b>-14,249</b> | <b>-22,814</b> | <b>-21,196</b> | <b>-8,280</b> | <b>-2,915</b> |
| <b>Retention</b>   |                |                |                |                |                |               |               |
| <b>Expenses for claims and insurance benefits</b>                | <b>735,998</b> | <b>202,288</b> | <b>115,643</b> | <b>116,606</b> | <b>73,709</b>  | <b>34,513</b> | <b>32,064</b> |
| Payments for claims and insurance benefits                       | 762,847        | 209,131        | 116,933        | 117,223        | 72,499         | 34,317        | 33,477        |
| Changes in provision for outstanding claims                      | -26,849        | -6,843         | -1,290         | -617           | 1,210          | 196           | -1,413        |
| Change in mathematical reserve                                   | 39,112         | -11,926        | 14,383         | 19,431         | -2,837         | 6,337         | -4,533        |
| Change in other underwriting provisions                          | 0              | 0              | 0              | -265           | 0              | 0             | -340          |
| Expenses for profit-related and profit-unrelated premium refunds | 49,743         | 2,404          | -795           | 165            | -77            | 0             | 241           |
| <b>Total expenses</b>  | <b>824,853</b> | <b>192,766</b> | <b>129,231</b> | <b>135,937</b> | <b>70,795</b>  | <b>40,850</b> | <b>27,432</b> |

## Composition

1.1.-31.3.2017

|  | Bulgaria      | Turkey/<br>Georgia | Remaining<br>CEE | Other<br>Markets | Central<br>Functions | Consolidation   | Total            |
|--|---------------|--------------------|------------------|------------------|----------------------|-----------------|------------------|
| in EUR '000  |               |                    |                  |                  |                      |                 |                  |
| <b>Gross</b>   |               |                    |                  |                  |                      |                 |                  |
| <b>Expenses for claims and insurance benefits</b>                | 16,037        | 33,455             | 41,161           | 33,281           | 234,715              | -168,654        | 1,688,799        |
| Payments for claims and insurance benefits                       | 18,949        | 24,071             | 40,771           | 30,711           | 190,318              | -170,473        | 1,676,374        |
| Changes in provision for outstanding claims                      | -2,912        | 9,384              | 390              | 2,570            | 44,397               | 1,819           | 12,425           |
| Change in mathematical reserve                                   | 3,912         | 0                  | 10,223           | 7,482            | -530                 | -24             | 36,050           |
| Change in other underwriting provisions                          | 0             | -53                | 10               | 0                | 0                    | 0               | -460             |
| Expenses for profit-related and profit-unrelated premium refunds | -71           | 0                  | -182             | 1,444            | 0                    | 0               | 55,215           |
| <b>Total expenses</b>  | <b>19,878</b> | <b>33,402</b>      | <b>51,212</b>    | <b>42,207</b>    | <b>234,185</b>       | <b>-168,678</b> | <b>1,779,604</b> |
| <b>Reinsurers' share</b>   |               |                    |                  |                  |                      |                 |                  |
| <b>Expenses for claims and insurance benefits</b>                | -2,397        | -12,964            | -12,346          | -2,997           | -30,213              | 167,195         | -81,705          |
| Payments for claims and insurance benefits                       | -4,719        | -7,266             | -10,784          | -2,932           | -13,810              | 169,836         | -65,275          |
| Changes in provision for outstanding claims                      | 2,322         | -5,698             | -1,562           | -65              | -16,403              | -2,641          | -16,430          |
| Change in mathematical reserve                                   | 1             | 0                  | 617              | 512              | -99                  | 23              | 46,034           |
| Change in other underwriting provisions                          | 0             | 17                 | 0                | 0                | 0                    | 0               | -171             |
| Expenses for profit-unrelated premium refunds                    | 0             | 0                  | 0                | 0                | 0                    | 0               | -2,343           |
| <b>Total expenses</b>  | <b>-2,396</b> | <b>-12,947</b>     | <b>-11,729</b>   | <b>-2,485</b>    | <b>-30,312</b>       | <b>167,218</b>  | <b>-38,185</b>   |
| <b>Retention</b>   |               |                    |                  |                  |                      |                 |                  |
| <b>Expenses for claims and insurance benefits</b>                | 13,640        | 20,491             | 28,815           | 30,284           | 204,502              | -1,459          | 1,607,094        |
| Payments for claims and insurance benefits                       | 14,230        | 16,805             | 29,987           | 27,779           | 176,508              | -637            | 1,611,099        |
| Changes in provision for outstanding claims                      | -590          | 3,686              | -1,172           | 2,505            | 27,994               | -822            | -4,005           |
| Change in mathematical reserve                                   | 3,913         | 0                  | 10,840           | 7,994            | -629                 | -1              | 82,084           |
| Change in other underwriting provisions                          | 0             | -36                | 10               | 0                | 0                    | 0               | -631             |
| Expenses for profit-related and profit-unrelated premium refunds | -71           | 0                  | -182             | 1,444            | 0                    | 0               | 52,872           |
| <b>Total expenses</b>  | <b>17,482</b> | <b>20,455</b>      | <b>39,483</b>    | <b>39,722</b>    | <b>203,873</b>       | <b>-1,460</b>   | <b>1,741,419</b> |

| Composition  | 1.1.-31.3.2016  |                |                |                |                |               |               |
|--|-----------------|----------------|----------------|----------------|----------------|---------------|---------------|
|  | Austria         | Czech Republic | Slovakia       | Poland         | Romania        | Baltic states | Hungary       |
| <b>in EUR '000</b>   |                 |                |                |                |                |               |               |
| <b>Gross</b>   |                 |                |                |                |                |               |               |
| Expenses for claims and insurance benefits                       | 827,595         | 238,153        | 128,372        | 129,161        | 73,230         | 17,289        | 29,207        |
| Payments for claims and insurance benefits                       | 820,295         | 232,353        | 120,310        | 130,594        | 58,842         | 13,213        | 32,756        |
| Changes in provision for outstanding claims                      | 7,300           | 5,800          | 8,062          | -1,433         | 14,388         | 4,076         | -3,549        |
| Change in mathematical reserve                                   | 154,141         | -12,910        | 1,450          | 32,901         | 2,272          | 9,453         | -3,194        |
| Change in other underwriting provisions                          | 0               | 0              | 0              | 64             | 0              | 0             | -1,311        |
| Expenses for profit-related and profit-unrelated premium refunds | 9,936           | 6,768          | 531            | 125            | -19            | 0             | 1,054         |
| <b>Total expenses</b>  | <b>991,672</b>  | <b>232,011</b> | <b>130,353</b> | <b>162,251</b> | <b>75,483</b>  | <b>26,742</b> | <b>25,756</b> |
| <b>Reinsurers' share</b>   |                 |                |                |                |                |               |               |
| Expenses for claims and insurance benefits                       | -117,700        | -51,759        | -22,700        | -26,344        | -20,727        | -4,041        | -207          |
| Payments for claims and insurance benefits                       | -68,013         | -44,461        | -14,817        | -22,358        | -17,731        | -1,580        | -3,849        |
| Changes in provision for outstanding claims                      | -49,687         | -7,298         | -7,883         | -3,986         | -2,996         | -2,461        | 3,642         |
| Change in mathematical reserve                                   | -80             | 8              | 0              | 11             | 0              | 0             | 0             |
| Change in other underwriting provisions                          | 0               | 0              | 0              | 0              | 0              | 0             | -253          |
| Expenses for profit-unrelated premium refunds                    | -175            | 87             | 0              | 0              | 0              | 0             | 78            |
| <b>Total expenses</b>  | <b>-117,955</b> | <b>-51,664</b> | <b>-22,700</b> | <b>-26,333</b> | <b>-20,727</b> | <b>-4,041</b> | <b>-382</b>   |
| <b>Retention</b>   |                 |                |                |                |                |               |               |
| Expenses for claims and insurance benefits                       | 709,895         | 186,394        | 105,672        | 102,817        | 52,503         | 13,248        | 29,000        |
| Payments for claims and insurance benefits                       | 752,282         | 187,892        | 105,493        | 108,236        | 41,111         | 11,633        | 28,907        |
| Changes in provision for outstanding claims                      | -42,387         | -1,498         | 179            | -5,419         | 11,392         | 1,615         | 93            |
| Change in mathematical reserve                                   | 154,061         | -12,902        | 1,450          | 32,912         | 2,272          | 9,453         | -3,194        |
| Change in other underwriting provisions                          | 0               | 0              | 0              | 64             | 0              | 0             | -1,564        |
| Expenses for profit-related and profit-unrelated premium refunds | 9,761           | 6,855          | 531            | 125            | -19            | 0             | 1,132         |
| <b>Total expenses</b>  | <b>873,717</b>  | <b>180,347</b> | <b>107,653</b> | <b>135,918</b> | <b>54,756</b>  | <b>22,701</b> | <b>25,374</b> |

