

HALF-TIME

Protecting what matters.



Letter from the Chairwoman of the Managing Board

**Dear Shareholders,
Ladies and Gentlemen!**

The title on the cover page of this half-year report is “half-time”, which is a concise way of noting both the beginning of the second half of our financial year, and completion of the first half of our “Agenda 2020” strategic programme at the turn of the year. This provides an opportunity for me to briefly discuss the results achieved in our strategic programme to date, and to provide an outlook for future goals.



We consciously initiated “Agenda 2020” to develop VIG into a modern, future-oriented company in this long ongoing period of low interest rates, more frequent occurring natural catastrophies and increasing change in the traditional insurance business. In addition to optimising our business model, this strategic programme also explores future growth potential, which we consider primarily in the areas of health insurance, bank distribution, reinsurance, SMEs and assistance. In retrospect, we have demonstrated not only innovation and new services in all of these areas, but also first positive contributions to premium and earnings growth.

This is also shown by our half-year results for 2019, as we achieved premium growth of 5.8% to EUR 5,446.7 million and a significant 10.5% increase in the result before taxes to EUR 257.1 million following an impairment in Romania in the previous year. Compared to our 2019 targets of EUR 9.9 billion for premiums written and EUR 500 to 520 million for the result before taxes, these figures are evidence that we are well on our way to achieve our targets at “half-time”. In spite of the current global economic slowdown and increased escalation of trade sanctions and geopolitical conflicts, we expect strong growth in our CEE markets. The Vienna Institute for International Economic Studies also expects a more modest economic slowdown in this region and has revised its growth forecasts upwards for most of the countries in July 2019.

The positive development is also clearly visible in our half-year results. With the exception of Romania and Turkey/Georgia, premiums have significantly improved in all our regional segments. Our strategy of profitable growth is also evident in the result after taxes and non-controlling interests, which rose by 10.5% to EUR 151.0 million in the 1st half of the year.

I would, however, also like to take a look into the future, as many of our “Agenda 2020” projects still have to be further promoted across the Group before they can make a significant impact on our results. This also applies to our target of sustainably reducing our combined ratio to 95%. Although our combined ratio of 96.4% at the end of the 1st half of 2019 is approximately at the same level as the 96.3% in the previous year, it is clearly higher than our target for 2020. This shows that in addition to all our initiatives aimed at exploring new growth potential, we also have to pay attention to optimising our business model, in particular with respect to claims and costs.

At half-time, we are well positioned to achieve our 2019 targets. We are consistently strive to fully utilize the identified potential, in order to ensure a sustainable successful 2020.

A handwritten signature in black ink that reads "Stadler".

Elisabeth Stadler

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Interim management report

Business development and economic position

ECONOMIC ENVIRONMENT

The Austrian economy ended 2018 with real GDP growth of 2.7%, the strongest growth recorded in seven years. All major factors contributed to the economic upswing, including, in particular, domestic demand. A cooling trend became more apparent towards the end of 2018 and the beginning of 2019, mainly due to the global economic slowdown and the associated reduction in export growth. Investments nevertheless continued to be a strong driver of GDP growth in Austria, in spite of reduced expectations. According to the Austrian Institute of Economic Research (WIFO), real GDP grew 1.4% in the 1st quarter of 2019, thereby showing the slowdown in growth. Compared to the previous year, inflation was at a relatively modest level of 1.6% in the 1st quarter of 2019, and did not change significantly for the 1st half of 2019. The unemployment rate remained at 4.9%.

Contrary to consensus expectation for significantly lower growth at the beginning of the year, including the CEE region, the markets in this region all recorded surprisingly good figures in the 1st half of 2019. In its July 2019 research report titled “Eastern Europe standing firm in face of global headwinds”, the Vienna Institute for International Economic Studies (WIIW) showed that growth in the EU-CEE countries quite clearly decoupled from the downturn in the eurozone. The stable domestic demand and investment recorded to date led analysts at Erste Group Bank AG to revise their GDP estimate for the region as a whole upwards from 3.3% to 4.1% for 2019. With the exception of Romania, inflation continued to show a decreasing trend towards the end of the 1st half of 2019. A slowdown in industrial production also became apparent towards the end of the 1st half of 2019, particularly in Poland and Romania.

GROUP BUSINESS DEVELOPMENT AND FINANCIAL PERFORMANCE INDICATORS

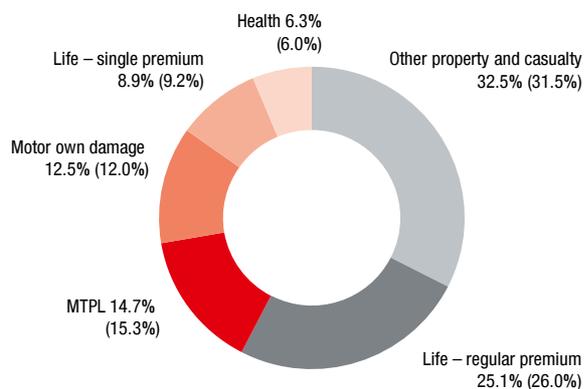
Vienna Insurance Group wrote EUR 5,446.7 million in Group premiums in the 1st half of 2019, an increase of 5.8% compared to the same period in the previous year. The in-

VIG in the 1st half of 2019

- Premiums increased 5.8% to EUR 5,446.7 million
- Result before taxes rose to EUR 257.1 million, representing a significant increase of 10.5%
- The combined ratio is 96.4%

crease is primarily due to good performance in other property and casualty and first-time consolidation of the Seesam Group companies in the Baltic states and Wiener in Poland.

PREMIUM SHARE BY LINES OF BUSINESS IN THE 1ST HALF OF 2019



Values for 1st half of 2018 in parentheses

Expenses for claims and insurance benefits less reinsurer's share were EUR 3,539.2 million in the first six months of 2019 (1st half of 2018: EUR 3,457.7 million), representing a year-on-year increase of 2.4%. The increase is due to a considerable increase in premium volume.

Acquisition and administrative expenses less reinsurance commissions rose 3.9% year-on-year to EUR 1,132.5 million (1st half of 2018: EUR 1,090.5 million). This was

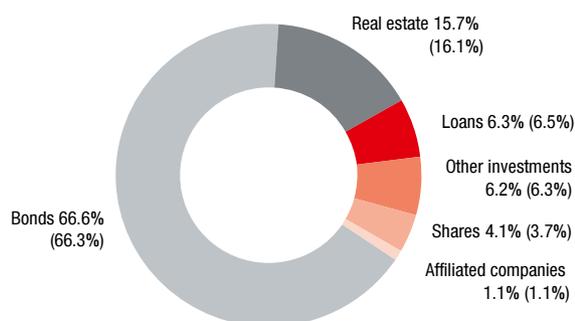
mainly due to higher commissions resulting from the increase in premium volume.

The Group result before taxes rose 10.5% to EUR 257.1 million in the first six months of 2019, in spite of higher expenses in the IT area (1st half of 2018: EUR 232.7 million). It must also be noted that the result in the same period of the previous year was negatively affected by EUR 50.1 million in goodwill impairment losses in the Romania segment.

The Group combined ratio after reinsurance (not including investment income) was 96.4% in the 1st half of 2019 (1st half of 2018: 96.3%).

Group investments including cash and cash equivalents were EUR 39.3 billion as of 30 June 2019, which was above the level of the comparison period (31 December 2018: EUR 37.6 billion).

BREAKDOWN OF INVESTMENTS AS OF 30 JUNE 2019



Values as of 31 December 2018 in parentheses

Vienna Insurance Group earned a financial result of EUR 423.2 million in the 1st half of 2019 (1st half of 2018: EUR 511.3 million). This represented a year-on-year decrease of 17.2%. It must be noted that the financial result in the previous year was positively affected by higher realised gains from investment funds and sale of the interest in S IMMO AG.

BUSINESS DEVELOPMENT AND FINANCIAL PERFORMANCE INDICATORS BY SEGMENT

PREMIUMS WRITTEN BY SEGMENT

	1.1.-30.6.19	1.1.-30.6.18	Δ in %	Δ absolute
<i>in EUR million</i>				
Austria	2,216.2	2,170.0	2.1%	46.1
Czech Republic	893.1	881.7	1.3%	11.4
Slovakia	407.3	401.8	1.4%	5.5
Poland	544.1	455.2	19.5%	88.9
Romania	234.9	272.7	-13.9%	-37.9
Baltic states	257.1	193.2	33.0%	63.9
Hungary	143.2	125.6	14.0%	17.6
Bulgaria	124.8	87.3	42.9%	37.5
Turkey/Georgia	111.5	116.5	-4.3%	-5.0
Remaining CEE ¹	218.8	185.1	18.2%	33.7
Other Markets ²	164.1	149.7	9.6%	14.4
Central Functions ³	850.1	819.7	3.7%	30.4
Consolidation	-718.5	-708.4	1.4%	-10.1
Total	5,446.7	5,150.3	5.8%	296.4

¹ Remaining CEE: Albania incl. Kosovo, Bosnia-Herzegovina, Croatia, Moldova, North Macedonia, Serbia, Ukraine

² Other Markets: Germany, Liechtenstein

³ Central Functions: VIG Holding, VIG Re, Wiener Re, VIG Fund, non-profit societies, corporate IT service providers and intermediate holding companies

RESULT BEFORE TAXES BY SEGMENT

	1.1.-30.6.19	1.1.-30.6.18	Δ in %	Δ absolute
<i>in EUR million</i>				
Austria	87.9	76.7	14.6%	11.2
Czech Republic	77.5	84.9	-8.8%	-7.4
Slovakia	21.2	20.1	5.4%	1.1
Poland	23.1	21.6	6.8%	1.5
Romania	2.4	-43.1	n.a.	45.5
Baltic states	4.0	0.0	> 100%	3.9
Hungary	4.4	3.1	41.9%	1.3
Bulgaria	9.3	4.1	> 100%	5.2
Turkey/Georgia	4.2	3.3	29.5%	1.0
Remaining CEE ¹	13.9	11.6	19.9%	2.3
Other Markets ²	13.7	10.3	32.4%	3.4
Central Functions ³	-3.3	39.6	n.a.	-42.9
Consolidation	-1.1	0.5	n.a.	-1.6
Total	257.1	232.7	10.5%	24.4

¹ Remaining CEE: Albania incl. Kosovo, Bosnia-Herzegovina, Croatia, Moldova, North Macedonia, Serbia, Ukraine

² Other Markets: Germany, Liechtenstein

³ Central Functions: VIG Holding, VIG Re, Wiener Re, VIG Fund, non-profit societies, corporate IT service providers and intermediate holding companies

Austria

The Austrian VIG companies generated EUR 2,216.2 million in premiums written in the first six months of 2019, representing a year-on-year increase of 2.1% (1st half of 2018: EUR 2,170.0 million) that was primarily due to growth in other property and casualty insurance.

The 14.6% increase in the result before taxes to EUR 87.9 million was due to the cautious accounting practised in the previous year before s Versicherung was merged into Wiener Städtische (1st half of 2018: EUR 76.7 million).

In spite of higher losses due to snow loading, the combined ratio remained at the previous year level of 95.3% in the first six months of 2019 (1st half of 2018: 95.3%).

Czech Republic

The VIG companies in the Czech Republic segment wrote EUR 893.1 million in premiums in the 1st half of 2019, an increase of 1.3% compared to the same period in the previous year. The increase was mainly due to good performance in the regular premium life insurance and motor lines of business.

The result before taxes was EUR 77.5 million in the 1st half of the current year. The year-on-year drop of 8.8% (1st half of 2018: EUR 84.9 million) was primarily due to a decrease in the financial result.

The combined ratio was 94.9% in the 1st half of 2019, in spite of higher storm losses (1st half of 2018: 94.6%).

Slovakia

The Vienna Insurance Group companies in the Slovakia segment wrote EUR 407.3 million in premiums in the first six months of the current year (1st half of 2018: EUR 401.8 million). This corresponds to a year-on-year increase of 1.4%, which was primarily generated by the life insurance lines of business.

The result before taxes rose 5.4% in the 1st half of 2019 to EUR 21.2 million (1st half of 2018: EUR 20.1 million). It must be noted that the increase in reserves in the 1st quarter of

2018 reduced the result for the same period in the previous year.

Due to negative performance in motor third party liability insurance, the combined ratio was 99.6% in the first six months of 2019, which was higher than the value for the same period in the previous year (1st half of 2018: 98.6%).

Poland

EUR 544.1 million in premiums were written in the Poland segment in the 1st half of 2019, representing a year-on-year increase of 19.5%. This sizeable increase was mainly the result of growth in other property and casualty insurance, which was in turn primarily due to the cooperation with the investee TUW "TUW" and first-time consolidation of Group company Wiener.

The result before taxes primarily rose in the first six months of the current year due to a 6.8% increase in the financial result to EUR 23.1 million (1st half of 2018: EUR 21.6 million).

The combined ratio continued to be at a very good level of 95.2% in the 1st half of 2019 (1st half of 2018: 94.1%).

Romania

The Group companies in the Romania segment wrote EUR 234.9 million in premiums in the 1st half of 2019, representing a decrease of 13.9%. The decrease was primarily due to an intentional reduction in the motor third party liability portfolio.

A result before taxes of EUR 2.4 million was recorded in the 1st half of 2019 (1st half of 2018: loss of EUR 43.1 million). It must be noted that the result in the same period of the previous year was negatively affected by EUR 50.1 million in goodwill impairment losses.

The combined ratio rose to 102.6% due to developments in the motor third party liability area (1st half of 2018: 98.6%).

Baltic states

The Baltic states segment consists of the countries Estonia, Latvia and Lithuania.

VIG companies in the Baltic states wrote EUR 257.1 million in premiums in the first six months of 2019 representing a year-on-year increase of 33.0%. The significant increase in premiums was mainly due to first-time consolidation of Group company Seesam and generally positive performance in all lines of business.

The result improved year-on-year in the Baltic states segment to EUR 4.0 million (1st half of 2018: EUR 23,000). The improvement is primarily due to an improvement in the combined ratio.

The combined ratio improved compared to the same period in the previous year to 97.0% due to improvement in the claims ratio and the first-time consolidation of Group company Seesam (1st half of 2018: 100.8%).

