

AUSTRIA + CEE  
= **VIG**



# Letter from the Chairwoman of the Managing Board

**Dear Shareholders,  
Ladies and Gentlemen!**

The positive start achieved by Vienna Insurance Group (VIG) at the beginning of 2017 continued in the 1<sup>st</sup> half of the year. Group premiums were EUR 4,972.4 million, representing a solid year-on-year increase of 0.9% – even before adjusting for the decrease in single premium life insurance business resulting from the ongoing low interest rate situation. Total premiums rose 5.2% after adjusting for single premium life business. Looking at the individual VIG markets more closely, significant increases were achieved in Poland (+7.3%), Slovakia (+6.7%) and the Czech Republic (+3.8%) in the 1<sup>st</sup> half of 2017. We also recorded an increase in the Remaining CEE region (+9.2%), primarily to the good performance of Serbia.



We also achieved an increase in Group profit to EUR 220.5 million in the 1<sup>st</sup> half of 2017, representing a year-on-year increase of almost 10%. The double-digit growth rates in Romania (+62.9%), Poland (+58.4%) and Hungary (+40.7%) were particularly noteworthy. In addition to the increase in profit, however, we were also able to improve the Group combined ratio to 96.9% in the 1<sup>st</sup> half of 2017. It stood at 97.9% in the same period in 2016. Due to the significant improvement in the technical result for the property and casualty business VIG was able to compensate for the decreased result in life caused by the low interest rate environment.

As shown by the formula on the cover of this half-year report, “Austria + CEE = VIG”, our regional focus forms the basis of our success. Proof of this is given not only by our business development in the 1<sup>st</sup> half of the year, but also by the fact that we are the leading insurance group in Austria and Central and Eastern Europe. Our good market position also contributed significantly to the renewal of our A+ rating with stable outlook by the internationally recognised rating agency Standard & Poor’s. This means that VIG, an international insurance group, continues to enjoy the best rating of all companies in the ATX Index, and we can be very proud of this.

We continue to be convinced of the potential offered by the CEE region. Not just economic growth forecasts are considerably higher for the CEE region compared to Western Europe; the catch-up process also creates an increasing demand for insurance products. Open access to digital insurance systems also constitutes the crucial differentiating factor. Digital channels are used to purchase policies much more frequently in many Central and Eastern European countries than in Austria. In Hungary, for example, our customers already purchase more than half of all motor policies online.

Innovation and digitisation are important factors for ensuring VIG’s future viability and were included in our strategic “Agenda 2020” work programme. This work programme has a clear goal of further improving cost efficiency and increasing profits in order to improve the financial strength of the Group. On behalf of the entire Managing Board, I would like to thank you, our shareholders, customers, and business partners, for the faith you have shown in us. Together we can ensure that we remain fit for future opportunities and challenges.

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

Elisabeth Stadler

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# Interim management report

## ECONOMIC ENVIRONMENT

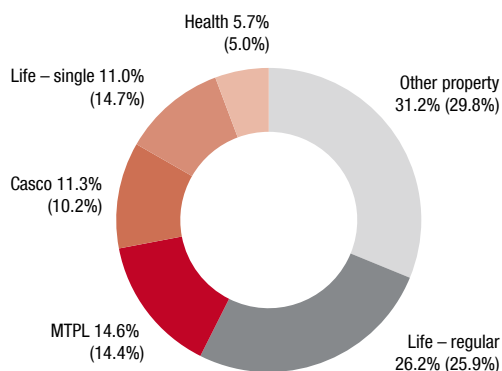
According to the analyses by the Austrian Institute of Economic Research (WIFO), the Austrian economy grew strongly in the first half of 2017. The economic growth rate of 2.3% achieved in the 1<sup>st</sup> quarter was the highest in six years. The business climate index for the whole economy, which reflects business perception of the utilisation of economic potential, rose from 11 to 15.4 points in the 1<sup>st</sup> half of 2017. The standardised unemployment rate fell from 6.0% in 2016 to 5.5%, and inflation rose somewhat.