## Composition

1.1.-31.3.2016

|  | Bulgaria      | Turkey/<br>Georgia | Remaining<br>CEE | Other<br>Markets | Central<br>Functions | Consolidation   | Total            |
|--|---------------|--------------------|------------------|------------------|----------------------|-----------------|------------------|
| <b>in EUR '000</b>   |               |                    |                  |                  |                      |                 |                  |
| <b>Gross</b>   |               |                    |                  |                  |                      |                 |                  |
| Expenses for claims and insurance benefits                       | 17,395        | 25,255             | 40,650           | 36,838           | 234,550              | -178,704        | 1,618,991        |
| Payments for claims and insurance benefits                       | 15,051        | 23,456             | 35,093           | 36,691           | 170,761              | -152,713        | 1,536,702        |
| Changes in provision for outstanding claims                      | 2,344         | 1,799              | 5,557            | 147              | 63,789               | -25,991         | 82,289           |
| Change in mathematical reserve                                   | 3,904         | 0                  | 8,399            | 49,531           | 318                  | -233            | 246,032          |
| Change in other underwriting provisions                          | 0             | 407                | 382              | 0                | 0                    | 0               | -458             |
| Expenses for profit-related and profit-unrelated premium refunds | 103           | 0                  | -187             | 1,361            | 5                    | 0               | 19,677           |
| <b>Total expenses</b>  | <b>21,402</b> | <b>25,662</b>      | <b>49,244</b>    | <b>87,730</b>    | <b>234,873</b>       | <b>-178,937</b> | <b>1,884,242</b> |
| <b>Reinsurers' share</b>   |               |                    |                  |                  |                      |                 |                  |
| Expenses for claims and insurance benefits                       | -4,132        | -7,082             | -11,688          | -1,620           | -44,497              | 178,197         | -134,300         |
| Payments for claims and insurance benefits                       | -2,167        | -6,804             | -7,709           | -3,422           | -11,776              | 149,747         | -54,940          |
| Changes in provision for outstanding claims                      | -1,965        | -278               | -3,979           | 1,802            | -32,721              | 28,450          | -79,360          |
| Change in mathematical reserve                                   | 0             | 0                  | 276              | 557              | 5                    | 230             | 1,007            |
| Change in other underwriting provisions                          | 0             | -132               | 0                | 0                | 0                    | 0               | -385             |
| Expenses for profit-unrelated premium refunds                    | 0             | 0                  | 0                | 0                | 0                    | 0               | -10              |
| <b>Total expenses</b>  | <b>-4,132</b> | <b>-7,214</b>      | <b>-11,412</b>   | <b>-1,063</b>    | <b>-44,492</b>       | <b>178,427</b>  | <b>-133,688</b>  |
| <b>Retention</b>   |               |                    |                  |                  |                      |                 |                  |
| Expenses for claims and insurance benefits                       | 13,263        | 18,173             | 28,962           | 35,218           | 190,053              | -507            | 1,484,691        |
| Payments for claims and insurance benefits                       | 12,884        | 16,652             | 27,384           | 33,269           | 158,985              | -2,966          | 1,481,762        |
| Changes in provision for outstanding claims                      | 379           | 1,521              | 1,578            | 1,949            | 31,068               | 2,459           | 2,929            |
| Change in mathematical reserve                                   | 3,904         | 0                  | 8,675            | 50,088           | 323                  | -3              | 247,039          |
| Change in other underwriting provisions                          | 0             | 275                | 382              | 0                | 0                    | 0               | -843             |
| Expenses for profit-related and profit-unrelated premium refunds | 103           | 0                  | -187             | 1,361            | 5                    | 0               | 19,667           |
| <b>Total expenses</b>  | <b>17,270</b> | <b>18,448</b>      | <b>37,832</b>    | <b>86,667</b>    | <b>190,381</b>       | <b>-510</b>     | <b>1,750,554</b> |

## 12. ACQUISITION AND ADMINISTRATIVE EXPENSES

| Composition                      | 1.1.-31.3.2017 |                |               |               |               |               |               |
|----------------------------------|----------------|----------------|---------------|---------------|---------------|---------------|---------------|
|                                  | Austria        | Czech Republic | Slovakia      | Poland        | Romania       | Baltic states | Hungary       |
| in EUR '000                      |                |                |               |               |               |               |               |
| <b>Acquisition expenses</b>      | <b>186,311</b> | <b>103,617</b> | <b>29,477</b> | <b>37,086</b> | <b>24,173</b> | <b>13,616</b> | <b>10,144</b> |
| Commission expenses              | 123,571        | 74,319         | 22,931        | 31,426        | 17,140        | 9,842         | 8,219         |
| Pro rata personnel expenses      | 33,119         | 17,226         | 3,188         | 3,869         | 4,330         | 2,717         | 1,016         |
| Pro rata material expenses       | 29,621         | 12,072         | 3,358         | 1,791         | 2,703         | 1,057         | 909           |
| <b>Administrative expenses</b>   | <b>40,567</b>  | <b>15,208</b>  | <b>5,925</b>  | <b>9,579</b>  | <b>4,411</b>  | <b>5,194</b>  | <b>4,288</b>  |
| Pro rata personnel expenses      | 17,548         | 6,644          | 2,617         | 5,153         | 2,006         | 3,346         | 1,749         |
| Pro rata material expenses       | 23,019         | 8,564          | 3,308         | 4,426         | 2,405         | 1,848         | 2,539         |
| Received reinsurance commissions | -43,178        | -30,744        | -9,677        | -9,428        | -5,493        | -1,532        | -5,255        |
| <b>Total</b>                     | <b>183,700</b> | <b>88,081</b>  | <b>25,725</b> | <b>37,237</b> | <b>23,091</b> | <b>17,278</b> | <b>9,177</b>  |