Hungary

Premiums written in the Hungary segment rose 14.0% in the 1st half of 2019 to EUR 143.2 million (1st half of 2018: EUR 125.6 million). The increase was primarily due to growth in premiums from motor third party liability and other property and casualty insurance.

The result before taxes rose to EUR 4.4 million (1st half of 2018: EUR 3.1 million). This represented a large year-on-year increase of 41.9%. The improvement is primarily due to an improvement in the combined ratio.

The combined ratio improved to 98.2% in the 1st half of 2019 due to an improvement in the claims ratio (1st half of 2018: 99.7%).

Bulgaria

EUR 124.8 million in premiums were written in the Bulgaria segment in the 1st half of 2019. The large increase of 42.9% was primarily due to good performance in health insurance.

The VIG companies in Bulgaria contributed EUR 9.3 million to the Group result before taxes in the 1st half of 2019 (1st half of 2018: EUR 4.1 million). The large year-on-year increase was due to a significant improvement in the combined ratio.

The combined ratio improved significantly to 93.6% in the 1st half of 2019 due to lower cost and claims ratios resulting from higher average motor own damage premiums (1st half of 2018: 97.2%).

Turkey/Georgia

The VIG companies in the Turkey/Georgia segment recorded premiums written of EUR 111.5 million in the first six months of 2019. This corresponds to a year-on-year decrease of 4.3%. When adjusted for negative exchange rate effects, however, the Turkey/Georgia segment recorded an increase of 17.4%.

The result before taxes rose to EUR 4.2 million in the 1st half of the current year, primarily due to improvements in the financial result and combined ratio (1st half of 2018: EUR 3.3 million).

The combined ratio improved year-on-year to 100.6%, primarily due to growth in motor third party liability insurance in Turkey (1st half of 2018: 102.8%).

Remaining CEE

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

The VIG companies in the Remaining CEE countries wrote EUR 218.8 million in premiums in the 1st half of 2019. This year-on-year increase of 18.2% was due to general growth in all lines of business, including in particular premium growth in Ukraine and first-time consolidation of Vienna osiguranje (formerly Merkur Osiguranje) in Bosnia-Herzegovina.

The result before taxes increased 19.9% to EUR 13.9 million, primarily due to a significant improvement in the combined ratio in Ukraine, Serbia and Croatia (1st half of 2018: EUR 11.6 million).

The combined ratio improved to 94.3%, primarily due to positive effects from motor third party liability in Ukraine and Serbia and growth in other property and casualty insurance in Croatia (1st half of 2018: 96.3%).

Other Markets

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

Vienna Insurance Group companies in the Other Markets segment wrote EUR 164.1 million in premiums in the first six months of 2019 (1st half of 2018: EUR 149.7 million). The year-on-year increase of 9.6% was mainly due to growth in single-premium life insurance in Liechtenstein.

The result before taxes increased 32.4% to EUR 13.7 million in the 1st half of 2019, primarily due to an improvement in the combined ratio in Germany (1st half of 2018: EUR 10.3 million).

The combined ratio was an excellent 80.4% in the 1st half of 2019 (1st half of 2018: 87.2%). Cyclone Friederike had a negative effect on the combined ratio for the same period in the previous year.

Central Functions

Premiums written in the Central Functions segment rose 3.7% in the 1st half of 2019 to EUR 850.1 million. This was mainly the result of an increase in premiums generated by Group company VIG Re entering new areas for active reinsurance (Western Europe).

The Central Functions reported a loss of EUR 3.3 million in the first six months of the current year (1st half of 2018: result before taxes of EUR 39.6 million). The decrease was primarily due to higher expenses in the IT area.

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 47.

MATERIAL RELATED PARTY TRANSACTIONS

Information on related party transactions is provided in the notes to the consolidated financial statements on page 45.

Expected development and risks of the Group

RISKS AND UNCERTAINTIES

The general risk profile of Vienna Insurance Group was largely unchanged in the 1st half of 2019, in spite of the reduction in interest rates. Market risks and underwriting risks continue to be the most important risks for Vienna Insurance Group in the second half of the year. Further information on the significant business risks to which Vienna Insurance Group is exposed is available in the risk report section in the Vienna Insurance Group Annual Report for 2018 and in the Solvency and Financial Condition Report for 2018.

The VIG solvency ratio was 238.6% on 31 December 2018. In spite of the reduction in interest rates in the 1st half of the year, we expect the solvency ratio to remain in the upper part of our target solvency corridor until the end of the 1st half of 2019. The final results of the solvency calculation were not yet available at the editorial deadline.

The Group's excellent regulatory capital and A+ rating, as recently reconfirmed by Standard & Poor's, demonstrate its high risk-bearing capacity.

Vienna Insurance Group will continue to maintain its current investment policy of holding a conservative, security-oriented asset allocation.

Due to the progress being achieved in digitalisation, VIG is also focusing more intensely on the issue of cyber-risk.

ECONOMIC OUTLOOK

In accordance with the global slowdown in economic growth and forecasts by the Austrian Institute of Economic Research (WIFO), the economists at Erste Group Research also expect slower growth in Austria, in particular real GDP growth of +1.7% in 2019. Although sentiment indicators show a slowing trend, they still remain in positive territory. Surveys indicate a reduction in orders received. Based on this and the expected slowdown in export growth, the ana-

lysts are also expecting a future reduction in investment activity. Construction investment nevertheless continues to show strong, above-average growth. The stimulus from private consumption is also expected to continue, as household disposable income will be supported by tax cuts and wage growth in 2019. The balanced structure of the economy, diversification of export destinations and careful fiscal policy should also provide support in the current weak economic environment.

The CEE markets continue to have a better macroeconomic outlook than Austria and Western Europe. According to the July 2019 forecasts by the Vienna Institute for International Economic Studies (WIIW), although economic growth is slowing in the CEE countries, the slowdown was far less than expected in the spring. As a result, the GDP growth rates were revised upwards for most of the countries. The average GDP growth rate expected for 2019 was increased from 3.4% to 3.9% for the EU CEE countries, with above-average rates of 4.6% for Poland and 4.1% for Romania and Hungary. Due to disappointing export performance, the 2019 forecast for the Western Balkans was revised downwards from 3.5% in November to a current average growth rate of 3.1%, with expectations for Bosnia-Herzegovina and Serbia revised downwards to less than 3%. The excellent employment situation, with falling unemployment rates in almost the entire region accompanied by associated robust growth in wages, remains an important positive driver. The smouldering trade conflict between the US and China and the resulting negative consequences remain the most important risk for the outlook.

VIG OUTLOOK

As a market leader in Austria and the CEE region, Vienna Insurance Group with its more than 25,000 employees is in an excellent position to take advantage of the opportunities available in this region and the long-term growth options they offer. VIG remains committed to its proven Group strategy of profitable growth. Based on VIG's values of diversity, customer proximity and responsibility, the Group plans to use its successful management principles to consolidate

and further increase its market share. This includes both organic growth and growth by acquisitions, particularly if an opportunity arises to strategically expand the existing portfolio or take advantage of economies of scale.

Vienna Insurance Group has set itself a goal of increasing its market share to a minimum of 10% in Poland, Hungary, Croatia and Serbia in the medium term. This goal was already achieved in one of these countries, Serbia, in 2016 as the result of an acquisition. Recent acquisitions increased VIG's market share in Poland to around 8% in the 1st quarter of 2019.

The strategic measures and initiatives set by the Agenda 2020 work programme – business model optimisation, organisation and cooperation and ensuring future viability – helped accelerate the development of the Group in 2018. The Group continues to focus on efficiency improvements and making use of synergies, and is working systematically to reduce both losses and expenses in order to improve its combined ratio. In life insurance, efforts will also be made to further promote biometric risk coverage and the regular premium business.

For 2019, Vienna Insurance Group plans to steadily grow its Group premium volume to EUR 9.9 billion and its result before taxes and non-controlling interests to EUR 500 to 520 million. Based on current conditions and the positive macroeconomic development of the region, Vienna Insurance Group aims to continuously increase premiums to more than EUR 10.2 billion by 2020 and achieve a result before taxes and non-controlling interests in the range of EUR 530 to 550 million. For the combined ratio, VIG expects a sustainable improvement to around 95% by 2020.

Based on the feedback received from the investor survey in the summer of 2018, Management decided to implement a new dividend policy. The new policy is to distribute a dividend in the range of 30 to 50% of Group net profits. The goal is to continue aligning the dividend per share to the Group's earnings performance.

Current topics

Standard & Poor's confirms excellent rating

The international rating agency Standard & Poor's (S&P) re-confirmed its A+ rating with a stable outlook for Vienna Insurance Group (VIG) at the end of July 2019. S&P rates VIG's business profile as "strong". S&P also confirmed that Vienna Insurance Group has a "comfortable capital buffer" at the AAA level. The stable outlook is based on its leading market position in Austria and the CEE region and expectations that income, taking into account organic and external growth and the dividend payment, will continue to reinforce its strong capital adequacy. VIG continues to have the best credit rating of all companies listed on the ATX leading index of the Vienna Stock Exchange.

Weather-related claims in Austria and Central and Eastern Europe

In total, gross weather-related claims were around EUR 103 million in the 1st half of 2019. VIG retained around EUR 90 million after reinsurance. Most of this was due to snow loading losses in Austria and storm Eberhard, which caused losses in the Czech Republic, Poland and Germany.

Annual General Meeting

The 28th Annual General Meeting of Vienna Insurance Group AG Wiener Versicherung Gruppe was held on 24 May 2019 in the Wiener Stadthalle complex. The Annual General Meeting approved the VIG Managing Board and Supervisory Board proposal to increase the dividend from EUR 0.90 to EUR 1.00 per share. This corresponds to an increase of 11% and a dividend payout ratio of around 48% of the profit after taxes and non-controlling interests. Further information on the Annual General Meeting and a video of the presentation by General Manager Elisabeth Stadler are available online at www.vig.com/hauptversammlung.

New climate change initiative

Vienna Insurance Group has intentionally included climate change in its sustainability strategy. In the spring of 2019, VIG published a strategy paper for coal energy investments and underwriting in order to promote a low-carbon future.

The strategy paper is binding on all Group companies and specifies, among other things, that starting immediately no insurance be provided for new coal-fired power plants or coal mines and that existing policies be allowed to expire, or only renewed if an exit plan is presented. Direct investments will be reduced to less than 50% by 2025 and to zero by 2035. Vienna Insurance Group's full climate change strategy is available at www.vig.com/klimawandelstrategie.

VIG Re invests in blockchain initiative

VIG Re, located in Prague, made a strategic investment in B3i Services in February 2019. B3i Services is an insurance industry initiative aimed at using an independent blockchain platform to increase efficiency and security in the insurance and reinsurance sector. Insurance companies will be able to use the platform to purchase reinsurance. B3i also offers a peer-to-peer solution based on R3 Corda's distributed ledger technology (DLT). Business processes can be made more efficient and information exchange simplified and accelerated in this way.

VIG establishes first start-up in the Group

Vienna Insurance Group has established its own corporate start-up in the Group, the "viesure innovation centre" (viesure). Under the management of the largest company in the Group, Wiener Städtische, the new company focuses on future trends in digital customer service.

Polish non-life insurance company Gothaer renamed Wiener

Polish VIG company Gothaer was officially renamed "Wiener Towarzystwo Ubezpieczeń Spółka Akcyjna Vienna Insurance Group", or Wiener for short, at the beginning of July 2019. Acquisition of the company was concluded at the end of February 2019 and strengthens VIG's market position in the area of property and casualty insurance in Poland.

VIG expands business in Poland

VIG has invested in the Towarzystwo Ubezpieczeń Wzajemnych "TUW" insurance association (TUW "TUW") via its Polish Group company InterRisk. The purchase was concluded at the beginning of 2019 upon approval by the local authorities.

AWARDS

VIG achieves top position in Gender Diversity Index

Vienna Insurance Group received second place in the 2018 BCG Austrian Gender Diversity Index, which analyses gender diversity in Austria's 50 largest listed companies. The managing boards of VIG and the first-place holder have the most balanced gender ratios and provide equal pay for men and women.

Bulgarian pension fund Doverie receives award for best supplementary pension insurance

Bulgarian Group company PAC Doverie received the award for the best supplementary pension insurance in Bulgaria for the 9th time in a row. The award is given each year by the Prof. Dr. Veleslav Gavriiski Foundation, the Association of Bulgarian Insurance Companies, the Higher Insurance & Finance School, the Bulgarian Association of Supplementary Pension Insurance Companies and the Bulgarian Association of Insurance Brokers. It is the top award for pension insurance in Bulgaria.

Bulstrad receives award for best Bulgarian insurance company in 2018

Bulgarian VIG company Bulstrad received the award for "Insurance company of the year in 2018" in the non-life insurance category for the second time in a row.

Czech company ČPP wins three gold medals

Our Czech VIG company received three gold medals in the "Insurance company of the year" survey conducted by the Association of Czech Insurance Brokers. ČPP successfully defended its title in the "Motor insurance" category for the fifth time in a row. It also achieved 1st place in the important "Large customer and corporate insurance" and "Private customer insurance" categories, making it the leader in three of the four main categories.

InterRisk is the best accident insurer in Germany

German Group company InterRisk received the award for "Best insurance company in Germany" in the "Accident insurance" category for the second time in a row. The result

was determined by the Franke and Bornberg rating agency and Deutsches Institut für Service-Qualität in cooperation with the news broadcaster n-tv.

Polish company Vienna Life receives innovation award

Polish Group company Vienna Life was the first life insurer in the market to introduce e-signatures for purchasing insurance – an innovation that allows customers to purchase policies quickly and securely online. Vienna Life received the innovation award from the editorial team of Wprost, a weekly Polish magazine, as a result. The award is given for the newest financial solutions in the Polish market and business products and services.

Global Assistance receives special award

VIG assistance company Global Assistance received a special award from the Czech automobile association AutoSAP. The Czech Automobile Industry Association gives an award to the top six companies in the industry each year. This year, to mark the 20th anniversary of the award and 30th anniversary of the association, a special award was given to the most successful companies in the past 20 years. Global Assistance was one of them.