According to analyses by the Vienna Institute for International Economic Studies (WIIW), foreign trade activity rose significantly worldwide since the beginning of the year. In addition to export demand from the USA and major emerging markets, supply chains with Germany and the upswing in the Eurozone also played a significant role for the CEE region. The new EU funding programmes have also begun again, and the initial payments are having an impact, particularly in the CEE countries. Private consumption also continued to contribute to economic growth in CEE.

Interest rates remained generally low during the 1<sup>st</sup> half of 2017, secondary market yields rose slightly in Austria and developments were positive in international capital markets, with no unusual events.

## BUSINESS DEVELOPMENT (IN ACCORDANCE WITH IFRS)

### PREMIUM PERCENTAGE BY LINES OF BUSINESS IN THE 1<sup>ST</sup> HALF OF 2017



Values for 1<sup>st</sup> half of 2016 in parentheses

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

- Premium volume increased to EUR 4,972.4 million – +5.2% not including single premium life products
- Result before taxes rose significantly to EUR 220.5 million
- The combined ratio was an excellent 96.9%

Vienna Insurance Group wrote EUR 4,972.4 million in Group premiums in the 1<sup>st</sup> half of 2017, an increase of 0.9% compared to the same period in the previous year. Adjusted for single premium life products, the Group recorded a significant 5.2% increase in premiums.

Expenses for claims and insurance benefits less reinsurers' share decreased to EUR 3,394.7 million in the first six months of 2017, representing a year-on-year decrease of 2.1%. Acquisition and administrative expenses less reinsurance commissions rose 5.9% year-on-year to EUR 1,030.8 million (1<sup>st</sup> half of 2016: EUR 973.3 million). This was mainly due to first-time consolidation of BTA Baltic and an increase in commissions – due to VIG's focus on more attractive, less price-sensitive lines of business, which also tends to lead to higher distribution costs.

Group result before taxes rose to EUR 220.5 million in the 1<sup>st</sup> half of 2017, representing a significant year-on-year increase of 9.6% that was primarily due to good growth in the financial result and an improved combined ratio. Due to the improvement in the technical result for the property and casualty business, VIG was able to compensate for the decreased result in the life insurance business caused by the low interest rate environment.

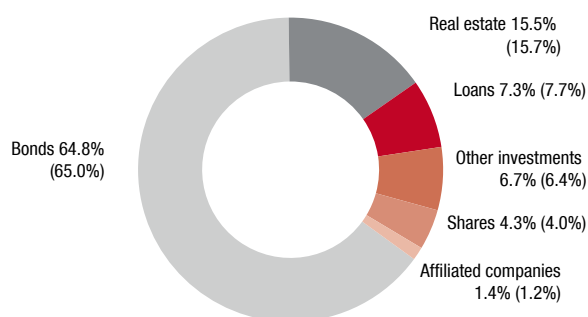
The Group combined ratio after reinsurance (not including investment income) improved to an excellent 96.9% in the 1<sup>st</sup> half of 2017, primarily due to good performance in Austria and Poland (1<sup>st</sup> half of 2016: 97.9%).

Group investments including cash and cash equivalents were EUR 36.8 billion as of 30 June 2017 (31 December 2016: EUR 36.2 billion).

Vienna Insurance Group generated a financial result of EUR 488.4 million in the 1<sup>st</sup> half of 2017, corresponding to a year-

on-year increase of 8.7%. This was primarily due to an increase in current income resulting from full consolidation of the non-profit societies and an increase in realised profits due to the sale of shares.

## BREAKDOWN OF INVESTMENTS AS OF 30 JUNE 2017



Values as of 31 December 2016 in parentheses

## BUSINESS DEVELOPMENT BY SEGMENT

### DEVELOPMENT BY SEGMENT

	Premiums written		Result before taxes	
	1.1.-30.6. 17	1.1.-30.6. 16	1.1.-30.6. 17	1.1.-30.6. 16
in EUR million				
Austria	2,167.0	2,264.9	77.5	75.2
Czech Republic	822.2	791.9	76.6	77.6
Slovakia	399.2	374.1	25.9	25.9
Poland	445.0	414.5	22.0	13.9
Romania	258.5	266.7	5.8	3.6
Baltic states	162.7	70.2	-4.6	-6.3
Hungary	123.1	116.8	2.4	1.7
Bulgaria	82.5	75.0	4.3	3.8
Turkey/Georgia	114.1	113.0	4.3	3.9
Remaining CEE <sup>1</sup>	181.0	165.8	8.4	8.7
Other Markets <sup>2</sup>	137.9	202.3	11.8	10.5
Central Functions <sup>3</sup>	738.2	699.6	-13.5	-16.7
Consolidation	-659.0	-626.7	-0.3	-0.4
<b>Total</b>	<b>4,972.4</b>	<b>4,928.1</b>	<b>220.5</b>	<b>201.3</b>