| Composition                      | 1.1.-31.3.2017 |                 |               |               |                   |                |                |
|----------------------------------|----------------|-----------------|---------------|---------------|-------------------|----------------|----------------|
|                                  | Bulgaria       | Turkey/ Georgia | Remaining CEE | Other Markets | Central Functions | Consolidation  | Total          |
| in EUR '000                      |                |                 |               |               |                   |                |                |
| <b>Acquisition expenses</b>      | <b>9,641</b>   | <b>7,840</b>    | <b>20,626</b> | <b>9,994</b>  | <b>97,603</b>     | <b>-84,257</b> | <b>465,871</b> |
| Commission expenses              | 7,738          | 5,867           | 13,064        | 8,705         | 96,160            | -84,257        | 334,725        |
| Pro rata personnel expenses      | 1,178          | 1,257           | 4,465         | 665           | 848               | 0              | 73,878         |
| Pro rata material expenses       | 725            | 716             | 3,097         | 624           | 595               | 0              | 57,268         |
| <b>Administrative expenses</b>   | <b>1,291</b>   | <b>3,295</b>    | <b>7,391</b>  | <b>2,492</b>  | <b>1,025</b>      | <b>0</b>       | <b>100,666</b> |
| Pro rata personnel expenses      | 619            | 2,216           | 3,334         | 1,297         | 49                | 0              | 46,578         |
| Pro rata material expenses       | 672            | 1,079           | 4,057         | 1,195         | 976               | 0              | 54,088         |
| Received reinsurance commissions | -1,276         | -6,478          | -7,065        | -6,381        | -9,049            | 87,248         | -48,308        |
| <b>Total</b>                     | <b>9,656</b>   | <b>4,657</b>    | <b>20,952</b> | <b>6,105</b>  | <b>89,579</b>     | <b>2,991</b>   | <b>518,229</b> |

| Composition                      | 1.1.-31.3.2016 |                |               |               |               |               |              |
|----------------------------------|----------------|----------------|---------------|---------------|---------------|---------------|--------------|
|                                  | Austria        | Czech Republic | Slovakia      | Poland        | Romania       | Baltic states | Hungary      |
| in EUR '000                      |                |                |               |               |               |               |              |
| <b>Acquisition expenses</b>      | <b>186,144</b> | <b>101,730</b> | <b>28,371</b> | <b>37,608</b> | <b>28,423</b> | <b>6,428</b>  | <b>8,970</b> |
| Commission expenses              | 123,591        | 71,090         | 22,215        | 31,577        | 21,991        | 5,521         | 6,942        |
| Pro rata personnel expenses      | 33,458         | 18,838         | 2,735         | 3,905         | 3,874         | 487           | 949          |
| Pro rata material expenses       | 29,095         | 11,802         | 3,421         | 2,126         | 2,558         | 420           | 1,079        |
| <b>Administrative expenses</b>   | <b>41,062</b>  | <b>12,202</b>  | <b>7,069</b>  | <b>9,061</b>  | <b>3,659</b>  | <b>2,020</b>  | <b>3,902</b> |
| Pro rata personnel expenses      | 17,507         | 5,007          | 2,471         | 5,080         | 1,558         | 1,249         | 1,664        |
| Pro rata material expenses       | 23,555         | 7,195          | 4,598         | 3,981         | 2,101         | 771           | 2,238        |
| Received reinsurance commissions | -44,164        | -25,745        | -8,056        | -8,993        | -5,682        | -551          | -4,029       |
| <b>Total</b>                     | <b>183,042</b> | <b>88,187</b>  | <b>27,384</b> | <b>37,676</b> | <b>26,400</b> | <b>7,897</b>  | <b>8,843</b> |

## Composition

1.1.-31.3.2016

|                                  | Bulgaria     | Turkey/<br>Georgia | Remaining<br>CEE | Other<br>Markets | Central<br>Functions | Consolidation | Total          |
|----------------------------------|--------------|--------------------|------------------|------------------|----------------------|---------------|----------------|
| <b>in EUR '000</b>               |              |                    |                  |                  |                      |               |                |
| Acquisition expenses             | 8,120        | 8,547              | 18,281           | 9,385            | 89,812               | -83,131       | 448,688        |
| Commission expenses              | 6,348        | 6,298              | 11,050           | 8,047            | 89,155               | -83,131       | 320,694        |
| Pro rata personnel expenses      | 1,041        | 1,295              | 4,333            | 655              | 263                  | 0             | 71,833         |
| Pro rata material expenses       | 731          | 954                | 2,898            | 683              | 394                  | 0             | 56,161         |
| Administrative expenses          | 1,163        | 2,480              | 7,181            | 2,498            | 851                  | 0             | 93,148         |
| Pro rata personnel expenses      | 521          | 1,662              | 3,221            | 1,243            | 262                  | 0             | 41,445         |
| Pro rata material expenses       | 642          | 818                | 3,960            | 1,255            | 589                  | 0             | 51,703         |
| Received reinsurance commissions | -2,729       | -6,601             | -6,625           | -7,285           | -5,834               | 86,746        | -39,548        |
| <b>Total</b>                     | <b>6,554</b> | <b>4,426</b>       | <b>18,837</b>    | <b>4,598</b>     | <b>84,829</b>        | <b>3,615</b>  | <b>502,288</b> |

## 13. OTHER EXPENSES

## Composition

1.1.-31.3.2017

1.1.-31.3.2016 adjusted

| Other expenses     | 1.1.-31.3.2017 |                  |               | 1.1.-31.3.2016 adjusted |                  |               |
|--------------------|----------------|------------------|---------------|-------------------------|------------------|---------------|
|                    | Underwriting   | Non-underwriting | Total         | Underwriting            | Non-underwriting | Total         |
| <b>in EUR '000</b> |                |                  |               |                         |                  |               |
| Austria            | 2,476          | 2,160            | 4,636         | 3,657                   | 2,782            | 6,439         |
| Czech Republic     | 9,774          | 716              | 10,490        | 7,364                   | 686              | 8,050         |
| Slovakia           | 6,220          | 5                | 6,225         | 8,273                   | 11               | 8,284         |
| Poland             | 1,311          | 2,831            | 4,142         | 1,576                   | 2,370            | 3,946         |
| Romania            | 6,181          | 460              | 6,641         | 6,542                   | 330              | 6,872         |
| Baltic states      | 1,593          | 1,222            | 2,815         | 705                     | 358              | 1,063         |
| Hungary            | 2,019          | 777              | 2,796         | 1,891                   | 895              | 2,786         |
| Bulgaria           | 1,934          | 710              | 2,644         | 2,915                   | 190              | 3,105         |
| Turkey/Georgia     | 574            | 486              | 1,060         | 330                     | 669              | 999           |
| Remaining CEE      | 2,438          | 1,347            | 3,785         | 3,056                   | 2,315            | 5,371         |
| Other Markets      | 8,143          | 211              | 8,354         | 6,333                   | 183              | 6,516         |
| Central Functions  | 424            | 6,287            | 6,711         | 90                      | 3,146            | 3,236         |
| Consolidation      | -133           | 661              | 528           | -14                     | -247             | -261          |
| <b>Total</b>       | <b>42,954</b>  | <b>17,873</b>    | <b>60,827</b> | <b>42,718</b>           | <b>13,688</b>    | <b>56,406</b> |

## ADDITIONAL DISCLOSURES

### 14. FINANCIAL INSTRUMENTS AND FAIR VALUE MEASUREMENT HIERARCHY

Information on the nature and extent of risks arising from financial instruments is provided in the section titled “Financial instruments and risk management” in the Group Annual Report for 2016 starting on page 144.