Capital markets & investor relations & share

CAPITAL MARKETS

International overview

Prices rose strongly on international stock markets in the initial months of 2019. Increasing investor concerns about international trade relations and global economic growth caused part of these price gains to be lost again. Stock market sentiment was, however, generally positive again in the final month of the 1st half of the year, although the price gains varied widely across individual stock markets. The MSCI World global equity index achieved an overall increase of 15.6% in the 1st half of the year.

US stock markets recorded particularly good performance in the 1st half of the year. The S&P 500 rose 17.3% to reach a new all-time high in the second half of June. The Dow Jones Industrial (DJI) leading index gained 14.0% and the technology-oriented NASDAQ Composite Index rose 20.7%. While the DJI remained slightly below the high recorded in the previous year, the NASDAQ Composite climbed to a new record high. The positive performance of US stock markets was due to the loosening of monetary policy by the US Federal Reserve.

The pan-European Eurostoxx 50 index rose in both the 1st and 2nd quarter of 2019 to a level 18.3% above the closing level in the previous year. After lagging significantly behind global price gains in the 1st quarter due to concerns about the effects of Brexit on the German economy, the German DAX equity index recorded particularly strong gains in the 2nd quarter of 2019 to achieve an overall 17.4% increase for the 1st half of the year. Price gains were somewhat more modest in Japan compared to the US and Europe. The Japanese Nikkei 225 leading index rose 6.3% in the 1st half of 2019. Investors gave greater weight to moderate corporate earnings forecasts and uncertain economic forecasts given the fact that the manoeuvring room available for Japanese monetary policy had already largely been exploited.

Although the MSCI Emerging Markets Index recorded a significant gain of 9.2%, this was also below the increase achieved by the MSCI World equity benchmark. The reason can be seen if one also looks at the previous period: The market correction was smaller in 2018, which meant that the upward potential in the 1st half of 2019 was also more modest. In spite of solid economic growth in the region, the

Eastern European CECE Index also recorded a relatively weak increase of 3.2% in the 1st quarter of 2019 for the same reason.

Vienna Stock Exchange

The Austrian market recorded a significant increase of 10.5% in the ATX leading index in the 1st quarter of 2019. The index dropped slightly, however, in the second quarter, leading to an overall increase of 8.4% for the 1st half of the year. The highest daily closing value was recorded on 18 April 2019 with an index level of more than 3,300 points. The index closed the 1st half of the year at a level of around 3,000 points. The significant correction was due to a number of cumulative factors, such as major escalation of trade conflicts at times (which presents a major challenge for an export-oriented location like Austria), the special attractiveness of the US market due to US central bank policy and uncertainty about domestic policy in Austria.

INVESTOR RELATIONS

The goal of all IR activities is continuous and transparent capital market communication aimed at positioning the Group appropriately in accordance with its special strategic orientation and long-term growth potential. Vienna Insurance Group was represented at six bank conferences in Frankfurt, London, Zürich, Paris, New York and Berlin in the 1st half of 2019. Two successful roadshows also took place in Zurich and Toronto. The events and the presentation documents used there are available online at www.vig.com/events > Roadshows & Bank Conferences.

In addition to the IR team achieving a significant improvement over the previous year in the 2019 Extel survey, General Manager Elisabeth Stadler also received an outstanding third place in the ranking of 24 Austrian CEOs in the “Best Austrian CEO for Investor Relations” category. This favourable result shows that capital market activities are effective and received positively by the market.

A dividend of EUR 1.00 per share (+11%) was approved for financial year 2018 during the Vienna Insurance Group Annual General Meeting on 24 May 2019. Due to the end of the period of office for members of the Supervisory Board, Supervisory Board elections took place. The periods of office for the 10 members of the Supervisory Board, 40% of

which are women, run until 2024. Information on the current members of the Supervisory Board – including clear curriculum vitae for the first time – is available on the website at www.vig.com/supervisory-board.

VIG SHARE PERFORMANCE

VIG shares performed strongly at the beginning of 2019, outperforming the ATX index with a gain of 12.9% in the 1st quarter and then rising to a high of EUR 25.35 for the 1st half of the year on 17/04/2019, representing an increase of 25.0%. Due to international developments and similar to the performance of the ATX index, VIG shares also experienced a correction in the second quarter, leading to the loss of more than half of these price gains. Unlike the ATX index, however, VIG shares ended the 1st half of the year with positive double-digit performance of 11.2% at a price of EUR 22.55. The price of VIG shares then traded in a range of EUR 23.15 to EUR 23.75 during July, but fell – similar to the general market – starting at the end of July to reach a price of EUR 22.15 on the editorial deadline of 12 August 2019.

Key share information for the 1st half of 2019

High	EUR	25.350
Low	EUR	20.000
End-of-period price	EUR	25.550
Market capitalisation	EUR	2.9 billion
Dividend 2018	EUR	1.00
Book value per share*	EUR	32.89

* The value is calculated using shareholders' equity less non-controlling interests and revaluation reserve.

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

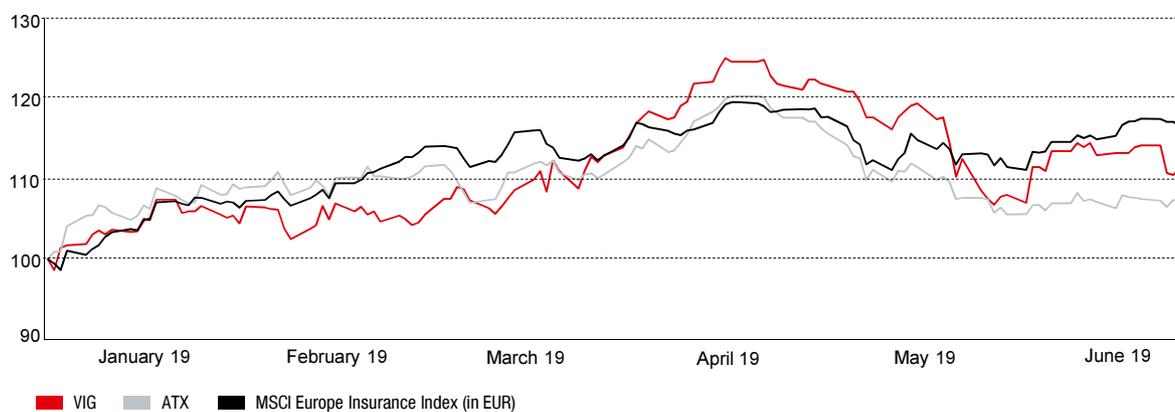
VIG financial calendar*

Results for the 1 st –3 rd quarters of 2019	27 November 2019
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* Preliminary schedule

VIENNA INSURANCE GROUP (VIG) COMPARED TO THE ATX AND MSCI EUROPE INSURANCE INDEX (IN EUR) 1 JANUARY 2019 TO 30 JUNE 2019

Indexed (basis =100)



Consolidated interim financial statements in accordance with IFRS

CONSOLIDATED BALANCE SHEET

Assets	Notes	30.6.2019	31.12.2018
<i>in EUR '000</i>			
Intangible assets	1	2,199,865	1,960,879
Goodwill		1,492,916	1,475,206
Purchased insurance portfolios		41,571	33,311
Right-of-Use assets		214,062	
Other intangible assets		451,316	452,362
Investments	2	37,851,951	36,288,326
Land and buildings		6,100,220	5,965,666
Self-used land and buildings		466,587	458,981
Investment property		5,633,633	5,506,685
Shares in at equity consolidated companies		224,706	221,312
Financial instruments		31,527,025	30,101,348
Investments for unit-linked and index-linked life insurance		8,437,438	8,048,622
Reinsurers' share in underwriting provisions	3	1,328,935	1,135,626
Receivables	4	1,829,647	1,562,549
Tax receivables and advance payments out of income tax		295,881	297,528
Deferred tax assets		93,512	95,199
Other assets		455,843	427,488
Cash and cash equivalents		1,402,805	1,347,279
Total		53,895,877	51,163,496

Liabilities and shareholders' equity	Notes	30.6.2019	31.12.2018
<i>in EUR '000</i>			
Shareholders' equity		6,267,726	5,835,696
Share capital and reserves		4,950,342	4,547,473
Other non-controlling interests		109,994	107,712
Non-controlling interests of non-profit societies		1,207,390	1,180,511
Subordinated liabilities		1,458,914	1,458,681
Underwriting provisions	6	31,984,154	30,505,909
Underwriting provisions for unit-linked and index-linked life insurance		7,938,018	7,609,406
Non-underwriting provisions	7	841,977	867,493
Liabilities	8	4,673,902	4,276,662
Tax liabilities out of income tax		309,089	268,712
Deferred tax liabilities		289,477	203,834
Other liabilities		132,620	137,103
Total		53,895,877	51,163,496

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 30.

CONSOLIDATED INCOME STATEMENT AND CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Consolidated income statement	Notes	1.1.-30.6.2019	1.1.-30.6.2018
in EUR '000			
Net earned premiums – retention		4,621,778	4,354,878
Premiums written – retention		4,907,283	4,648,622
Premiums written – gross	9	5,446,676	5,150,264
Premiums written – reinsurers' share		-539,393	-501,642
Change in unearned premiums – retention		-285,505	-293,744
Change in unearned premiums – gross		-380,360	-387,912
Change in unearned premiums – reinsurers' share		94,855	94,168
Financial result excluding at equity consolidated companies	10	409,229	476,201
Income from investments		769,144	803,547
Expenses for investments and interest expenses		-359,915	-327,346
Result from shares in at equity consolidated companies		14,013	35,073
Other income	11	76,159	66,287
Expenses for claims and insurance benefits – retention	12	-3,539,184	-3,457,709
Acquisition and administrative expenses	13	-1,132,478	-1,090,491
Other expenses	11	-192,412	-151,490
Result before taxes		257,105	232,749
Taxes		-69,115	-59,062
Result of the period		187,990	173,687
thereof attributable to Vienna Insurance Group shareholders		150,990	136,629
thereof other non-controlling interests		3,996	3,841
thereof non-controlling interests in non-profit societies		33,004	33,217
Result per share (annualised)*	5	2.36	2.04
Result of the period (carryforward)		187,990	173,687

*The calculation of these figures includes the aliquot portion of interest expenses for hybrid capital. The undiluted result equals the diluted result per share (in EUR).

Consolidated statement of comprehensive income	1.1.-30.6.2019	1.1.-30.6.2018
in EUR '000		
Result of the period (carryforward)	187,990	173,687
Other comprehensive income (OCI)		
Items that will not be reclassified to profit and loss in subsequent periods	-53	-2,030
+/- Underwriting gains and losses from provisions for employee benefits	131	-3,241
+/- Deferred profit participation	-158	607
+/- Deferred taxes	-26	604
Items that will be reclassified to profit or loss in subsequent periods	387,055	-151,101
+/- Exchange rate changes through equity	10,993	-36,540
+/- Unrealised gains and losses from financial instruments available for sale	1,092,854	-377,970
+/- Cash flow hedge reserve	-393	59
+/- Share of other reserves of associated companies	-897	-6,889
+/- Deferred mathematical reserve	-170,631	78,702
+/- Deferred profit participation	-436,785	158,101
+/- Deferred taxes	-108,086	33,436
Total OCI	387,002	-153,131
Total profit	574,992	20,556
thereof attributable to Vienna Insurance Group shareholders	531,571	-14,119
thereof other non-controlling interests	10,810	1,392
thereof non-controlling interests in non-profit societies	32,611	33,283

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 2018	132,887	2,109,003	193,619	2,108,029	-121,616	410,089	4,832,011
Changes in scope of consolidation/ownership interests	0	0	0	-7,609	0	0	-7,609
Other comprehensive income	0	0	0	136,629	-36,534	-114,214	-14,119
Other comprehensive income excluding currency changes	0	0	0	0	0	-114,214	-114,214
Currency change	0	0	0	0	-36,534	0	-36,534
Result of the period	0	0	0	136,629	0	0	136,629
Dividend payment	0	0	0	-127,081	0	0	-127,081
As of 30. June 2018	132,887	2,109,003	193,619	2,109,968	-158,150	295,875	4,683,202
As of 1 January 2019	132,887	2,109,003	0	2,245,569	-142,711	202,725	4,547,473
Changes in scope of consolidation/ownership interests	0	0	0	-702	0	0	-702
Other comprehensive income	0	0	0	150,990	11,007	369,574	531,571
Other comprehensive income excluding currency changes	0	0	0	0	0	369,574	369,574
Currency change	0	0	0	0	11,007	0	11,007
Result of the period	0	0	0	150,990	0	0	150,990
Dividend payment	0	0	0	-128,000	0	0	-128,000
As of 30. June 2019	132,887	2,109,003	0	2,267,857	-131,704	572,299	4,950,342

Development	Subtotal*	Non-controlling interests		Shareholders' equity
		Others	Non-profit societies	
in EUR '000				
As of 1 January 2018	4,832,011	115,944	1,095,994	6,043,949
Changes in scope of consolidation/ownership interests	-7,609	5,793	0	-1,816
Other comprehensive income	-14,119	1,392	33,283	20,556
Other comprehensive income excluding currency changes	-114,214	-2,443	66	-116,591
Currency change	-36,534	-6	0	-36,540
Result of the period	136,629	3,841	33,217	173,687
Dividend payment	-127,081	-7,752	-4,908	-139,741
As of 30. June 2018	4,683,202	115,377	1,124,369	5,922,948
As of 1 January 2019	4,547,473	107,712	1,180,511	5,835,696
Changes in scope of consolidation/ownership interests	-702	153	0	-549
Other comprehensive income	531,571	10,810	32,611	574,992
Other comprehensive income excluding currency changes	369,574	6,828	-393	376,009
Currency change	11,007	-14	0	10,993
Result of the period	150,990	3,996	33,004	187,990
Dividend payment	-128,000	-8,681	-5,732	-142,413
As of 30. June 2019	4,950,342	109,994	1,207,390	6,267,726

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

Composition of dividend payments - retention	30.6.2019	31.12.2018
in EUR '000		
Dividends	128,000	115,200
Interest payments on the hybrid capital	0	11,067
Deferred taxes shown in equity	0	-2,767
Total	128,000	123,500