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

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

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

### Austria

The Austrian VIG companies recorded premiums written of EUR 2,167.0 million in the first six months of 2017. As before, this year-on-year decline of 4.3% was due to a reduction in single premium life insurance business. When adjusted for this, the Austrian Group companies recorded an increase of 1.2%.

Due to a significant improvement in the combined ratio, result before taxes increased 3.1% year-on-year to EUR 77.5 million in the 1<sup>st</sup> half of 2017.

Due to the stable claims situation and lack of major events, the combined ratio improved to an excellent 95.8% in the first six months of 2017 (1<sup>st</sup> half of 2016: 99.3%).

### Czech Republic

The Czech VIG companies wrote EUR 822.2 million in premiums in the 1<sup>st</sup> half of 2017, an increase of 3.8% compared to the same period in the previous year. The increase was mainly due to good performance in the regular premium life insurance and other property and casualty areas.

Result before taxes was EUR 76.6 million in the 1<sup>st</sup> half of the current year. This corresponds to a year-on-year decrease of 1.3%.

In spite of many large losses in the other property and casualty insurance and indirect business areas, and the overall adverse change in losses in the motor own damage area, the combined ratio was a good 96.5% (1<sup>st</sup> half of 2016: 92.8%).

### Slovakia

The Group companies in Slovakia wrote EUR 399.2 million in premiums in the first six months of the current year. The year-on-year increase of 6.7% was primarily due to good performance in the single premium life insurance business.

The result before taxes of EUR 25.9 million for the 1<sup>st</sup> half of 2017 was at the level of the previous year.

The combined ratio improved compared to the same period in the previous year to 95.2% (1<sup>st</sup> half of 2016: 96.5%).

### **Poland**

EUR 445.0 million in premiums were written in Poland in the 1<sup>st</sup> half of 2017, representing a year-on-year increase of 7.3%. This increase was mainly due to good performance in the motor third party liability and other property and casualty insurance.

Result before taxes rose to EUR 22.0 million in the first six months of 2017, representing a 58.4% increase compared to the same period in the previous year. The significant increase was primarily due to sustained positive growth in the motor business, which is showing the effects of the measures taken to increase the profitability of the motor portfolio.

The combined ratio improved to an excellent 94.8% in the 1<sup>st</sup> half of 2017 due to positive performance in the motor lines of business (1<sup>st</sup> half of 2016: 99.7%).

### **Romania**

The Romanian Group companies wrote EUR 258.5 million in premiums in the 1<sup>st</sup> half of 2017, representing a decrease of 3.1%. This decrease was primarily due to regulatory measures imposing a maximum limit on motor third party liability premiums for six months.

Result before taxes increased compared to the same period of the previous year to EUR 5.8 million (1<sup>st</sup> half of 2016: EUR 3.6 million). It must be noted that the 1<sup>st</sup> half of 2016 was negatively affected by runoff results in previous years.

As a result, the combined ratio improved once again compared to the same period of the previous year to 99.3% in the 1<sup>st</sup> half of 2017 (1<sup>st</sup> half of 2016: 101.0%).

### **Baltic States**

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

VIG companies in the Baltic states wrote EUR 162.7 million in premiums in the first six months of 2017 (1<sup>st</sup> half of 2016: EUR 70.2 million). The significant year-on-year increase in premiums was primarily due to first-time consolidation of the non-life insurance company BTA Baltic that was acquired.

A loss of EUR 4.6 million was recorded in the 1<sup>st</sup> half of 2017 (1<sup>st</sup> half of 2016: loss of EUR 6.3 million). This was mainly due to earnings being disproportionately negatively affected by insurance portfolio write-downs in the first year following the acquisition of BTA Baltic.