#### Fair value and book value of financial instruments and other investments

The table below shows the book values and fair values of holdings of financial instruments and other investments:

| Fair values and book values of financial instruments and other<br>in EUR '000 | 31.3.2017         |                   |                  |                  | Fair value        |
|---|-------------------|-------------------|------------------|------------------|-------------------|
|   | Book value        | Level 1           | Level 2          | Level 3          |                   |
| <b>Land and buildings<sup>1</sup></b>   | <b>5,601,816</b>  | <b>0</b>          | <b>68,025</b>    | <b>6,628,537</b> | <b>6,696,562</b>  |
| Self-used land and buildings  | 425,888           | 0                 | 36,743           | 608,748          | 645,491           |
| Investment properties   | 5,175,928         | 0                 | 31,282           | 6,019,789        | 6,051,071         |
| thereof non-profit societies  | 3,559,315         |                   |                  |                  | 3,559,315         |
| <b>Shares in at equity consolidated companies</b>                             | <b>274,965</b>    |                   |                  |                  |                   |
| <b>Loans</b>  | <b>2,704,657</b>  | <b>277,808</b>    | <b>2,763,841</b> | <b>40,718</b>    | <b>3,082,367</b>  |
| Loans   | 1,414,234         | 0                 | 1,530,141        | 16,740           | 1,546,881         |
| Reclassified loans  | 267,663           | 163,022           | 154,769          | 0                | 317,791           |
| Bonds classified as loans   | 1,022,760         | 114,786           | 1,078,931        | 23,978           | 1,217,695         |
| <b>Other securities</b>   | <b>25,399,834</b> | <b>22,419,915</b> | <b>3,225,568</b> | <b>296,323</b>   | <b>25,941,806</b> |
| Financial instruments held to maturity  | 2,363,578         | 2,342,461         | 395,625          | 10,085           | 2,748,171         |
| Financial instruments reclassified as held to maturity                        | 736,003           | 836,905           | 56,477           | 0                | 893,382           |
| Financial instruments available for sale                                      | 21,909,746        | 19,039,339        | 2,631,006        | 239,401          | 21,909,746        |
| Held for trading  | 106,140           | 75,007            | 5,250            | 25,883           | 106,140           |
| Financial instruments recognised at fair value through profit and loss        | 284,367           | 126,203           | 137,210          | 20,954           | 284,367           |
| <b>Other investments</b>  | <b>687,517</b>    |                   |                  |                  |                   |
| <b>Investments for unit-linked and index-linked life insurance</b>            | <b>8,779,793</b>  | <b>8,779,793</b>  | <b>0</b>         | <b>0</b>         | <b>8,779,793</b>  |
| <b>Subordinated liabilities</b>   | <b>1,016,558</b>  | <b>0</b>          | <b>1,057,061</b> | <b>20,743</b>    | <b>1,077,804</b>  |
| <b>Liabilities to financial institutions</b>                                  | <b>1,295,439</b>  |                   |                  |                  | <b>1,295,439</b>  |
| thereof non-profit societies  | 1,033,495         |                   |                  |                  | 1,033,495         |
| <b>Liabilities from funding of housing projects</b>                           | <b>1,442,358</b>  |                   |                  |                  | <b>1,442,358</b>  |
| thereof non-profit societies  | 1,361,626         |                   |                  |                  | 1,361,626         |
| <b>Liabilities for derivatives<sup>2</sup></b>                                | <b>9,090</b>      | <b>0</b>          | <b>9,030</b>     | <b>60</b>        | <b>9,090</b>      |

<sup>1</sup> The market values are derived from internal and external expert reports.

<sup>2</sup> Included in Other liabilities

Fair values and book values of  
financial instruments and other

31.12.2016

|  | Book value | Level 1    | Level 2   | Level 3   | Fair value |
|--|------------|------------|-----------|-----------|------------|
| <b>in EUR '000</b>   |            |            |           |           |            |
| Land and buildings <sup>1</sup>  | 5,601,623  | 0          | 70,499    | 6,619,470 | 6,689,969  |
| Self-used land and buildings   | 429,484    | 0          | 37,400    | 610,665   | 648,065    |
| Investment properties  | 5,172,139  | 0          | 33,099    | 6,008,805 | 6,041,904  |
| thereof non-profit societies   | 3,562,729  |            |           |           | 3,562,729  |
| Shares in at equity consolidated companies                             | 269,699    |            |           |           |            |
| Loans  | 2,777,645  | 424,847    | 2,721,444 | 37,635    | 3,183,926  |
| Loans  | 1,397,395  | 0          | 1,529,603 | 15,233    | 1,544,836  |
| Reclassified loans   | 339,591    | 238,555    | 159,290   | 0         | 397,845    |
| Bonds classified as loans  | 1,040,659  | 186,292    | 1,032,551 | 22,402    | 1,241,245  |
| Other securities   | 25,378,360 | 22,532,287 | 3,174,206 | 326,828   | 26,033,321 |
| Financial instruments held to maturity                                 | 2,330,071  | 2,466,364  | 321,614   | 9,702     | 2,797,680  |
| Financial instruments reclassified as held to maturity                 | 735,751    | 865,916    | 57,187    | 0         | 923,103    |
| Financial instruments available for sale                               | 21,851,248 | 18,943,142 | 2,650,989 | 257,117   | 21,851,248 |
| Held for trading   | 131,400    | 81,041     | 6,778     | 43,581    | 131,400    |
| Financial instruments recognised at fair value through profit and loss | 329,890    | 175,824    | 137,638   | 16,428    | 329,890    |
| Other investments  | 618,929    |            |           |           |            |
| Investments for unit-linked and index-linked life insurance            | 8,549,580  | 8,549,580  | 0         | 0         | 8,549,580  |
| Subordinated liabilities   | 1,265,009  | 0          | 1,277,003 | 20,807    | 1,297,810  |
| Liabilities to financial institutions                                  | 1,304,901  |            |           |           | 1,304,901  |
| thereof non-profit societies   | 1,065,466  |            |           |           | 1,065,466  |
| Liabilities from funding of housing projects                           | 1,470,177  |            |           |           | 1,470,177  |
| thereof non-profit societies   | 1,374,064  |            |           |           | 1,374,064  |
| Liabilities for derivatives <sup>2</sup>                               | 9,809      | 0          | 9,809     | 0         | 9,809      |

<sup>1</sup> The market values are derived from internal and external expert reports.

<sup>2</sup> Included in Other liabilities

Book value was generally used for the fair value of the financial liabilities (except for subordinated liabilities), which were primarily due to the non-profit societies, as no market exists for property subject to the Austrian Non-Profit Housing Act (WGG). The fair value for derivative financial instruments equals the book value reported in the balance sheet.

### Measurement process

For information on the measurement process, please see Note 36 "Financial instruments and fair value measurement hierarchy" in the Group Annual Report for 2016 starting on page 233.

### Reclassification of financial instruments

Reclassifications were performed based on the criteria and time points indicated in Note 36 "Financial instruments and fair value measurement hierarchy" in the Group Annual Report for 2016 starting on page 235.

| Reclassification of financial instruments                              | 31.3.2017                   |                    |                    |                    |                    |
|--|-----------------------------|--------------------|--------------------|--------------------|--------------------|
|  | between Level 1 and Level 2 | Level 3 to Level 1 | Level 1 to Level 3 | Level 3 to Level 2 | Level 2 to Level 3 |
| <b>Quantity</b>  |                             |                    |                    |                    |                    |
| Financial instruments available for sale                               | 7                           | 3                  | 5                  | 4                  | 4                  |
| Financial instruments recognised at fair value through profit and loss | 1                           | 0                  | 0                  | 0                  | 0                  |
| <b>Total</b>   | <b>8</b>                    | <b>3</b>           | <b>5</b>           | <b>4</b>           | <b>4</b>           |

The reclassifications between Level 1 and Level 2 are primarily due to changes in liquidity, trading frequency and trading activity. Reclassifications between Level 2 and Level 3 and from Level 1 to Level 3 also took place based on the availability or non-availability of prices or comparable financial instruments used for measurement. The reclassification from Level 3 to Level 1 in the financial instruments available for sale category is mainly due to Bloomberg prices that are now available.