Composition of other reserves	30.6.2019					Total
	Unrealised gains and losses	Cash flow hedge reserve	Underwriting gains and losses from provisions for employee benefits	Share of other reserves of associated companies	Currency reserve	
in EUR '000						
Gross	2,925,986	-2,770	-342,212	-722	-132,879	2,447,403
+/- Exchange rate changes from financial instruments available for sale	7,975					7,975
+/- Deferred mathematical reserve	-791,161					-791,161
+/- Deferred profit participation	-1,166,343	0	103,892	0	0	-1,062,451
+/- Deferred taxes	-223,171	0	55,685	0	0	-167,486
+/- Other non-controlling interests	-12,730	0	2,810	35	1,175	-8,710
+/- Non-controlling interests in non-profit societies	0	2,807	12,218	0	0	15,025
Net	740,556	37	-167,607	-687	-131,704	440,595

Composition of other reserves	31.12.2018					Total
	Unrealised gains and losses	Cash flow hedge reserve	Underwriting gains and losses from provisions for employee benefits	Share of other reserves of associated companies	Currency reserve	
in EUR '000						
Gross	1,833,233	-2,377	-342,343	175	-143,872	1,344,816
+/- Exchange rate changes from financial instruments available for sale	7,874					7,874
+/- Deferred mathematical reserve	-620,530					-620,530
+/- Deferred profit participation	-729,558	0	104,050	0	0	-625,508
+/- Deferred taxes	-115,085	0	55,711	0	0	-59,374
+/- Other non-controlling interests	-5,874	0	2,799	18	1,161	-1,896
+/- Non-controlling interests in non-profit societies	0	2,414	12,218	0	0	14,632
Net	370,060	37	-167,565	193	-142,711	60,014

CONSOLIDATED CASH FLOW STATEMENT

	1.1.-30.6.2019	1.1.-30.6.2018
in EUR '000		
Result of the period	187,990	173,687
Change in underwriting provisions net	652,672	277,888
Change in underwriting receivables and liabilities	-231,945	-257,337
Change in deposit receivables and liabilities as well as in reinsurance receivables and liabilities	-55,402	52,087
Change in other receivables and liabilities	165,918	109,842
Change in financial instruments recognised at fair value through profit and loss (incl. held for trading)	-20,790	-36,691
Gain/loss from disposal of investments	-32,484	-81,165
Depreciation/appreciation of all other investments	93,390	86,446
Change in pension, severance and other personnel provisions	-1,503	3,618
Change in deferred tax asset/liability excl. tax liabilities	-1,767	29,819
Change in other balance sheet items	-54,414	-79,544
Change in goodwill and other intangible assets	44,536	82,971
Other cash-neutral income and expenses and adjustments to the result of the period ¹	-135,740	133,208
Cash flow from operating activities	610,461	494,829
Cash inflow from the sale of associated companies	0	110,392
Payments for the acquisition of subsidiaries	-61,532	0
Payments for the acquisition of associated companies	-153	0
Cash inflow from the sale of available for sale securities	1,334,103	1,498,404
Payments for the acquisition of available for sale securities	-1,557,452	-1,909,698
Cash inflow from disposals/repayments of held to maturity securities	180,113	58,336
Payments for the addition of held to maturity securities	-42,814	-48,759
Cash inflow from the sale of land and buildings	40,097	25,064
Payments for the acquisition of land and buildings	-251,982	-166,770
Cash inflow for the sale of intangible assets	4,474	883
Payments for the acquisition of intangible assets	-66,903	-26,265
Change in investments for unit-linked and index-linked life insurance	56,275	135,605
Change in loans and other investments	-40,036	-264,841
Cash flow from investing activities	-405,810	-587,649
Dividend payments	-142,413	-139,741
Cash inflow from other financing activities	107,649	74,674
Cash outflow from other financing activities	-115,021	-129,620
Cash flow from financing activities	-149,785	-194,687
Change in cash and cash equivalents	54,866	-287,507
Cash and cash equivalents at beginning of period ²	1,347,279	1,497,731
Change in cash and cash equivalents	54,866	-287,507
Effects of foreign currency exchange differences on cash and cash equivalents	660	-6,305
Cash and cash equivalents at end of period²	1,402,805	1,203,919
thereof non-profit societies	103,601	105,884

¹ The non-cash income and expenses are primarily from the results of shares held in at equity consolidated companies and exchange rate changes.

² 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 and consists of cash on hand and overnight deposits.

Additional information on the statement of cash flows

in EUR '000	1.1.-30.6.2019	1.1.-30.6.2018
Received interest ¹	767,633	389,364
Received dividends ¹	106,740	64,832
Interest paid ²	97,409	49,460
Income taxes paid ¹	79,085	48,517

¹ Income tax payments, received dividends and received interest are included in the cash flow from operating activities.

² Interest paid result primarily from financing activities.

Reconciliation of liabilities from financing activities

	30.6.2019				
	Subordinated liabilities (including interests)	Liabilities to financial institutions	Liabilities from public funding	Lease liabilities	Financing liabilities
in EUR '000					
Book value as of 31.12. of the previous year	1,490,839	1,230,601	105,143		1,520,242
Cash changes	-32,577	-14,996	2,166	-15,653	5,179
Cash inflows	0	67,291	3,211	0	37,146
Payments	0	-74,977	-1,018	-15,653	-23,374
Interest paid	-32,577	-7,310	-27	0	-8,593
Non-cash changes	32,107	6,698	7	309,237	-26,536
Additions	31,876	6,701	187	309,264	10,620
Disposals	0	-3	-180	0	-6,014
Reclassifications	0	0	0	0	-31,076
Measurement changes	0	0	0	1	-68
Exchange rate differences	231	0	0	-28	2
Book value as of 30.6.	1,490,369	1,222,303	107,316	293,584	1,498,885

*Contains lease liabilities IAS 17, derivative liabilities from financing liabilities and other financing liabilities

The lease liabilities column shows the lease liabilities reported in accordance with IFRS 16 starting as of 1 January 2019. Further information is provided under Adoption of new standards and new interpretations on page 20 and Intangible assets on page 30.

Reconciliation of liabilities from financing activities

	31.12.2018			
	Subordinated liabilities (including interests)	Liabilities to financial institutions	Liabilities from public funding	Financing liabilities
in EUR '000				
Book value as of 31.12. of the previous year	1,490,999	1,201,031	100,018	1,480,417
Cash changes	-64,266	15,038	4,753	24,206
Cash inflows	0	187,983	8,060	96,772
Payments	0	-158,090	-3,255	-58,027
Interest paid	-64,266	-14,855	-52	-14,539
Non-cash changes	64,106	14,532	372	15,619
Additions	64,263	14,532	372	22,396
Disposals	0	0	0	-9,844
Change in the scope of consolidation	0	0	0	4,613
Reclassifications	0	0	0	-1,176
Measurement changes	0	0	0	-333
Exchange rate differences	-157	0	0	-37
Book value as of 31.12.	1,490,839	1,230,601	105,143	1,520,242

*Contains lease liabilities IAS 17, derivative liabilities from financing liabilities and other financing liabilities

Notes to the consolidated financial statements

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The condensed consolidated interim financial statements for the 1st half of 2019 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).

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.

Adoption of new standards and new interpretations

Vienna Insurance Group (VIG) adopted IFRS 16 “Leases” on 1 January 2019. It replaces the previous accounting policies for leases in IAS 17 and related interpretations. The Group decided to use the modified retrospective approach excluding initial costs, which leads to the recognition of equal amounts for the right-of-use asset and lease liability and, therefore, no need for an adjustment to equity. VIG is also applying the relief provisions for short-term leases (up to one year) and low-value assets (new acquisition value up to EUR 5,000). A right-of-use asset and leasing liability of around EUR 300 million were recognised in the balance sheet on 1 January 2019. Comparing the depreciation of the right-of-use asset and interest expenses for the lease liability under IFRS 16 to the lease payments (IAS 17) leads to a negative effect of less than EUR 0.5 million on profit and loss in the 1st half of the year.

To the extent they were relevant to VIG, the annual improvements to the IFRS (2015-2017 cycle), amendments to IAS 19 – Remeasurement on a plan amendment, curtailment or settlement, amendments to IAS 28 – Clarification on the application of impairment provisions to long-term interests and IFRIC 23 Uncertainty over income tax treatments were applied. Application of the amended standards had either no effect, or no material effect on the condensed consolidated interim financial statements.

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

New standards and changes to current reporting standards		Applicable as of ¹
Those already adopted by the EU		
IFRS 9	Financial instruments	1.1.2018 ²
Amendments in IFRS 9	Prepayment features with negative compensation	1.1.2019 ²
Those which are not or not yet adopted by the EU		
IFRS 14	Regulatory Deferral Accounts	EU decided this standard shall not be transferred into EU law
IFRS 17	Insurance contracts	1.1.2022 ³
Amendments according IFRS 10 and IAS 28	Sale or contribution of assets between an investor and its associate or joint venture	First-time application deferred for an indefinite period
Amendments to various standards	Changes to the references to the framework concept in the IFRS standards	1.1.2020
Amendments in IAS 1 and IAS 8	Definition of material	1.1.2020
Amendments in IFRS 3	Business Combinations	1.1.2020

¹ VIG is not planning early adoption of the provisions listed in the table.

² The first time adoption for insurance companies can be delayed to 1 January 2022. The deferral is still subject to a public consultation.

³ The deferral to 1 January 2022 is still subject to a public consultation.

The status of IFRS 9 and IFRS 17 that was published in 2018 remains unchanged for the current reporting date.

Foreign currency translation

Transactions and separate financial statements were translated into foreign currencies in the interim report for the 1st half of 2019 as indicated on page 89 of the Group Annual Report for 2018.

Name	Currency	Period-end exchange rate		Average exchange rate	
		30.6.2019	31.12.2018	1.1.-30.6.2019	1.1.-30.6.2018
1 EUR \triangleq					
Albanian lek	ALL	122.6500	123.4200	123.8747	129.9487
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	3.2657	3.0701	3.0568	2.9823
Croatian kuna	HRK	7.3973	7.4125	7.4200	7.4178
Macedonian denar	MKD	61.5700	61.4950	61.5117	61.5293
Moldovan leu	MDL	20.6484	19.5212	19.8156	20.2245
Turkish new lira	TRY	6.5655	6.0588	6.3562	4.9566
Polish zloty	PLN	4.2496	4.3014	4.2920	4.2207
Romanian leu	RON	4.7343	4.6635	4.7418	4.6543
Swiss franc	CHF	1.1105	1.1269	1.1295	1.1697
Serbian dinar	RSD	117.9121	118.1946	118.0961	118.3028
Czech koruna	CZK	25.4470	25.7240	25.6845	25.5005
Ukraine hryvnia	UAH	29.7302	31.7141	30.4535	32.4297
Hungarian forint	HUF	323.3900	320.9800	320.4198	314.1128

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 insurance contracts beginning in January, the 1st quarter is also normally the strongest quarter of the year in terms of premiums. In terms of losses, the 1st quarter (or 1st 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 2nd quarter.

CHANGES IN THE SCOPE OF CONSOLIDATION

Acquired companies are added to the scope of consolidation based on an internal Group guideline. The guideline includes quantitative thresholds and criteria. Detailed information is available in the Group Annual Report for 2018 starting on page 108.

Expansion of the scope of consolidation*	acquisition/formation	Shares	First time consolidation	Method
	Date	in %	Date	
Wiener	2018	100.00	1.4.2019	full consolidation
TUW "TUW"	2018	52.16	1.4.2019	consolidated at equity

*Unless indicated otherwise, no goodwill exists.

Effect of the changes in the scope of consolidation

Balance sheet	Additions
<i>in EUR '000</i>	
Intangible assets	42,157
Investments (excl. shares in at equity consolidated companies)	189,752
Shares in at equity consolidated companies	5,150
Reinsurers' share in underwriting provisions	111,923
Receivables (incl. tax receivables and advance payments out of income tax)	35,092
Other assets	3,853
Cash and cash equivalents	334
Subordinated liabilities	11,626
Underwriting provisions	232,596
Non-underwriting provisions	612
Liabilities (incl. Tax liabilities out of income tax)	67,383
Other liabilities	802

The figures shown in the table above reflect the actual dates of first consolidation, as shown in the deconsolidation and expansion of the scope of consolidation tables.

Contribution to profit before taxes in reporting period	Additions
<i>in EUR '000</i>	
Net earned premiums – retention	35,967
Financial result excluding at equity consolidated companies	620
Result from shares in at equity consolidated companies	1,153
Other income	487
Expenses for claims and insurance benefits – retention	-18,940
Acquisition and administrative expenses	-11,015
Other expenses	-7,676
Result before taxes	596

Inclusion of the first-time consolidated companies retroactively to 1 January 2019 would not cause any significant change in balance sheet items; the Group result before taxes and non-controlling interests would decrease 0.68% (not including any consolidation effects).

Including the new companies in the scope of consolidation increased the number of employees by 521.

NON-PROFIT SOCIETIES

Non-profit societies build or renovate housing whose financing largely comes from housing construction subsidies that are provided for by subsidy laws and directives at the provincial level. Housing that is financed by housing construction subsidies is subject to special restrictions set down in the Austrian Non-Profit Housing Act (Wohnungsgemeinnützigkeitsgesetz – WGG) that govern annual distributions and access to the assets of the housing society.

As a result, the total amount of annual profit that can be distributed may not exceed an amount equal to the total paid-in share capital times the interest rate (currently 3.5%) applicable under § 14 (1) no. 3 WGG. In addition, when members leave a housing society or a housing society is dissolved, the members may not receive more than their paid-in capital contributions and their share of distributable profits. Any remaining assets are to be used for the purposes of non-profit housing. Reorganisation possibilities are also restricted. Merger agreements for merger of a housing society with other companies are considered legally invalid if the absorbing or newly formed company is not non-profit within the meaning of the WGG. Title to buildings, residential units and business units (co-ownership, condominium ownership) may only be transferred to the tenants or another building society within the meaning of the WGG.