Although the combined ratio of 104.2% improved significantly compared to the same period of the previous year, primarily due to first-time consolidation of BTA Baltic, it nevertheless continued to be above the 100% mark (1<sup>st</sup> half of 2016: 131.1%).

### **Hungary**

Premiums written in Hungary rose 5.4% in the 1<sup>st</sup> half of 2017 to a total of EUR 123.1 million, mainly due to strong premium growth in motor third party liability and other property and casualty insurance.

Result before taxes increased to EUR 2.4 million due to a significant improvement in the underwriting result for motor third party liability and health insurance. This represented a year-on-year increase of 40.7%.

As a result, the combined ratio also improved significantly compared to the same period in the previous year to 98.4% (1<sup>st</sup> half of 2016: 105.0%).

### **Bulgaria**

EUR 82.5 million in premiums were written in Bulgaria in the 1<sup>st</sup> half of 2017. The major increase of 10.0% was primarily due to good performance in the motor lines of business and health insurance.

The Bulgarian Group companies contributed EUR 4.3 million to Group result before taxes in the 1<sup>st</sup> half of 2017. This corresponds to a major year-on-year increase of 13.7% that was primarily due to a reduction in insurance portfolio write-downs in the Dovereie pension fund.

The combined ratio improved compared to the same period in the previous year to 98.3% (1<sup>st</sup> half of 2016: 99.0%).

### **Turkey/Georgia**

The VIG companies in the Turkey/Georgia segment wrote EUR 114.1 million in premiums during the first six months of 2017, representing a year-on-year increase of 1.0%.

Result before taxes was EUR 4.3 million in the Turkey/Georgia segment, representing a year-on-year increase of 8.2% (1<sup>st</sup> half of 2016: EUR 3.9 million), which was mainly due to the increase in the financial result in Turkey.

A higher loss ratio, primarily due to large losses in Turkey, led to a combined ratio of 99.1% in the 1<sup>st</sup> half of 2017 (1<sup>st</sup> half of 2016: 97.0%).

### **Remaining CEE**

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

The Vienna Insurance Group companies in the Remaining CEE countries wrote EUR 181.0 million in premiums in the 1<sup>st</sup> half of 2017. The year-on-year increase of 9.2% was mainly due to the growth in other property and casualty insurance in Croatia, Serbia and Bosnia-Herzegovina, and good performance in the single premium life insurance business in Serbia.

Result before taxes was EUR 8.4 million. The decrease of 3.4% was mainly due to difficult market conditions in Ukraine.

The combined ratio improved to 99.1% in the 1<sup>st</sup> half of the current year, primarily due to positive performance in Albania and Macedonia (1<sup>st</sup> half of 2016: 99.5%).

### **Other Markets**

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

Vienna Insurance Group companies in the Other Markets segment wrote EUR 137.9 million in premiums in the first six months of the current year. The year-on-year drop of 31.8% was due to the decrease in single premium life insurance business.

Result before taxes increased 12.8% year-on-year to EUR 11.8 million in the 1<sup>st</sup> half of 2017 as a result of an increase in the financial result.

The combined ratio was once again an excellent 83.5% in the 1<sup>st</sup> half of 2017 (1<sup>st</sup> half of 2016: 84.4%).

### **Central Functions**

Premiums written in the Central Functions segment rose 5.5% in the 1<sup>st</sup> half of 2017 to EUR 738.2 million. This was mainly the result of an increase in premiums generated by Group company VIG Re entering new reinsurance lines of business (Western Europe).

Central Functions reported a loss of EUR 13.5 million in the 1<sup>st</sup> half of 2017. This was less than in the same period of the previous year due to full consolidation of the non-profit societies.

### **EMPLOYEES**

VIG had 24,906 employees in the 1<sup>st</sup> half of 2017. This was 305 more than 2016 as a whole. This was due to an increase in the number of sales employees, primarily in Georgia, the Czech Republic and Slovakia.

### **GROUP BUSINESS DEVELOPMENT IN THE 2<sup>ND</sup> QUARTER OF 2017**

Vienna Insurance Group generated EUR 2,252.9 million in premiums written in the 2<sup>nd</sup> quarter of 2017. This increase of 1.4%, which was achieved in spite of the decrease in single premium life insurance, was due to growth in other property and casualty insurance and the motor lines of business.