| Reclassification of financial instruments                              | 31.12.2016                  |                    |                    |                    |                    |
|--|-----------------------------|--------------------|--------------------|--------------------|--------------------|
|  | between Level 1 and Level 2 | Level 3 to Level 1 | Level 1 to Level 3 | Level 3 to Level 2 | Level 2 to Level 3 |
| <b>Quantity</b>  |                             |                    |                    |                    |                    |
| Financial instruments available for sale                               | 42                          | 1                  | 0                  | 5                  | 106                |
| Financial instruments recognised at fair value through profit and loss | 3                           | 0                  | 0                  | 0                  | 0                  |
| Held for trading   | 4                           | 0                  | 0                  | 0                  | 0                  |
| Liabilities for derivatives*   | 0                           | 0                  | 0                  | 5                  | 0                  |
| <b>Total</b>   | <b>49</b>                   | <b>1</b>           | <b>0</b>           | <b>10</b>          | <b>106</b>         |

\* Included in other liabilities

Reclassifications between Level 1 and Level 2 in the comparative period were primarily due to changes in liquidity, trading frequency and trading activity, but also resulted from a harmonisation of measurement hierarchies due to the introduction of Solvency II, and consolidation effects between the measurement hierarchies. The harmonisation of hierarchies due to the introduction of Solvency II also led to reclassifications between Level 3 and Level 2 in the financial instruments available for sale and derivative liabilities categories. The reclassification from level 3 to level 1 in the financial instruments available for sale category was due to consolidation effects.

## Fair-Value-Hierarchie zum Zeitwert bewerteten Finanzinstrumenten

| Valuation hierarchy  | Level 1    |            | Level 2   |            | Level 3   |            |
|--|------------|------------|-----------|------------|-----------|------------|
|  | 31.3.2017  | 31.12.2016 | 31.3.2017 | 31.12.2016 | 31.3.2017 | 31.12.2016 |
| Financial instruments measured at fair value                           |            |            |           |            |           |            |
| in EUR '000  |            |            |           |            |           |            |
| <b>Financial assets</b>  |            |            |           |            |           |            |
| Financial instruments available for sale                               | 19,039,339 | 18,943,142 | 2,631,006 | 2,650,989  | 239,401   | 257,117    |
| Bonds  | 16,762,874 | 16,715,094 | 2,486,074 | 2,505,492  | 52,041    | 54,997     |
| Shares and other participations  | 446,575    | 441,393    | 95,964    | 95,101     | 187,360   | 202,120    |
| Investment funds   | 1,829,890  | 1,786,655  | 48,968    | 50,396     | 0         | 0          |
| Held for trading   | 75,007     | 81,041     | 5,250     | 6,778      | 25,883    | 43,581     |
| Bonds  | 17,612     | 14,901     | 1,500     | 3,058      | 1,985     | 2,499      |
| Shares and other non-fixed-interest securities                         | 24,568     | 21,111     | 52        | 52         | 0         | 0          |
| Investment funds   | 32,787     | 44,997     | 869       | 837        | 0         | 0          |
| Derivatives  | 40         | 32         | 2,829     | 2,831      | 23,898    | 41,082     |
| Financial instruments recognised at fair value through profit and loss | 126,203    | 175,824    | 137,210   | 137,638    | 20,954    | 16,428     |
| Bonds  | 102,183    | 149,359    | 120,229   | 121,071    | 19,763    | 15,253     |
| Shares and other non-fixed-interest securities                         | 116        | 112        | 16,981    | 16,567     | 0         | 0          |
| Investment funds   | 23,904     | 26,353     | 0         | 0          | 1,191     | 1,175      |
| Investments for unit-linked and index-linked life insurance            | 8,779,793  | 8,549,580  | 0         | 0          | 0         | 0          |
| <b>Financial liabilities</b>   |            |            |           |            |           |            |
| Liabilities for derivatives*   | 0          | 0          | 9,030     | 9,809      | 60        | 0          |

\* Included in Other liabilities

The unrealised effect on the result (net profit or loss) from Level 3 financial instruments that are still in the portfolio and whose fair value is recognised in the income statement was EUR -9,842 during the reporting year (EUR 1,377).

## Unobservable input factors

| Asset class | Measurement methods  | Unobservable input factors | Range                     |
|-------------|----------------------|----------------------------|---------------------------|
| Real estate | Market value         | Capitalisation rate        | 1.5%–7.5%                 |
|             |                      | Rental income              | 3,000 EUR–3,703,000 EUR   |
|             |                      | Land prices                | 0 EUR–5,000 EUR           |
|             | Discounted Cash Flow | Capitalisation rate        | 4.00%–9.75%               |
|             |                      | Rental income              | 130,000 EUR–4,263,000 EUR |

## Sensitivities

With respect to the value of shares measured using a level 3 method (multiples approach), the Group assumes that alternative inputs and alternative methods do not lead to significant changes in value.

The following sensitivities were calculated for the derivative with the most material fair value: a 50 bps increase in the discount rate leads to a 32% increase in option value; a 50 bps decrease leads to a 39% drop in option value. The changes would have an effect on the income statement.

Due to a lack of available data, no sensitivity analysis information can be provided for the other securities whose fair value in level 3 has been determined by independent third parties.

The following sensitivities result from calculations using the Solvency II partial internal model:

| sensitivities – real estate | Fair value |
|-----------------------------|------------|
| in EUR million              |            |
| Fair value at 31.3.2017     | 2,451.70   |
| rental income -5%           | 2,370.65   |
| rental income +5%           | 2,535.70   |
| Capitalisation rate -50bps  | 2,574.71   |
| Capitalisation rate +50bps  | 2,347.82   |
| Land prices -5%             | 2,419.81   |
| Land prices +5%             | 2,485.76   |

Since real estate is measured at cost in the VIG balance sheet, negative sensitivities would only affect the income statement if property value fell below book value. Other comprehensive income was therefore unaffected.

#### Carry-over of assets and liabilities/financial assets and liabilities

| Development of financial instruments by level  | Financial instruments available for sale |           |         |            |           |         |
|--|--|-----------|---------|------------|-----------|---------|
|  | 31.3.2017                                |           |         | 31.12.2016 |           |         |
|  | Level 1                                  | Level 2   | Level 3 | Level 1    | Level 2   | Level 3 |
| in EUR '000                                    |  |           |         |            |           |         |
| Book value as of 31.12. of the previous year   | 18,943,142                               | 2,650,989 | 257,117 | 17,750,295 | 2,763,552 | 135,634 |
| Exchange rate changes                          | 19,792                                   | 915       | 635     | -11,312    | 1,742     | -847    |
| Book value as of 1.1.                          | 18,962,934                               | 2,651,904 | 257,752 | 17,738,983 | 2,765,294 | 134,787 |
| Reclassification between securities categories | 7,387                                    | 0         | 0       | 12,076     | -230      | -660    |
| Reclassification to Level                      | 8,493                                    | 51,511    | 10,493  | 194,727    | 172,035   | 117,274 |
| Reclassification from Level                    | -51,265                                  | -5,686    | -13,546 | -125,383   | -309,054  | -49,599 |
| Additions                                      | 1,084,916                                | 123,335   | 2,454   | 3,644,530  | 167,319   | 75,989  |
| Disposals                                      | -858,987                                 | -190,943  | -17,188 | -2,855,790 | -360,741  | -17,799 |
| Change in scope of consolidation               | 0  | 0         | 0       | -123,407   | 129,673   | -2,389  |
| Changes in value recognised in profit and loss | 0  | 0         | 0       | 648        | 20,019    | 153     |
| Changes recognised directly in equity          | -114,139                                 | 1,400     | -293    | 462,928    | 75,143    | 8,873   |
| Impairments                                    | 0  | -515      | -271    | -6,170     | -8,469    | -9,512  |
| Book value as of 31.3. or 31.12.               | 19,039,339                               | 2,631,006 | 239,401 | 18,943,142 | 2,650,989 | 257,117 |