Due to these restrictions, even though a shareholder can acquire control over a non-profit society by holding a majority of the shares, the shareholder will not have full power of disposal over the society's assets. As a result, the earnings contributed by the non-profit societies are presented separately in these consolidated financial statements as non-controlling interests in the Group result.

Vienna Insurance Group indirectly holds shares in the following consolidated non-profit societies:

- Neuland GmbH
- Sozialbau AG
- Urbanbau GmbH
- Erste Heimstätte GmbH
- Gemeinnützige Industrie-Wohnungsaktiengesellschaft
- Gemeinnützige Mürz-Ybbs Siedlungsanlagen-GmbH
- Schwarzatal GmbH
- Alpenländische Heimstätte GmbH
- Neue Heimat Oberösterreich GmbH

Assets	30.6.2019	thereof non-profit societies*	31.12.2018	thereof non-profit societies*
in EUR '000				
Intangible assets	2,199,865	23,974	1,960,879	1,455
Investments	37,851,951	4,087,675	36,288,326	3,945,402
Investments for unit-linked and index-linked life insurance	8,437,438	0	8,048,622	0
Reinsurers' share in underwriting provisions	1,328,935	0	1,135,626	0
Receivables	1,829,647	95,072	1,562,549	73,279
Tax receivables and advance payments out of income tax	295,881	47	297,528	47
Deferred tax assets	93,512	0	95,199	0
Other assets	455,843	4,599	427,488	5,407
Cash and cash equivalents	1,402,805	103,601	1,347,279	122,341
Total	53,895,877	4,314,968	51,163,496	4,147,931

*Incl. their subsidiaries

Liabilities and shareholders' equity	30.6.2019	thereof non-profit societies*	31.12.2018	thereof non-profit societies*
in EUR '000				
Subordinated liabilities	1,458,914	0	1,458,681	0
Underwriting provisions	31,984,154	0	30,505,909	0
Underwriting provisions for unit-linked and index-linked life insurance	7,938,018	0	7,609,406	0
Non-underwriting provisions	841,977	51,937	867,493	69,429
Liabilities	4,673,902	2,824,333	4,276,662	2,706,434
Tax liabilities out of income tax	309,089	29	268,712	28
Deferred tax liabilities	289,477	0	203,834	0
Other liabilities	132,620	10,073	137,103	848
Subtotal	47,628,151	2,886,372	45,327,800	2,776,739
Shareholders' equity	6,267,726		5,835,696	
Total	53,895,877	2,886,372	51,163,496	2,776,739

*Incl. their subsidiaries

Income statement	1.1.-30.6.2019	thereof non-profit societies*	1.1.-30.6.2018	thereof non-profit societies*
in EUR '000				
Premiums written – gross	5,446,676	0	5,150,264	0
Net earned premiums – retention	4,621,778	0	4,354,878	0
Financial result excluding at equity consolidated companies	409,229	36,427	476,201	34,201
Income from investments	769,144	164,619	803,547	147,989
Expenses for investments and interest expenses	-359,915	-128,192	-327,346	-113,788
Result from shares in at equity consolidated companies	14,013	0	35,073	0
Other income	76,159	0	66,287	0
Expenses for claims and insurance benefits – retention	-3,539,184	0	-3,457,709	0
Acquisition and administrative expenses	-1,132,478	0	-1,090,491	0
Other expenses	-192,412	-3,647	-151,490	-1,241
Result before taxes	257,105	32,780	232,749	32,960
Taxes	-69,115	-54	-59,062	-40
Result of the period	187,990	32,726	173,687	32,920

*Incl. their subsidiaries

SEGMENT REPORTING

The statements concerning segment reporting made in the Group Annual Report for 2018 are still valid, continue to apply and can be read starting on page 114 of that report.

CONSOLIDATED BALANCE SHEET BY SEGMENT

Assets	Austria		Czech Republic		Slovakia	
	30.6.2019	31.12.2018	30.6.2019	31.12.2018	30.6.2019	31.12.2018
in EUR '000						
Intangible assets	471,509	384,629	558,561	496,509	129,592	121,895
Investments	23,324,725	22,507,494	3,103,285	3,079,349	1,394,498	1,345,968
Investments for unit-linked and index-linked life insurance	5,435,629	5,186,277	370,534	327,566	196,845	179,009
Reinsurers' share in underwriting provisions	405,302	398,611	118,496	112,384	36,890	33,809
Receivables	632,946	579,005	159,924	157,109	59,947	63,245
Tax receivables and advance payments out of income tax	50,994	51,958	2,559	13,717	3,333	1,997
Deferred tax assets	6,458	4,961	5,160	3,811	5,132	10,359
Other assets	120,943	128,613	167,923	166,730	11,453	12,109
Cash and cash equivalents	652,168	528,511	15,264	159,640	91,486	65,970
Total	31,100,674	29,770,059	4,501,706	4,516,815	1,929,176	1,834,361

Assets	Poland		Romania		Baltic states	
	30.6.2019	31.12.2018	30.6.2019	31.12.2018	30.6.2019	31.12.2018
in EUR '000						
Intangible assets	195,295	147,433	137,101	135,935	165,144	155,812
Investments	1,231,140	1,001,803	720,579	733,185	617,574	479,912
Investments for unit-linked and index-linked life insurance	735,833	716,324	145,854	136,977	69,439	58,546
Reinsurers' share in underwriting provisions	171,408	55,778	52,041	50,891	44,964	44,484
Receivables	229,669	139,253	145,797	160,705	88,292	62,461
Tax receivables and advance payments out of income tax	234	1,542	672	683	931	248
Deferred tax assets	5,373	1,683	14,739	17,609	939	968
Other assets	11,866	7,330	8,601	4,006	14,899	12,646
Cash and cash equivalents	19,301	35,267	20,076	18,527	45,425	131,426
Total	2,600,119	2,106,413	1,245,460	1,258,518	1,047,607	946,503

Assets	Hungary		Bulgaria		Turkey/Georgia	
	30.6.2019	31.12.2018	30.6.2019	31.12.2018	30.6.2019	31.12.2018
in EUR '000						
Intangible assets	29,832	24,698	189,440	185,337	16,514	16,690
Investments	154,113	156,411	193,879	168,945	90,025	85,609
Investments for unit-linked and index-linked life insurance	455,086	431,909	9,431	6,100	0	0
Reinsurers' share in underwriting provisions	11,691	10,951	30,294	19,515	71,588	85,446
Receivables	34,587	28,973	54,628	40,715	65,967	60,935
Tax receivables and advance payments out of income tax	183	12	442	124	1,094	2,018
Deferred tax assets	2,365	2,570	1,386	1,010	2,105	1,378
Other assets	10,881	6,429	6,532	5,906	3,004	1,543
Cash and cash equivalents	4,241	4,532	32,420	41,032	23,834	21,412
Total	702,979	666,485	518,452	468,684	274,131	275,031

Liabilities and shareholders' equity	Austria		Czech Republic		Slovakia	
	30.6.2019	31.12.2018	30.6.2019	31.12.2018	30.6.2019	31.12.2018
in EUR '000						
Subordinated liabilities	337,300	337,300	21,614	21,381	0	0
Underwriting provisions	22,685,369	21,834,012	2,935,666	2,898,376	1,236,923	1,177,166
Underwriting provisions for unit-linked and index-linked life insurance	5,130,880	4,911,106	179,482	182,423	206,902	190,815
Non-underwriting provisions	534,810	574,767	6,829	5,946	2,706	2,163
Liabilities	682,769	526,119	293,924	302,927	85,650	95,871
Tax liabilities out of income tax	264,553	235,473	28,910	21,285	278	12
Deferred tax liabilities	215,750	138,170	8,458	22,120	18,429	9,643
Other liabilities	60,518	66,821	4,800	15,556	5,903	4,339
Subtotal	29,911,949	28,623,768	3,479,683	3,470,014	1,556,791	1,480,009

Liabilities and shareholders' equity	Poland		Romania		Baltic states	
	30.6.2019	31.12.2018	30.6.2019	31.12.2018	30.6.2019	31.12.2018
in EUR '000						
Subordinated liabilities	0	0	0	0	0	0
Underwriting provisions	1,203,489	899,143	626,703	659,561	586,949	535,184
Underwriting provisions for unit-linked and index-linked life insurance	704,415	696,910	144,627	136,270	69,439	58,546
Non-underwriting provisions	8,681	3,924	37,947	41,999	777	1,119
Liabilities	172,449	86,853	96,286	103,205	69,237	50,643
Tax liabilities out of income tax	2,770	1,077	837	1,170	1,006	603
Deferred tax liabilities	23,023	15,401	16	0	3,459	3,471
Other liabilities	15,751	12,953	3,590	8,545	3,515	2,565
Subtotal	2,130,578	1,716,261	910,006	950,750	734,382	652,131

Liabilities and shareholders' equity	Hungary		Bulgaria		Turkey/Georgia	
	30.6.2019	31.12.2018	30.6.2019	31.12.2018	30.6.2019	31.12.2018
in EUR '000						
Subordinated liabilities	0	0	0	0	0	0
Underwriting provisions	181,554	164,671	227,035	192,981	196,129	191,383
Underwriting provisions for unit-linked and index-linked life insurance	450,655	426,042	9,026	5,818	0	0
Non-underwriting provisions	1,842	1,854	6,663	6,670	9,154	9,279
Liabilities	25,860	23,086	28,576	22,073	17,534	21,222
Tax liabilities out of income tax	379	336	588	133	973	1,653
Deferred tax liabilities	458	176	1,208	285	289	2
Other liabilities	4,593	1,217	36	532	787	1,020
Subtotal	665,341	617,382	273,132	228,492	224,866	224,559

Assets	Remaining CEE		Other Markets		Central Functions		Total	
	30.6.2019	31.12.2018	30.6.2019	31.12.2018	30.6.2019	31.12.2018	30.6.2019	31.12.2018
<i>in EUR '000</i>								
Intangible assets	96,420	85,708	1,361	1,324	209,096	204,909	2,199,865	1,960,879
Investments	1,003,753	947,073	678,374	656,139	5,340,006	5,126,438	37,851,951	36,288,326
Investments for unit-linked and index-linked life insurance	65,712	73,729	948,699	928,935	4,376	3,250	8,437,438	8,048,622
Reinsurers' share in underwriting provisions	19,230	15,431	5,323	5,963	361,708	302,363	1,328,935	1,135,626
Receivables	89,685	76,042	40,354	14,442	227,851	179,664	1,829,647	1,562,549
Tax receivables and advance payments out of income tax	242	234	975	243	234,222	224,752	295,881	297,528
Deferred tax assets	3,603	2,135	824	2,859	45,428	45,856	93,512	95,199
Other assets	14,852	14,480	4,715	4,991	80,174	62,705	455,843	427,488
Cash and cash equivalents	28,869	26,112	36,759	45,928	432,962	268,922	1,402,805	1,347,279
Total	1,322,366	1,240,944	1,717,384	1,660,824	6,935,823	6,418,859	53,895,877	51,163,496

Liabilities and shareholders' equity	Remaining CEE		Other Markets		Central Functions		Total	
	30.6.2019	31.12.2018	30.6.2019	31.12.2018	30.6.2019	31.12.2018	30.6.2019	31.12.2018
<i>in EUR '000</i>								
Subordinated liabilities	0	0	0	0	1,100,000	1,100,000	1,458,914	1,458,681
Underwriting provisions	922,633	866,126	640,931	622,278	540,773	465,028	31,984,154	30,505,909
Underwriting provisions for unit-linked and index-linked life insurance	65,711	73,729	972,505	924,497	4,376	3,250	7,938,018	7,609,406
Non-underwriting provisions	7,369	7,300	8,842	9,782	216,357	202,690	841,977	867,493
Liabilities	40,787	28,216	30,032	39,387	3,130,798	2,977,060	4,673,902	4,276,662
Tax liabilities out of income tax	1,412	829	9	1,792	7,374	4,349	309,089	268,712
Deferred tax liabilities	4,855	1,004	596	179	12,936	13,383	289,477	203,834
Other liabilities	18,955	18,654	2	2	14,170	4,899	132,620	137,103
Subtotal	1,061,722	995,858	1,652,917	1,597,917	5,026,784	4,770,659	47,628,151	45,327,800
Shareholders' equity							6,267,726	5,835,696
Total							53,895,877	51,163,496

Intrasegment 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.-30.6.19	1.1.-30.6.18	1.1.-30.6.19	1.1.-30.6.18	1.1.-30.6.19	1.1.-30.6.18	1.1.-30.6.19	1.1.-30.6.18
in EUR '000								
Premiums written – gross	2,216,159	2,170,033	893,090	881,652	407,324	401,818	544,110	455,163
Net earned premiums – retention	1,644,484	1,611,547	665,960	641,072	333,444	323,641	419,058	338,071
Financial result excluding at equity consolidated companies	294,497	336,735	32,781	55,340	25,956	26,996	17,731	13,918
Income from investments	399,450	430,614	59,870	85,269	28,098	28,951	26,006	20,037
Expenses for investments and interest expenses	-104,953	-93,879	-27,089	-29,929	-2,142	-1,955	-8,275	-6,119
Result from shares in at equity consolidated companies	10,830	32,950	1,040	1,161	0	0	1,152	0
Other income	23,940	10,587	19,387	14,845	4,793	1,927	3,307	1,873
Expenses for claims and insurance benefits – retention	-1,520,995	-1,559,782	-401,031	-410,592	-266,748	-260,502	-297,705	-246,279
Acquisition and administrative expenses	-347,129	-342,231	-181,031	-201,328	-64,524	-61,092	-96,336	-74,845
Other expenses	-17,718	-13,119	-59,610	-15,565	-11,748	-10,882	-24,118	-11,123
Result before taxes	87,909	76,687	77,496	84,933	21,173	20,088	23,089	21,615
Taxes	-33,181	-42,572	-17,672	-20,112	-7,015	-7,441	-4,994	-4,987
Result of the period	54,728	34,115	59,824	64,821	14,158	12,647	18,095	16,628