## Development of financial instruments by level

|  | Held for trading |              |               |                |              |               |
|--|------------------|--------------|---------------|----------------|--------------|---------------|
|  | 31.3.2017        |              |               | 31.12.2016     |              |               |
|  | Level 1          | Level 2      | Level 3       | Level 1        | Level 2      | Level 3       |
| <b>in EUR '000</b>                             |                  |              |               |                |              |               |
| Book value as of 31.12. of the previous year   | 81,041           | 6,778        | 43,581        | 117,560        | 1,955        | 51,895        |
| Exchange rate changes                          | 1,576            | 501          | -3            | -3,238         | 469          | 0             |
| <b>Book value as of 1.1.</b>                   | <b>82,617</b>    | <b>7,279</b> | <b>43,578</b> | <b>114,322</b> | <b>2,424</b> | <b>51,895</b> |
| Reclassification between securities categories | -652             | 0            | 0             | -14            | 0            | 0             |
| Reclassification to Level                      | 0                | 0            | 0             | 0              | 8,647        | 0             |
| Reclassification from Level                    | 0                | 0            | 0             | -8,647         | 0            | 0             |
| Additions                                      | 12,903           | 388          | 376           | 99,314         | 1,195        | 2,581         |
| Disposals                                      | -22,367          | -2,591       | -8,090        | -125,886       | -5,572       | -4,161        |
| Changes in value recognised in profit and loss | 2,506            | 174          | -9,981        | 1,952          | 84           | -6,734        |
| Changes recognised directly in equity          | 0                | 0            | 0             | 0              | 0            | 0             |
| <b>Book value as of 31.3. or 31.12.</b>        | <b>75,007</b>    | <b>5,250</b> | <b>25,883</b> | <b>81,041</b>  | <b>6,778</b> | <b>43,581</b> |

## Development of financial instruments by level

|  | Financial instruments recognised at fair value through profit and loss |                |               |                |                |               |
|--|--|----------------|---------------|----------------|----------------|---------------|
|  | 31.3.2017  |                |               | 31.12.2016     |                |               |
|  | Level 1  | Level 2        | Level 3       | Level 1        | Level 2        | Level 3       |
| <b>in EUR '000</b>                             |  |                |               |                |                |               |
| Book value as of 31.12. of the previous year   | 175,824  | 137,638        | 16,428        | 54,331         | 160,142        | 14,901        |
| Exchange rate changes                          | 3  | -8             | -2            | 20             | 3              | 1             |
| <b>Book value as of 1.1.</b>                   | <b>175,827</b>   | <b>137,630</b> | <b>16,426</b> | <b>54,351</b>  | <b>160,145</b> | <b>14,902</b> |
| Reclassification between securities categories | -19  | 0              | 0             | 11,273         | 0              | 0             |
| Reclassification to Level                      | 0  | 4,913          | 0             | 17,255         | 0              | 0             |
| Reclassification from Level                    | -4,913   | 0              | 0             | 0              | -17,255        | 0             |
| Additions                                      | 15,926   | 2,359          | 4,602         | 70,131         | 127,327        | 2,342         |
| Disposals                                      | -60,531  | -9,124         | -139          | -86,286        | -138,338       | -1,291        |
| Change in scope of consolidation               | 0  | 0              | 0             | 108,887        | 2,214          | 0             |
| Changes in value recognised in profit and loss | -87  | 1,432          | 65            | 213            | 3,545          | 475           |
| Changes recognised directly in equity          | 0  | 0              | 0             | 0              | 0              | 0             |
| <b>Book value as of 31.3. or 31.12.</b>        | <b>126,203</b>   | <b>137,210</b> | <b>20,954</b> | <b>175,824</b> | <b>137,638</b> | <b>16,428</b> |

Please refer to Note 9 "Financial result" on page 32 for information on the effects of changes in value recognised in profit and loss.

## Development of financial instruments assigned to Level 3

|  | Subordinated liabilities |               | Liabilities for derivatives* |            |
|--|--------------------------|---------------|------------------------------|------------|
|  | 31.3.2017                | 31.12.2016    | 31.3.2017                    | 31.12.2016 |
| <b>in EUR '000</b>                             |                          |               |                              |            |
| Book value as of 31.12. of the previous year   | 20,807                   | 20,761        | 0                            | 41         |
| F/X differences                                | -7                       | 83            | 0                            | 0          |
| <b>Book value as of 1.1.</b>                   | <b>20,800</b>            | <b>20,844</b> | <b>0</b>                     | <b>41</b>  |
| Reclassification from Level 3                  | 0                        | 0             | 0                            | -41        |
| Additions                                      | 0                        | 98            | 60                           | 0          |
| Changes in value recognised in profit and loss | -57                      | -135          | 0                            | 0          |
| <b>Book value as of 31.3. or 31.12.</b>        | <b>20,743</b>            | <b>20,807</b> | <b>60</b>                    | <b>0</b>   |

\* Included in Other liabilities

## 15. NUMBER OF EMPLOYEES

| Employee statistics      | 31.3.2017     | 31.12.2016    |
|--------------------------|---------------|---------------|
| <b>Quantity</b>          |               |               |
| <b>Austria</b>           | <b>5,155</b>  | <b>5,170</b>  |
| Field staff              | 2,783         | 2,787         |
| Office staff             | 2,372         | 2,383         |
| <b>Czech Republic</b>    | <b>4,796</b>  | <b>4,762</b>  |
| Field staff              | 2,988         | 2,949         |
| Office staff             | 1,808         | 1,813         |
| <b>Slovakia</b>          | <b>1,746</b>  | <b>1,678</b>  |
| Field staff              | 880           | 826           |
| Office staff             | 866           | 852           |
| <b>Poland</b>            | <b>1,574</b>  | <b>1,586</b>  |
| Field staff              | 764           | 784           |
| Office staff             | 810           | 802           |
| <b>Romania</b>           | <b>1,956</b>  | <b>1,991</b>  |
| Field staff              | 1,181         | 1,187         |
| Office staff             | 775           | 804           |
| <b>Baltic states</b>     | <b>1,317</b>  | <b>1,281</b>  |
| Field staff              | 642           | 622           |
| Office staff             | 675           | 659           |
| <b>Hungary</b>           | <b>466</b>    | <b>464</b>    |
| Field staff              | 35            | 36            |
| Office staff             | 431           | 428           |
| <b>Bulgaria</b>          | <b>860</b>    | <b>834</b>    |
| Field staff              | 289           | 285           |
| Office staff             | 571           | 549           |
| <b>Turkey/Georgia</b>    | <b>937</b>    | <b>888</b>    |
| Field staff              | 532           | 480           |
| Office staff             | 405           | 408           |
| <b>Remaining CEE</b>     | <b>4,710</b>  | <b>4,720</b>  |
| Field staff              | 3,294         | 3,301         |
| Office staff             | 1,416         | 1,419         |
| <b>Other Markets</b>     | <b>128</b>    | <b>126</b>    |
| Field staff              | 7             | 7             |
| Office staff             | 121           | 119           |
| <b>Central Functions</b> | <b>1,135</b>  | <b>1,101</b>  |
| Office staff             | 1,135         | 1,101         |
| <b>Total</b>             | <b>24,780</b> | <b>24,601</b> |
| thereof field staff      | 13,395        | 13,264        |
| thereof office staff     | 11,385        | 11,337        |

The employee figures shown are average values based on full-time equivalents.

The Central Functions segment includes 674 employees (31 December 2016: 664) in the non-profit societies.

## 16. 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, however, 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.

## 17. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

### **Subordinated bond placement**

A EUR 200 million subordinated bond was privately placed with international institutional investors on 6 April 2017. The subordinated bond can be called by VIG after 10 years and satisfies the tier 2 requirements under Solvency II. Inclusion for trading in the Third Market of the Vienna Stock Exchange will take place on 13 April 2017.

# Additional disclosures in accordance with the Austrian Insurance Supervision Act (VAG)

## VIG EXPENSES FOR PROFIT-RELATED PREMIUM REFUNDS

VIG had EUR 47,156,000 in expenses for profit-related premium refunds incl. policy holder profit participation (EUR 8,550,000).

## BUSINESS DEVELOPMENT BY BALANCE SHEET UNIT

|   | 1.1.-31.3.2017        |                |               |                | 1.1.-31.3.2016                    |               |               |                   |
|---|-----------------------|----------------|---------------|----------------|-----------------------------------|---------------|---------------|-------------------|
|   | Property/<br>Casualty | Life           | Health        | Total          | Property/<br>Casualty<br>adjusted | Life          | Health        | Total<br>adjusted |
| in EUR '000   |                       |                |               |                |                                   |               |               |                   |
| <b>Overall result for direct business</b>               | <b>97,913</b>         | <b>87,045</b>  | <b>10,895</b> | <b>195,853</b> | <b>51,392</b>                     | <b>60,587</b> | <b>10,311</b> | <b>122,290</b>    |
| Gross direct premiums written                           | 1,581,577             | 965,463        | 119,848       | 2,666,888      | 1,518,585                         | 1,039,526     | 105,575       | 2,663,686         |
| <b>Gross direct<sup>1</sup></b>                         | <b>149,120</b>        | <b>136,468</b> | <b>10,948</b> | <b>296,536</b> | <b>51,061</b>                     | <b>64,311</b> | <b>10,323</b> | <b>125,695</b>    |
| Underwriting result <sup>2</sup>                        | 116,436               |                |               | 116,436        | 42,390                            |               |               | 42,390            |
| Financial result <sup>2</sup>                           | 32,684                |                |               | 32,684         | 8,671                             |               |               | 8,671             |
| Direct reinsurance cessions                             | -51,207               | -49,423        | -53           | -100,683       | 331                               | -3,724        | -12           | -3,405            |
| <b>Overall result for indirect business</b>             | <b>-30,235</b>        | <b>891</b>     | <b>20</b>     | <b>-29,324</b> | <b>-20,143</b>                    | <b>40</b>     | <b>20</b>     | <b>-20,083</b>    |
| Gross indirect premiums written                         | 47,901                | 4,757          | 25            | 52,683         | 37,955                            | 4,093         | 25            | 42,073            |
| Gross indirect  | -21,622               | 1,531          | 20            | -20,071        | -10,281                           | 223           | 20            | -10,038           |
| Indirect reinsurance cessions                           | -8,613                | -640           | 0             | -9,253         | -9,862                            | -183          | 0             | -10,045           |
| <b>Overall result for direct and indirect retention</b> | <b>67,678</b>         | <b>87,936</b>  | <b>10,915</b> | <b>166,529</b> | <b>31,249</b>                     | <b>60,627</b> | <b>10,331</b> | <b>102,207</b>    |
| Other non-underwriting income and expenses              | -8,427                | -1,357         | 34            | -9,750         | -1,573                            | -2,348        | -152          | -4,073            |
| Expenses for profit related premium refunds             | 0                     | -47,159        | 0             | -47,159        | 0                                 | -8,550        | 0             | -8,550            |
| <b>Result before taxes</b>                              | <b>59,251</b>         | <b>39,420</b>  | <b>10,949</b> | <b>109,620</b> | <b>29,676</b>                     | <b>49,729</b> | <b>10,179</b> | <b>89,584</b>     |
| Tax expenses/income                                     | -13,988               | -6,091         | -1,927        | -22,006        | -13,447                           | -5,281        | -2,212        | -20,940           |
| <b>Result of the period</b>                             | <b>45,263</b>         | <b>33,329</b>  | <b>9,022</b>  | <b>87,614</b>  | <b>16,229</b>                     | <b>44,448</b> | <b>7,967</b>  | <b>68,644</b>     |

<sup>1</sup> Includes commissions of EUR 319,290,000 (EUR 310,945,000) for direct insurance business.

<sup>2</sup> A breakdown of the underwriting result was only performed for property and casualty insurance. Due to immateriality, investments were not transferred to the underwriting account in property and casualty insurance. Investment results were transferred in full to the underwriting account for the life insurance and health business.

## GROSS PREMIUMS WRITTEN BY BALANCE SHEET UNIT

| Property and Casualty insurance*                                   | 1.1.-31.3.2017   | 1.1.-31.3.2016   |
|--|------------------|------------------|
| in EUR '000  |                  |                  |
| <b>Direct business</b>   | <b>1,581,577</b> | <b>1,518,585</b> |
| Casualty insurance   | 101,338          | 98,612           |
| Health insurance   | 17,044           | 14,464           |
| Land vehicle own-damage insurance                                  | 284,373          | 256,991          |
| Rail vehicle own-damage  | 673              | 389              |
| Aircraft own-damage insurance                                      | 3,122            | 3,454            |
| Sea, lake and river shipping own-damage insurance                  | 2,637            | 2,024            |
| Transport insurance  | 17,559           | 17,426           |
| Fire explosion and other natural risks                             | 358,085          | 333,807          |
| Other property   | 147,227          | 146,946          |
| Liability insurance for land vehicles having their own drive train | 368,522          | 370,817          |
| Carrier insurance  | 5,010            | 4,124            |
| Aircraft liability insurance                                       | 2,467            | 2,367            |
| Sea, lake and river shipping liability insurance                   | 771              | 491              |
| General liability insurance  | 174,491          | 172,850          |
| Credit insurance   | 912              | 407              |
| Guarantee insurance  | 9,005            | 6,591            |
| Insurance for miscellaneous financial losses                       | 54,860           | 54,602           |
| Legal expenses insurance   | 16,578           | 16,110           |
| Assistance insurance, travel health insurance                      | 16,903           | 16,113           |
| <b>Indirect business</b>   | <b>47,901</b>    | <b>37,955</b>    |
| Marine, aviation and transport insurance                           | 2,957            | 3,095            |
| Other insurance  | 39,883           | 33,617           |
| Health insurance   | 5,061            | 1,243            |
| <b>Total</b>   | <b>1,629,478</b> | <b>1,556,540</b> |

\* Including effects from consolidation

| Life insurance*                               | 1.1.-31.3.2017 | 1.1.-31.3.2016   |
|---|----------------|------------------|
| in EUR '000                                   |                |                  |
| Regular premium products - direct business    | 668,101        | 657,687          |
| Single-premium products - direct business     | 297,362        | 381,839          |
| <b>Direct business</b>                        | <b>965,463</b> | <b>1,039,526</b> |
| thereof policies with profit participation    | 436,813        | 479,943          |
| thereof policies without profit participation | 112,466        | 114,389          |
| thereof unit-linked life insurance portfolio  | 407,856        | 433,420          |
| thereof index-linked life insurance portfolio | 8,328          | 11,774           |
| <b>Indirect business</b>                      | <b>4,757</b>   | <b>4,093</b>     |
| <b>Total</b>                                  | <b>970,220</b> | <b>1,043,619</b> |