	Romania		Baltic states		Hungary		Bulgaria	
	1.1.-30.6.19	1.1.-30.6.18	1.1.-30.6.19	1.1.-30.6.18	1.1.-30.6.19	1.1.-30.6.18	1.1.-30.6.19	1.1.-30.6.18
in EUR '000								
Premiums written – gross	234,879	272,741	257,097	193,237	143,231	125,618	124,806	87,342
Net earned premiums – retention	174,395	193,990	189,305	132,143	95,929	85,786	71,399	64,422
Financial result excluding at equity consolidated companies	7,707	6,310	5,085	2,708	2,881	3,300	6,120	5,103
Income from investments	11,356	10,008	6,337	4,063	3,788	4,061	13,248	12,685
Expenses for investments and interest expenses	-3,649	-3,698	-1,252	-1,355	-907	-761	-7,128	-7,582
Result from shares in at equity consolidated companies	0	0	0	0	0	0	0	0
Other income	7,047	5,196	1,882	538	4,042	3,487	604	237
Expenses for claims and insurance benefits – retention	-123,371	-135,315	-133,034	-95,102	-70,140	-65,192	-40,640	-37,855
Acquisition and administrative expenses	-53,332	-52,254	-50,190	-34,603	-20,883	-19,246	-24,034	-22,509
Other expenses	-10,070	-61,014	-9,076	-5,661	-7,444	-5,045	-4,158	-5,298
Result before taxes	2,376	-43,087	3,972	23	4,385	3,090	9,291	4,100
Taxes	-2,317	-1,520	-1,115	-638	-1,240	-265	-979	-553
Result of the period	59	-44,607	2,857	-615	3,145	2,825	8,312	3,547

	Turkey/Georgia		Remaining CEE		Other Markets	
	1.1.-30.6.19	1.1.-30.6.18	1.1.-30.6.19	1.1.-30.6.18	1.1.-30.6.19	1.1.-30.6.18
in EUR '000						
Premiums written – gross	111,510	116,515	218,774	185,122	164,096	149,746
Net earned premiums – retention	52,995	47,513	157,503	133,404	140,386	126,478
Financial result excluding at equity consolidated companies	5,937	3,339	18,297	12,545	9,406	10,096
Income from investments	7,946	6,110	22,551	20,297	10,669	11,106
Expenses for investments and interest expenses	-2,009	-2,771	-4,254	-7,752	-1,263	-1,010
Result from shares in at equity consolidated companies	0	0	0	0	0	0
Other income	4,458	5,433	3,416	4,096	1,257	1,289
Expenses for claims and insurance benefits – retention	-42,441	-38,530	-106,569	-88,673	-93,499	-93,921
Acquisition and administrative expenses	-11,687	-10,598	-50,887	-44,465	-13,151	-14,799
Other expenses	-5,043	-3,900	-7,824	-5,286	-30,702	-18,799
Result before taxes	4,219	3,257	13,936	11,621	13,697	10,344
Taxes	-783	-630	-3,176	-2,239	-3,452	-2,513
Result of the period	3,436	2,627	10,760	9,382	10,245	7,831

	Central Functions		Consolidation		Total	
	1.1.-30.6.19	1.1.-30.6.18	1.1.-30.6.19	1.1.-30.6.18	1.1.-30.6.19	1.1.-30.6.18
in EUR '000						
Premiums written – gross	850,066	819,684	-718,466	-708,407	5,446,676	5,150,264
Net earned premiums – retention	674,561	653,199	2,359	3,612	4,621,778	4,354,878
Financial result excluding at equity consolidated companies	-15,503	-608	-1,666	419	409,229	476,201
Income from investments	218,368	201,755	-38,543	-31,409	769,144	803,547
Expenses for investments and interest expenses	-233,871	-202,363	36,877	31,828	-359,915	-327,346
Result from shares in at equity consolidated companies	991	962	0	0	14,013	35,073
Other income	2,026	16,783	0	-4	76,159	66,287
Expenses for claims and insurance benefits – retention	-442,853	-422,467	-158	-3,499	-3,539,184	-3,457,709
Acquisition and administrative expenses	-217,490	-206,661	-1,804	-5,860	-1,132,478	-1,090,491
Other expenses	-5,076	-1,616	175	5,818	-192,412	-151,490
Result before taxes	-3,344	39,592	-1,094	486	257,105	232,749
Taxes	6,809	24,408	0	0	-69,115	-59,062
Result of the period	3,465	64,000	-1,094	486	187,990	173,687

NOTES TO THE CONSOLIDATED BALANCE SHEET

1. INTANGIBLE ASSETS

Composition	30.6.2019	31.12.2018
<i>in EUR '000</i>		
Goodwill	1,492,916	1,475,206
Purchased insurance portfolios	41,571	33,311
Right-of-Use assets	214,062	
Other intangible assets	451,316	452,362
Purchased software	353,332	362,838
Other	97,984	89,524
Total	2,199,865	1,960,879

As indicated on page 20 under Adoption of new standards and new interpretations, IFRS 16 was used for leases for the first time starting on 1 January 2019. This led to first-time recognition of right-of-use assets, primarily in the real estate area. Amortisation of these right-of-use assets is reported under other expenses in the consolidated income statement.

Development of goodwill	30.6.2019	31.12.2018
<i>in EUR '000</i>		
Acquisition costs	1,899,957	1,906,517
Cumulative impairment as of 31.12. of previous years	-424,751	-368,823
Book value as of 31.12. of the previous year	1,475,206	1,537,694
Exchange rate differences	4,010	-8,077
Book value as of 1.1.	1,479,216	1,529,617
Additions	13,700	808
Impairments	0	-55,219
Book value as of 30.6. and 31.12. respectively	1,492,916	1,475,206
Cumulative appreciation/depreciation as of 30.6. and 31.12. respectively	421,623	424,751
Acquisition costs	1,914,539	1,899,957

The additions are due to acquisition of the subsidiaries indicated in section Changes in the scope of consolidation starting on page 30.

The impairments in the previous year concerned the Romania and Turkey CGU groups.

2. INVESTMENTS

Composition	30.6.2019	31.12.2018
<i>in EUR '000</i>		
Land and buildings	6,100,220	5,965,666
Shares in at equity consolidated companies	224,706	221,312
Financial instruments	31,527,025	30,101,348
Loans and other investments	3,398,005	3,356,069
Other securities	28,129,020	26,745,279
Total	37,851,951	36,288,326

2.1. Other securities

Development	Held to maturity (incl. reclassified)		Available for sale		Recognised at fair value through profit and loss ¹	
	30.6.2019	31.12.2018	30.6.2019	31.12.2018	30.6.2019	31.12.2018
in EUR '000						
Acquisition costs	2,937,383	3,127,710				
Cumulative depreciation as of 31.12. of the previous years	-1,382	-261				
Book value as of 31.12. of the previous year	2,936,001	3,127,449	23,481,693	23,220,303	327,585	335,341
Exchange rate differences	24,101	-21,564	6,025	-20,310	773	-4,457
Book value as of 1.1.	2,960,102	3,105,885	23,487,718	23,199,993	328,358	330,884
Reclassifications	0	0	-35,194	-720	-15,734	13,811
Additions	40,990	98,527	1,558,342	3,392,352	175,106	372,993
Disposals/repayments	-180,113	-280,313	-1,313,307	-2,270,603	-153,852	-390,045
Change in the scope of consolidation	0	11,902	135,792	-40,789	51,330	0
Changes in value recognised in profit and loss	0	0	0	0	-2,256	-58
Changes recognised directly in equity	0	0	1,101,475	-791,865	0	0
Impairments	0	0	-9,737	-6,675	0	0
Book value as of 30.6. and 31.12. respectively	2,820,979	2,936,001	24,925,089	23,481,693	382,952	327,585
Cumulative appreciation/depreciation as of 30.6. and 31.12. respectively	1,984	1,382				
Acquisition costs	2,822,963	2,937,383				

¹Including held for trading

3. REINSURERS' SHARE IN UNDERWRITING PROVISIONS

Composition	30.6.2019	31.12.2018
in EUR '000		
Provision for unearned premiums	271,898	167,642
Mathematical reserve	35,954	36,966
Provision for outstanding claims	1,007,131	913,266
Provision for profit-unrelated premium refunds	10,351	15,246
Other underwriting provisions	3,601	2,506
Total	1,328,935	1,135,626

4. RECEIVABLES

Composition	30.6.2019	31.12.2018
in EUR '000		
Underwriting	1,109,414	850,404
Receivables from direct insurance business	898,561	713,727
from policyholders	747,949	558,368
from insurance intermediaries	109,698	106,059
from insurance companies	40,914	49,300
Receivables from reinsurance business	210,853	136,677
Non-underwriting	720,233	712,145
Other receivables	720,233	712,145
Total	1,829,647	1,562,549

5. EARNINGS PER SHARE (ANNUALISED)

		1.1.-30.6.2019	1.1.-30.6.2018
Result of the period	in EUR '000	187,990	173,687
Other non-controlling interests in net result of the period	in EUR '000	-3,996	-3,841
Non-controlling interests in the result of the period of non-profit societies	in EUR '000	-33,004	-33,217
Result of the period less non-controlling interests	in EUR '000	150,990	136,629
Accrued interest expenses for hybrid capital	in EUR '000	0	5,892
Number of shares at closing date	units	128,000,000	128,000,000
Result per share (annualised)*	EUR	2.36	2.04

*The undiluted result per share equals the diluted result per share (in EUR).

6. UNDERWRITING PROVISIONS – GROSS

Composition		30.6.2019	31.12.2018
in EUR '000			
Provision for unearned premiums		1,960,316	1,502,697
Mathematical reserve		22,434,919	22,106,049
Guaranteed policy benefits		20,892,045	20,775,376
Allocated and committed profit shares		751,713	710,143
Deferred mathematical reserve		791,161	620,530
Provision for outstanding claims		5,707,004	5,439,941
Provision for premium refunds		1,813,386	1,386,197
Profit-related premium refunds		353,369	353,832
Profit-unrelated premium refunds		60,558	70,181
Deferred profit participation recognised through profit and loss [†]		337,008	336,676
Deferred profit participation recognised directly in equity [†]		1,062,451	625,508
Other underwriting provisions		68,529	71,025
Total		31,984,154	30,505,909

[†]The deferred profit participation is solely due to the profit-related premium refund.

7. NON-UNDERWRITING PROVISIONS

Composition		30.6.2019	31.12.2018
in EUR '000			
Provisions for pensions and similar obligations		539,005	539,241
Other non-underwriting provisions		302,972	328,252
Total		841,977	867,493

8. LIABILITIES

Composition	30.6.2019	31.12.2018
in EUR '000		
Underwriting	878,017	876,824
Liabilities from direct business	624,641	683,409
to policyholders	359,263	463,218
to insurance intermediaries	211,958	191,828
to insurance companies	52,028	28,363
arising from financial insurance policies	1,392	0
Liabilities from reinsurance business	192,288	124,962
Deposits from ceded reinsurance business	61,088	68,453
Non-underwriting	3,795,885	3,399,838
Liabilities to financial institutions	1,222,303	1,230,601
Other liabilities	2,573,582	2,169,237
Total	4,673,902	4,276,662

NOTES TO THE CONSOLIDATED INCOME STATEMENT

9. PREMIUMS WRITTEN

Premiums written	1.1.-30.6.2019						
Gross	Motor own damage insurance (Casco)	Motor third party liability insurance	Other property and casualty insurance	Life insurance – regular premium	Life insurance – single premium	Health insurance	Total
<i>in EUR '000</i>							
Austria	169,753	188,700	859,020	646,538	136,769	215,379	2,216,159
Czech Republic	125,835	156,759	258,290	319,707	24,573	7,926	893,090
Slovakia	53,618	78,234	62,419	90,477	116,368	6,208	407,324
Poland	97,301	128,856	180,621	86,960	43,899	6,473	544,110
Romania	77,714	46,772	51,345	24,893	29,767	4,388	234,879
Baltic states	52,104	66,726	64,302	29,886	10,987	33,092	257,097
Hungary	9,477	24,695	40,217	41,409	18,149	9,284	143,231
Bulgaria	31,493	17,376	29,887	16,848	6,178	23,024	124,806
Turkey/Georgia	19,809	22,597	53,824	0	0	15,280	111,510
Remaining CEE	25,545	50,350	60,984	37,530	29,900	14,465	218,774
Other Markets	0	0	65,429	41,096	57,571	0	164,096
Central Functions	0	0	827,423	10,933	0	11,710	850,066
Consolidation							-718,466
Total	662,649	781,065	2,553,761	1,346,277	474,161	347,229	5,446,676

Premiums written	1.1.-30.6.2018						
Gross	Motor own damage insurance (Casco)	Motor third party liability insurance	Other property and casualty insurance	Life insurance – regular premium	Life insurance – single premium	Health insurance	Total
<i>in EUR '000</i>							
Austria	162,530	188,108	822,059	643,454	144,264	209,618	2,170,033
Czech Republic	123,500	149,388	264,393	305,849	31,605	6,917	881,652
Slovakia	55,035	79,524	64,094	85,481	112,456	5,228	401,818
Poland	85,010	108,062	121,577	96,032	39,217	5,265	455,163
Romania	67,834	97,306	51,103	23,463	27,888	5,147	272,741
Baltic states	35,086	57,134	39,658	26,747	8,819	25,793	193,237
Hungary	9,371	15,145	32,647	43,868	17,364	7,223	125,618
Bulgaria	27,598	11,127	21,823	15,660	5,404	5,730	87,342
Turkey/Georgia	16,432	22,696	56,861	0	0	20,526	116,515
Remaining CEE	22,996	44,948	51,825	30,458	26,582	8,313	185,122
Other Markets	0	0	62,188	39,134	48,424	0	149,746
Central Functions	0	0	799,278	8,807	0	11,599	819,684
Consolidation							-708,407
Total	605,392	773,438	2,387,506	1,318,953	462,023	311,359	5,150,264