\* Including effects from consolidation

| Health insurance* | 1.1.-31.3.2017 | 1.1.-31.3.2016 |
|-------------------|----------------|----------------|
| in EUR '000       |                |                |
| Direct business   | 119,848        | 105,575        |
| Indirect business | 25             | 25             |
| <b>Total</b>      | <b>119,873</b> | <b>105,600</b> |

\* Including effects from consolidation

## GROSS PREMIUMS WRITTEN BY COUNTRY AND BALANCE SHEET UNIT

| Composition                            | 1.1.-31.3.2017   | 1.1.-31.3.2016   |
|--|------------------|------------------|
| in EUR '000                            |                  |                  |
| <b>Property and Casualty insurance</b> | <b>1,629,478</b> | <b>1,556,540</b> |
| Austria                                | 696,133          | 723,524          |
| Czech Republic                         | 270,771          | 250,751          |
| Slovakia                               | 109,062          | 105,320          |
| Poland                                 | 122,386          | 109,123          |
| Romania                                | 99,098           | 125,978          |
| Turkey                                 | 51,150           | 46,759           |
| Other states                           | 280,878          | 195,085          |
| <b>Life insurance</b>                  | <b>970,220</b>   | <b>1,043,619</b> |
| Austria                                | 457,756          | 523,338          |
| Czech Republic                         | 156,695          | 155,868          |
| Slovakia                               | 99,757           | 84,399           |
| Poland                                 | 90,957           | 97,886           |
| Hungary                                | 31,239           | 28,646           |
| Liechtenstein                          | 17,174           | 57,486           |
| Other states                           | 116,642          | 95,996           |
| <b>Health insurance</b>                | <b>119,873</b>   | <b>105,600</b>   |
| Austria                                | 103,359          | 100,832          |
| Georgia                                | 11,549           | 4,768            |
| Other states                           | 4,965            | 0                |
| <b>Total</b>                           | <b>2,719,571</b> | <b>2,705,759</b> |

## OPERATING RESULT FOR DIRECT AND INDIRECT RETENTION BY COUNTRY AND BALANCE SHEET UNIT

|  | 1.1.-31.3.2017 | 1.1.-31.3.2016<br>adjusted |
|--|----------------|----------------------------|
| <b>in EUR '000</b>                     |                |                            |
| <b>Property and Casualty insurance</b> | <b>67,678</b>  | <b>31,249</b>              |
| Austria                                | 28,936         | 25,826                     |
| Czech Republic                         | 33,683         | 27,440                     |
| Slovakia                               | 9,515          | 2,173                      |
| Poland                                 | 7,604          | 2,802                      |
| Romania                                | 6,320          | -540                       |
| Turkey                                 | 3,601          | 3,248                      |
| Other states                           | -21,981        | -29,700                    |
| <b>Life insurance</b>                  | <b>87,936</b>  | <b>60,627</b>              |
| Austria                                | 43,270         | 14,483                     |
| Czech Republic                         | 27,302         | 26,610                     |
| Slovakia                               | 5,558          | 7,083                      |
| Poland                                 | 1,709          | 2,861                      |
| Hungary                                | 1,176          | 1,367                      |
| Liechtenstein                          | 78             | 43                         |
| Other states                           | 8,843          | 8,180                      |
| <b>Health insurance</b>                | <b>10,915</b>  | <b>10,331</b>              |
| Austria                                | 11,121         | 10,575                     |
| Georgia                                | -61            | -244                       |
| Other states                           | -145           | 0                          |
| <b>Total</b>                           | <b>166,529</b> | <b>102,207</b>             |

## KEY FIGURES BY BALANCE SHEET UNIT

|                       | 1.1.-31.3.2017        |       |        |       | 1.1.-31.3.2016        |       |        |       |
|-----------------------|-----------------------|-------|--------|-------|-----------------------|-------|--------|-------|
|                       | Property/<br>Casualty | Life  | Health | Total | Property/<br>Casualty | Life  | Health | Total |
| <b>in %</b>           |                       |       |        |       |                       |       |        |       |
| Cost ratio            | 31.9%                 | 18.3% | 14.0%  | 25.1% | 33.3%                 | 16.2% | 13.6%  | 24.2% |
| Claims ratio          | 64.9%                 |       |        |       | 64.5%                 |       |        |       |
| <b>Combined Ratio</b> | <b>96.8%</b>          |       |        |       | <b>97.8%</b>          |       |        |       |

# Declaration by the Managing Board

We declare to the best of our knowledge that the consolidated interim financial statements prepared in accordance with applicable accounting standards give a true and fair view of the net assets, financial position and results of operations of the Group and that the interim Group management report gives a true and fair view of the net assets, financial position and results of operations of the Group with respect to important events during the first three months of the financial year and their impact on the consolidated interim financial statements, of the principal risks and uncertainties for the remaining nine months of the financial year and of material related party transactions to be disclosed. The interim report was not fully audited or reviewed by an auditor.

Vienna, 8 May 2017

The Managing Board:



**Elisabeth Stadler**  
General Manager,  
Chairwoman of the Managing Board



**Franz Fuchs**  
Member of the Managing Board



**Roland Gröll**  
Member of the Managing Board



**Judit Havasi**  
Member of the Managing Board



**Peter Höfner**  
Member of the Managing Board



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

## Managing Board areas of responsibility:

**Elisabeth Stadler:** VIG Group management, strategic matters, European matters, Group communication & marketing, sponsoring, people management, business development; Country responsibilities: Austria, Czech Republic

**Franz Fuchs:** Performance management personal insurance, performance management motor insurance, asset risk management; country responsibilities: Baltic states, Moldova, Poland, Ukraine

**Roland Gröll:** Group IT/SAP, international processes and methods; Country responsibilities: Bosnia-Herzegovina, Croatia, Macedonia, Romania

**Judit Havasi:** Solvency II, planning and controlling, legal; Country responsibilities: Slovakia

**Peter Höfner:** Corporate and large customer business, Vienna International Underwriters (VIU), reinsurance, business development; country responsibilities: Albania (incl. Kosovo), Bulgaria, Montenegro, Serbia, Hungary, Belarus

**Martin Simhandl:** Asset management, subsidiaries department, finance and accounting, treasury/capital market; country responsibilities: Germany, Georgia, Liechtenstein, Turkey

The **Managing Board as a whole** is responsible for enterprise risk management (Solvency II), general secretariat, the Group actuarial department, Group compliance, internal audit and investor relations.

# General information

## NOTICE

This report includes forward-looking statements based on current assumptions and estimates that were made by the management of VIENNA INSURANCE GROUP AG Wiener Versicherung Gruppe to the best of its knowledge. Statements using the words “expectation”, “target” or similar formulations indicate such forward-looking statements. Forecasts related to the future development of the Company are estimates made on the basis of information available as of the date this interim report went to press. Actual results may differ from the forecasts if the assumptions underlying the forecast prove to be wrong or if unexpectedly high risks occur.

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. The possibility of rounding, type-setting or printing errors, however, cannot be ruled out completely.

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

The interim report can be downloaded as a PDF file in German or English from our website at: [www.vig.com/en/downloads](http://www.vig.com/en/downloads).

Editorial deadline: 8 May 2017

In case of doubt, the German version is authoritative.

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## ADDRESS

VIENNA INSURANCE GROUP AG  
Wiener Versicherung Gruppe  
Investor Relations  
Nina Higatzberger-Schwarz  
Schottenring 30  
1010 Vienna  
Phone: +43 (0) 50 390-21920  
Fax: +43 (0) 50 390 99-21920  
Email: [investor.relations@vig.com](mailto:investor.relations@vig.com)

## MEDIA PUBLISHER AND OWNER

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Wiener Versicherung Gruppe  
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Internet: [www.vig.com](http://www.vig.com)



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