10. FINANCIAL RESULT EXCLUDING AT EQUITY CONSOLIDATED COMPANIES

Composition	1.1.-30.6.2019						
	Austria	Czech Republic	Slovakia	Poland	Romania	Baltic states	Hungary
in EUR '000							
Current income	355,006	42,429	23,241	12,135	10,422	4,476	2,378
Income from appreciation	3,307	4,323	563	3,975	220	587	0
of which a reduction in impairment	0	0	0	0	0	0	0
Gains from disposal of investments	13,678	6,530	3,648	6,016	409	1,207	524
Other income	27,459	6,588	646	3,880	305	67	886
Total income	399,450	59,870	28,098	26,006	11,356	6,337	3,788
Depreciation of investment	37,926	8,360	710	1,142	860	275	238
of which impairment of investments	3,053	6,229	0	0	21	0	218
Exchange rate differences	-48	1,798	-3	402	-888	-34	14
Losses from disposal of investments	2,212	5,500	101	201	1	18	25
Interest expenses	29,062	4,118	708	2,367	2,759	510	98
Personnel provisions	3,302	0	0	0	0	0	0
Interest expenses for liabilities to financial institutions	826	0	0	0	0	0	0
Interest expenses for financing liabilities	199	0	0	0	0	0	0
Interest expenses for subordinate liabilities	17,917	536	0	505	54	384	0
Interest expenses for lease liabilities	1,111	649	63	90	26	96	30
Other interest expenses	5,707	2,933	645	1,772	2,679	30	68
Other expenses	35,801	7,313	626	4,163	917	483	532
Managed Portfolio Fees	2,287	960	58	749	252	25	186
Asset management expenses	27,218	859	567	1,639	477	369	346
Other expenses	6,296	5,494	1	1,775	188	89	0
Total expenses	104,953	27,089	2,142	8,275	3,649	1,252	907

Composition

1.1.-30.6.2019

	Bulgaria	Turkey/ Georgia	Remaining CEE	Other Markets	Central Functions	Consolidation	Total
in EUR '000							
Current income	1,887	7,829	20,383	10,304	205,643	-37,723	658,410
Income from appreciation	546	0	47	12	1,102	0	14,682
of which a reduction in impairment	0	0	6	12	0	0	18
Gains from disposal of investments	405	0	1,761	119	8,214	0	42,511
Other income	10,410	117	360	234	3,409	-820	53,541
Total income	13,248	7,946	22,551	10,669	218,368	-38,543	769,144
Depreciation of investment	419	53	611	539	59,220	-32	110,321
of which impairment of investments	0	0	53	162	0	0	9,736
Exchange rate differences	-18	-430	2,108	12	-578	141	2,476
Losses from disposal of investments	138	0	6	102	1,723	0	10,027
Interest expenses	242	1,725	497	156	58,412	-36,986	63,668
Personnel provisions	0	0	0	0	420	0	3,722
Interest expenses for liabilities to financial institutions	0	0	0	0	6,430	0	7,256
Interest expenses for financing liabilities	71	33	0	0	23,086	-14,566	8,823
Interest expenses for subordinate liabilities	80	0	0	0	24,777	-11,806	32,447
Interest expenses for lease liabilities	42	37	305	7	1,145	-704	2,897
Other interest expenses	49	1,655	192	149	2,554	-9,910	8,523
Other expenses	6,347	661	1,032	454	115,094	0	173,423
Managed Portfolio Fees	106	0	4	0	107	0	4,734
Asset management expenses	6,164	504	761	437	113,943	0	153,284
Other expenses	77	157	267	17	1,044	0	15,405
Total expenses	7,128	2,009	4,254	1,263	233,871	-36,877	359,915

Composition

1.1.-30.6.2018

	Austria	Czech Republic	Slovakia	Poland	Romania	Baltic states	Hungary
in EUR '000							
Current income	355,306	50,239	21,722	10,759	9,223	3,508	2,713
Income from appreciation	3,616	1,268	580	954	2	154	0
of which a reduction in impairment	0	0	0	0	0	0	0
Gains from disposal of investments	44,741	22,267	5,920	2,633	398	349	99
Other income	26,951	11,495	729	5,691	385	52	1,249
Total income	430,614	85,269	28,951	20,037	10,008	4,063	4,061
Depreciation of investment	23,865	4,078	1,137	3,640	844	521	168
of which impairment of investments	1,913	0	0	0	0	0	159
Exchange rate differences	103	-6,299	-6	-2,288	-89	30	78
Losses from disposal of investments	5,104	14,158	281	475	11	232	51
Interest expenses	28,106	2,148	60	1,986	1,798	200	30
Personnel provisions	2,976	0	0	0	0	0	0
Interest expenses for liabilities to financial institutions	21	0	0	0	0	0	0
Interest expenses for financing liabilities	1,077	0	0	0	0	0	0
Interest expenses for subordinate liabilities	17,902	540	0	273	532	180	0
Other interest expenses	6,130	1,608	60	1,713	1,266	20	30
Other expenses	36,701	15,844	483	2,306	1,134	372	434
Managed Portfolio Fees	1,978	1,174	76	1,055	300	96	77
Asset management expenses	28,496	1,036	406	1,251	830	225	357
Other expenses	6,227	13,634	1	0	4	51	0
Total expenses	93,879	29,929	1,955	6,119	3,698	1,355	761

Composition	1.1.-30.6.2018						Total
	Bulgaria	Turkey/ Georgia	Remaining CEE	Other Markets	Central Functions	Consolidation	
in EUR '000							
Current income	2,133	4,951	17,674	10,290	190,017	-31,409	647,126
Income from appreciation	130	197	33	12	114	0	7,060
of which a reduction in impairment	0	113	14	12	0	0	139
Gains from disposal of investments	637	109	2,061	683	10,285	0	90,182
Other income	9,785	853	529	121	1,339	0	59,179
Total income	12,685	6,110	20,297	11,106	201,755	-31,409	803,547
Depreciation of investment	873	600	560	353	58,720	0	95,359
of which impairment of investments	0	0	8	97	0	0	2,177
Exchange rate differences	8	438	5,941	2	16,280	0	14,198
Losses from disposal of investments	279	380	11	54	1,970	0	23,006
Interest expenses	178	852	241	145	57,420	-31,828	61,336
Personnel provisions	0	0	0	0	375	0	3,351
Interest expenses for liabilities to financial institutions	0	0	0	0	6,117	0	6,138
Interest expenses for financing liabilities	72	47	17	0	23,360	-14,080	10,493
Interest expenses for subordinate liabilities	80	0	0	0	24,794	-11,933	32,368
Other interest expenses	26	805	224	145	2,774	-5,815	8,986
Other expenses	6,244	501	999	456	67,973	0	133,447
Managed Portfolio Fees	81	7	4	0	170	0	5,018
Asset management expenses	6,066	348	733	440	66,346	0	106,534
Other expenses	97	146	262	16	1,457	0	21,895
Total expenses	7,582	2,771	7,752	1,010	202,363	-31,828	327,346

11. OTHER INCOME AND EXPENSES

Composition	1.1.-30.6.2019	1.1.-30.6.2018
in EUR '000		
Other income	76,159	66,287
Underwriting	49,299	32,471
Non-underwriting	26,860	33,816
Other expenses	192,412	151,490
Underwriting	157,311	83,894
Non-underwriting	35,101	67,596

The increase in underwriting expenses was primarily due to adjustments in connection with deferred acquisition costs for unit-linked life insurance and Group-wide introduction of the new standard for lease accounting, IFRS 16, and negative effects from exchange rate fluctuations.

Goodwill impairment of EUR 50.1 million was recognised in the non-underwriting result for the Romania segment in the previous year. Further information is provided in Note 1 "Intangible assets" on page 30.

12. EXPENSES FOR CLAIMS AND INSURANCE BENEFITS

Composition	1.1.-30.6.2019	1.1.-30.6.2018
in EUR '000		
Expenses for claims and insurance benefits – gross	3,783,465	3,639,726
Payments for claims and insurance benefits	3,597,613	3,441,574
Changes in the provision for outstanding claims	158,141	95,531
Change in mathematical reserve	-43,453	-45,414
Change in other underwriting provisions	-3,937	335
Expenses for profit-related and profit-unrelated premium refunds	75,101	147,700
Expenses for claims and insurance benefits – reinsurers' share	-244,281	-182,017
Payments for claims and insurance benefits	-238,573	-193,928
Changes in the provision for outstanding claims	-3,481	8,719
Change in mathematical reserve	1,015	0
Change in other underwriting provisions	-1,176	-221
Expenses for profit-unrelated premium refunds	-2,066	3,413
Expenses for claims and insurance benefits – retention	3,539,184	3,457,709
Payments for claims and insurance benefits	3,359,040	3,247,646
Changes in the provision for outstanding claims	154,660	104,250
Change in mathematical reserve	-42,438	-45,414
Change in other underwriting provisions	-5,113	114
Expenses for profit-related and profit-unrelated premium refunds	73,035	151,113

13. ACQUISITION AND ADMINISTRATIVE EXPENSES

Composition	1.1.-30.6.2019	1.1.-30.6.2018
in EUR '000		
Acquisition expenses	1,015,734	961,601
Commission expenses*	719,958	677,744
Pro rata personnel expenses	172,498	161,709
Pro rata material expenses	123,278	122,148
Administrative expenses	203,135	212,831
Pro rata personnel expenses	102,131	95,777
Pro rata material expenses	101,004	117,054
Reinsurance commissions	-86,391	-83,941
Total	1,132,478	1,090,491

*Includes commissions of EUR 671,562,000 (EUR 639,420,000) for direct insurance business

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 2018 starting on page 121.

Fair values and book values of financial instruments and other investments

Fair values and book values of financial instruments and other investments in EUR '000	30.6.2019				Fair value
	Book value	Level 1	Level 2	Level 3	
Land and buildings excluding non-profit societies¹	2,183,373	0	65,279	3,475,022	3,540,301
Self-used land and buildings	462,120	0	33,752	693,387	727,139
Investment property	1,721,253	0	31,527	2,781,635	2,813,162
Land and buildings non-profit societies	3,916,847				
Self-used land and buildings	4,467				
Investment property	3,912,380				
Loans	2,459,351	197,243	2,414,050	163,438	2,774,731
Loans	1,394,914	35,368	1,309,181	146,868	1,491,417
Reclassified loans	161,600	68,989	125,963	0	194,952
Bonds classified as loans	902,837	92,886	978,906	16,570	1,088,362
Other securities	28,129,020	23,652,339	4,108,021	730,869	28,491,229
Financial instruments held to maturity	2,250,119	2,094,887	419,610	11,597	2,526,094
Financial instruments reclassified as held to maturity	570,860	639,302	17,792	0	657,094
Financial instruments available for sale	24,925,089	20,692,260	3,588,084	644,745	24,925,089
Financial instruments recognised at fair value through profit and loss ²	382,952	225,890	82,535	74,527	382,952
Other investments	938,654				938,654
Investments for unit-linked and index-linked life insurance	8,437,438	8,437,438			8,437,438
Subordinated liabilities	1,458,914	0	1,616,687	21,364	1,638,051
Liabilities to financial institutions	1,222,303				1,222,303
thereof non-profit societies	1,045,105				1,045,105
Financing liabilities³	1,495,530				1,495,530
thereof non-profit societies	1,422,214				1,422,214

¹ The market values are derived from internal and external expert reports.

² Including held for trading

³ Not including lease liabilities and derivative liabilities

The book values were 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 same applies to their financing loans and bonds, whose terms are determined by the special nature of the non-profit sector and consequently are not available in this form to companies outside this sector. As a result, no market can be found for these forms of financing either.

Fair values and book values of financial instruments and other investments

	31.12.2018				Fair value
	Book value	Level 1	Level 2	Level 3	
in EUR '000					
Land and buildings excluding non-profit societies¹	2,192,347	0	67,794	3,415,254	3,483,048
Self-used land and buildings	454,459	0	36,498	661,745	698,243
Investment property	1,737,888	0	31,296	2,753,509	2,784,805
Land and buildings non-profit societies	3,773,319				
Self-used land and buildings	4,522				
Investment property	3,768,797				
Loans	2,455,264	171,347	2,418,648	141,824	2,731,819
Loans	1,349,605	0	1,314,694	126,613	1,441,307
Reclassified loans	179,522	82,941	125,890	0	208,831
Bonds classified as loans	926,137	88,406	978,064	15,211	1,081,681
Other securities	26,745,279	22,413,671	3,861,053	756,279	27,031,003
Financial instruments held to maturity	2,371,009	2,207,471	361,127	8,684	2,577,282
Financial instruments reclassified as held to maturity	564,992	626,858	17,585	0	644,443
Financial instruments available for sale	23,481,693	19,451,543	3,396,763	633,387	23,481,693
Financial instruments recognised at fair value through profit and loss ²	327,585	127,799	85,578	114,208	327,585
Other investments	900,805				900,805
Investments for unit-linked and index-linked life insurance	8,048,622	8,048,622			8,048,622
Subordinated liabilities	1,458,681	0	1,534,579	21,119	1,555,698
Liabilities to financial institutions	1,230,601				1,230,601
thereof non-profit societies	1,048,047				1,048,047
Financing liabilities³	1,476,569				1,476,569
thereof non-profit societies	1,438,915				1,438,915

¹ The market values are derived from internal and external appraisal reports.

² Including held for trading

³ Not including lease liabilities and derivative liabilities

Measurement process

For information on the measurement process, please see Note 22 “Financial instruments and fair value measurement hierarchy” in the Group Annual Report for 2018 starting on page 184.

Reclassification of financial instruments

Reclassifications were performed based on the criteria and time points indicated in Note 22 “Financial instruments and fair value measurement hierarchy” in the Group Annual Report for 2018 starting on page 187.

Reclassification of financial instruments

	30.6.2019				
	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
Number					
Financial instruments available for sale	31	0	1	6	1
Financial instruments recognised at fair value through profit and loss [*]	8	0	0	1	0
Total	39	0	1	7	1

^{*}Including held for trading

The reclassifications between Level 1 and Level 2 are primarily due to changes in liquidity, trading frequency, trading activity and harmonisation of the measurement hierarchies. A reclassification from Level 1 to Level 3 was also performed based on a change in the liquidity estimate. The reclassifications from Level 3 to Level 2 were due to improvements in measurement

methods and greater use of market-related parameters. Financial instruments whose unobservable input factors now have a greater influence on fair value than the observable factors were reclassified from Level 2 to Level 3.

Reclassification of financial instruments	31.12.2018				
	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
Number					
Financial instruments available for sale	122	0	1	3	53
Financial instruments recognised at fair value through profit and loss*	5	0	0	0	9
Total	127	0	1	3	62

*Including held for trading

Reclassifications from Level 1 to Level 3 took place based on the non-availability of prices or comparable financial instruments used for measurement. The reclassifications from Level 3 to Level 2 were performed due to consolidation effects between the measurement hierarchies. Financial instruments whose unobservable input factors now have a greater influence on fair value than the observable factors were reclassified from Level 2 to Level 3.

Hierarchy for financial instruments measured at fair value

Measurement hierarchy	Level 1		Level 2		Level 3	
	30.6.2019	31.12.2018	30.6.2019	31.12.2018	30.6.2019	31.12.2018
Financial instruments recognised at fair value						
in EUR '000						
Financial assets						
Financial instruments available for sale	20,692,260	19,451,543	3,588,084	3,396,763	644,745	633,387
Bonds	18,319,481	17,352,412	3,493,909	3,327,159	324,284	331,579
Shares and other participations	472,248	413,903	4,387	35	275,061	256,439
Investment funds	1,900,531	1,685,228	89,788	69,569	45,400	45,369
Financial instruments recognised at fair value through profit and loss*	225,890	127,799	82,535	85,578	74,527	114,208
Bonds	128,678	51,637	73,196	62,252	47,109	71,985
Shares and other non-fixed-interest securities	18,178	15,715	353	162	11,429	11,220
Investment funds	79,034	60,447	5,137	21,642	4,988	5,002
Derivatives	0	0	3,849	1,522	11,001	26,001
Investments for unit-linked and index-linked life insurance	8,437,438	8,048,622				

*Including held for trading

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 -13.435,000 during the reporting year (EUR 44,000).

Unobservable input factors

Asset class	Measurement methods	Unobservable input factors	Range
Real estate	Market value	Capitalisation rate	1.00%–7.00%
		Rental income	3,000 EUR–3,702,000 EUR
		Land prices	0 EUR–6,000 EUR
	Discounted Cash flow	Capitalisation rate	4.00%–9.09%
		Rental income	EUR 88,000–EUR 4,090,000
Financial instruments available for sale	Hull-White present value method	Rating-dependent spreads	-0.13%–6.08%

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 most important bonds measured using a level 3 method in the financial instruments available for sale category are held by the Austrian, Czech and Polish companies and show the following sensitivities:

Financial instruments available for sale - loans	Fair value
<i>in EUR '000</i>	
Fair value at 30.6.2019	318,269
Rating-dependent spread +50bp	-6,347
Effect on the income statement	0
Effect on the statement of comprehensive income	-6,347

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

Real estate	Fair value
<i>in EUR '000</i>	
Fair value at 30.6.2019	2,819,950
Rental income -5%	2,663,334
Rental income +5%	2,864,939
Capitalisation rate -50bp	2,906,642
Capitalisation rate +50bp	2,641,064
Land prices -5%	2,730,379
Land prices +5%	2,797,268

Since real estate is measured at amortised cost in the VIG balance sheet, negative sensitivities would only affect the income statement if property value fell below book value. There was no effect on other comprehensive income.

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

Please refer to Note 10 “Financial result excluding at equity consolidated companies” on page 34 for information on the effects of changes in value recognised in profit and loss.

Development of financial instruments
by level

Financial instruments available for sale

	30.6.2019			31.12.2018		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
<i>in EUR '000</i>						
Fair value at 31.12. of the previous year	19,451,543	3,396,763	633,387	20,259,701	2,696,134	264,468
Exchange rate differences	4,307	1,677	41	-16,756	-2,583	-971
Fair value at 1.1.	19,455,850	3,398,440	633,428	20,242,945	2,693,551	263,497
Reclassification between securities categories	-1,758	-33,436	0	8,467	456	-9,643
Reclassification to Level	12,022	70,618	3,062	0	869,556	451,791
Reclassification from Level	-57,582	-12,057	-16,063	-853,697	-446,525	-21,125
Additions	1,334,136	183,156	41,050	2,817,914	476,373	98,065
Disposals	-1,155,830	-138,230	-19,247	-2,034,200	-164,112	-72,291
Change in the scope of consolidation	135,792	0	0	7,048	35	-47,872
Changes in value recognised in profit and loss	0	0	0	0	0	0
Changes recognised directly in equity	978,177	119,760	3,538	-735,540	-32,571	-23,754
Impairments	-8,547	-167	-1,023	-1,394	0	-5,281
Fair value at 30.6. or 31.12.	20,692,260	3,588,084	644,745	19,451,543	3,396,763	633,387

Development of financial instruments
by level

Financial instruments recognised at fair value through profit and loss*

	30.6.2019			31.12.2018		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
<i>in EUR '000</i>						
Fair value at 31.12. of the previous year	127,799	85,578	114,208	161,289	134,613	39,439
Exchange rate differences	567	319	-113	-3,480	-998	21
Fair value at 1.1.	128,366	85,897	114,095	157,809	133,615	39,460
Reclassification between securities categories	-1,683	-17,902	3,851	-7,484	20,678	617
Reclassification to Level	0	11,356	0	0	13,771	58,245
Reclassification from Level	-7,967	0	-3,389	-13,771	-58,245	0
Additions	160,407	3,397	11,302	277,000	12,171	83,822
Disposals	-109,958	-5,985	-37,909	-279,976	-36,722	-73,347
Change in the scope of consolidation	51,330	0	0	0	0	0
Changes in value recognised in profit and loss	5,395	5,772	-13,423	-5,779	310	5,411
Changes recognised directly in equity	0	0	0	0	0	0
Fair value at 30.6. or 31.12.	225,890	82,535	74,527	127,799	85,578	114,208

*Including held for trading

Development of financial instruments assigned to Level 3	Subordinated liabilities	
	30.6.2019	31.12.2018
in EUR '000		
Fair value at 31.12. of the previous year	21,119	21,732
Exchange rate differences	230	-158
Fair value at 1.1.	21,349	21,574
Reclassification to Level 3	0	0
Reclassification from Level 3	0	0
Changes in value recognised in profit and loss	15	-455
Changes recognised directly in equity	0	0
Fair value at 30.6. or 31.12.	21,364	21,119

15. NUMBER OF EMPLOYEES

Employee statistics	30.6.2019	31.12.2018
Number		
Field staff	13,745	13,885
Office staff	12,694	12,062
Total	26,439	25,947

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

The Central Functions segment includes 694 employees (31 December 2018: 685) in the non-profit societies.

16. RELATED PARTY TRANSACTIONS

Related parties

Related parties are the affiliated companies, joint ventures and associated companies listed in Note 26 "Participations – Details" starting on page 194 in the 2018 Group Annual Report. In addition, the members of the Managing Board and Supervisory Board of VIG Holding also qualify as related parties. Wiener Städtische Versicherungsverein directly and indirectly holds around 71.54% (around 71.49%), and therefore a majority of the voting rights of VIG. Based on this controlling interest, it and the members of its managing board and supervisory board are therefore also related parties.

Information on the compensation plan for Managing Board members is provided in Note 23 "Number of employees and personal expenses" starting on page 190 of the 2018 Group Annual Report.

Members of the Managing Board and Supervisory Board did not receive any advances or loans and had no loans outstanding during the reporting periods.

There were also no guarantees outstanding for members of the Managing Board or Supervisory Board during the reporting periods.

Transactions with Wiener Städtische Versicherungsverein

Wiener Städtische Versicherungsverein is VIG's principal shareholder. It has the legal form of a mutual insurance association that has spun off its insurance operations under the Austrian Insurance Supervision Act (VAG) and consequently is no longer permitted to operate in the insurance business. Due to the outsourcing to Wiener Städtische Versicherung AG that took place at that time, its only responsibilities are those as a majority shareholder of VIG Holding, so that intercompany charges

within the Group are of minor importance. They are based on service agreements between VIG Holding and Wiener Städtische Versicherungsverein for intercompany charges for internal audit services, Group accounting, provision of staff and office leases based on the arm's length principle.

Transactions with related companies

Transactions with non-consolidated affiliated and associated companies mainly relate to financing and charges for services.

Open items with related companies	30.6.2019	31.12.2018
in EUR '000		
Loans	130,885	122,754
Associated companies	923	1,257
Subsidiaries not included in the consolidated financial statements	129,962	121,497
Receivables	299,766	278,296
Parent company	254,694	238,414
Associated companies	2,165	2,580
Subsidiaries not included in the consolidated financial statements	42,907	37,302
Liabilities	246,091	234,610
Parent company	231,539	214,125
Associated companies	2,771	1,899
Subsidiaries not included in the consolidated financial statements	11,781	18,586
Transactions with related companies	30.6.2019	31.12.2018
in EUR '000		
Loans	4,049	54,481
Associated companies	923	492
Subsidiaries not included in the consolidated financial statements	3,126	53,989
Receivables	31,725	74,216
Parent company	8,726	24,296
Associated companies	1,314	6,858
Subsidiaries not included in the consolidated financial statements	21,685	43,062
Liabilities	95,720	194,323
Parent company	26,106	58,463
Associated companies	20,534	46,675
Subsidiaries not included in the consolidated financial statements	49,080	89,185

The transactions do not include changes in open items resulting from a change in the scope of consolidation.

Transactions with related persons

The amounts for related person open items, transactions and income statement items are insignificant.

17. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

There were no significant events after the balance sheet date.

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

GROSS PREMIUMS WRITTEN PER BALANCE SHEET UNIT (INCL. CONSOLIDATION EFFECTS)

Property and Casualty insurance	1.1.-30.6.2019	1.1.-30.6.2018
in EUR '000		
Direct business	3,168,061	2,995,348
Casualty insurance	215,029	199,678
Health insurance	53,529	37,221
Motor own damage insurance (Casco)	662,649	605,392
Rail vehicle own-damage	1,524	1,432
Aircraft own-damage insurance	3,536	3,569
Sea, lake and river shipping own-damage insurance	7,663	6,247
Transport insurance	31,175	31,397
Fire and natural hazards insurance	616,010	589,231
Other property	293,793	282,540
Third party liability insurance for self-propelled land vehicles	781,065	773,438
Carrier insurance	11,672	9,018
Aircraft liability insurance	3,923	3,308
Sea, lake and river shipping liability insurance	1,922	1,615
General liability insurance	299,287	285,337
Credit insurance	1,453	2,510
Guarantee insurance	21,998	20,935
Insurance for miscellaneous financial losses	75,658	68,872
Legal expenses insurance	32,554	31,039
Assistance insurance, travel health insurance	53,621	42,569
Indirect business	180,744	114,617
Marine, aviation and transport insurance	7,426	6,054
Other insurance	161,608	96,964
Health insurance	11,710	11,599
Total	3,348,805	3,109,965
Life insurance	1.1.-30.6.2019	1.1.-30.6.2018
in EUR '000		
Regular premium - direct business	1,334,467	1,316,409
Single-premium - direct business	471,498	461,458
Direct business	1,805,965	1,777,867
thereof policies with profit participation	755,565	763,885
thereof policies without profit participation	228,242	223,558
thereof unit-linked life insurance portfolio	789,070	774,706
thereof index-linked life insurance portfolio	33,088	15,718
Indirect business	12,561	10,322
Total	1,818,526	1,788,189
Health insurance	1.1.-30.6.2019	1.1.-30.6.2018
in EUR '000		
Direct business	279,295	252,060
Indirect business	50	50
Total	279,345	252,110

KEY FIGURES PER BALANCE SHEET UNIT

	1.1.-30.6.2019				1.1.-30.6.2018			
	Property/ Casualty	Life	Health	Total	Property/ Casualty	Life	Health	Total
in %								
Cost ratio	31.46	21.84	14.70	26.84	31.58	20.60	14.30	26.22
Claims ratio	64.91				64.75			
Combined Ratio	96.38				96.33			

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 Group's net assets, financial position and results of operations, the interim management report gives a true and fair view of the net assets, financial position and results of operations of the Group with regard to the most important events during the first six months of the financial year and their impact on the consolidated interim financial statements, of the principal risks and uncertainties for the remaining six months of the financial year and material related party transactions to be disclosed. The interim report was not fully audited or reviewed by an auditor.

Vienna, 12 August 2019

The Managing Board:



Prof. Elisabeth Stadler

General Manager,

Chairwoman of the Managing Board



Franz Fuchs

Member of the Managing Board



Judit Havasi

Member of the Managing Board



Liane Hirner

CFO, Member of the Managing Board



Peter Höfing

Member of the Managing Board



Peter Thirring

Member of the Managing Board

Managing Board areas of responsibility:

Elisabeth Stadler: Management of the Group, Strategic Questions, General Secretariat, Asset Management, Treasury/Capital Market, Affiliated companies department, European Affairs, Group Communication & Marketing, Group Sponsoring, Bancassurance, Human Resources, Group Development & Strategy; Country responsibilities: Austria, Czech Republic

Franz Fuchs: Performance management motor vehicle insurance; Country responsibilities: Moldova, Poland, Romania, Ukraine

Judit Havasi: Planning & Controlling, Legal department, Group IT, Data Management and Processes, Performance management personal, Asset Risk Management; Country responsibilities: Hungary

Liane Hirner: Finance and accounting; Country responsibilities: Germany, Belarus

Peter Höfing: Corporate and large customer business, Vienna International Underwriters (VIU), Group reinsurance; Country responsibilities: Albania incl. Kosovo, Bosnia-Herzegovina, Bulgaria, Croatia, Montenegro, North Macedonia, Serbia, Baltic states

Peter Thirring: Group external active reinsurance; Country responsibilities: Georgia, Liechtenstein, Slovakia, Turkey

The **Managing Board as a whole** is responsible for Enterprise Risk Management, 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 large risks occur.

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

The condensed half-year financial report was prepared with great care to ensure that all information is complete and accurate. 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 condensed half-year financial report can be downloaded as a PDF file in German or English from our website at: www.vig.com/en/downloads.

Editorial deadline: 12 August 2019

In case of doubt, the German version is authoritative.

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