Expenses for claims and insurance benefits less reinsurers' share decreased in the 2<sup>nd</sup> quarter of 2017 to EUR 1,653.3 million, representing a year-on-year decrease of 3.7%. This was primarily due to the large decrease in single premium life insurance business in Austria and Liechtenstein.

Acquisition and administrative expenses, less reinsurance commissions received, rose 8.8% in the 2<sup>nd</sup> quarter of 2017 to EUR 512.6 million. This primarily occurred because of an increase in commissions due to Vienna Insurance Group's focus on more attractive and less price-sensitive lines of business, which also tends to lead to higher distribution costs.

Result before taxes was EUR 110.9 million in the 2<sup>nd</sup> quarter of the current year, approximately the same level as the previous year (2<sup>nd</sup> quarter of 2016: EUR 111.7 million).

The financial result was EUR 240.6 million in the 2<sup>nd</sup> quarter of 2017 of the current year. The year-on-year increase of 6.8% was mainly due to full consolidation of the non-profit societies.

## 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 58.

## RELATED PARTY TRANSACTIONS

Information on related party transactions is provided in the notes to the consolidated financial statements on page 57.

## RISK REPORT

The Vienna Insurance Group risk environment remained practically unchanged in the 1<sup>st</sup> half of 2017, so that information on the significant business risks to which VIG is exposed can be obtained from the risk reporting in the Group Annual Report for 2016 and the Solvency and Financial Condition Report for 2016.

A moderate increase in the risk-free yield curve, positive market developments and the issue of subordinated capital in the 1<sup>st</sup> half of the year had a positive effect on the solvency ratio, which was around 224.5% on 30 June 2017 at the level of stock-listed VIG (31 December 2016: 194,5%).

The Group's excellent capital adequacy under Solvency II and the A+ rating from Standard & Poor's confirm its high risk-bearing capacity.

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

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

## OUTLOOK

### Economic outlook

Export demand is expected to remain strong for Austria in 2017 and 2018. Stimulus from East Asia, the USA and the CEE region is an important driver of growth for Austrian industry, due to its strong focus on foreign trade. Economic growth will reach an interim high of 2.4% this year and fall to 2.0% in the coming year due to the ongoing high level of unemployment. The level of interest rates, which is expected to remain low, will have a favourable effect on government funding. The inflation rate will continue to rise, driven mainly by cost increases in the areas of fuel, tourism and housing. Export growth will have a particularly beneficial effect on the production of material goods, while the construction industry could continue to lose some momentum.

Among the CEE countries, the Czech Republic (+2.7% GDP growth in 2017 and 2018) and Poland (+3.3% and 3.2%) remain the main economic engines in the region. According to the Vienna Institute for International Economic Studies (WIIW), however, Slovakia (+3.3% and +3.6%), Hungary (+4.0% and +3.9%), Slovenia (+3.5% and +3.2%) and Romania (+4.8% and +4.3%) will also contribute substantially to the growth of the region in the next one-and-a-half years. With the exception of Belarus in 2017, it is noteworthy that not a single CEE country is forecast to record economic growth of less than 2.0% in the coming three years. The CEE region as a whole is expected to grow by at least 3.0% in 2017 and 2018. This confirms the trend of economic convergence towards the level in Western Europe.

In addition to the growth in foreign trade worldwide, this positive trend is also due to an improved labour market situation, the inflow of further EU subsidies and local private-sector consumption, which continues to benefit from the relatively low price of oil and wage increases.

### VIG outlook

Vienna Insurance Group has set itself a goal of continuously optimising profitability. The Group aims to generate healthy, well-considered growth and will continue to follow a profit-oriented growth policy based on this principle in the future.



Vienna Insurance Group plans to continuously increase Group premiums to EUR 9.5 billion by 2019, and steadily increase result before taxes to between EUR 450 and 470 million.

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

Vienna Insurance Group will also continue to pursue its strategic initiatives for optimising its business model, ensuring future viability and organisation and cooperation as part of its Agenda 2020. For example, Vienna Insurance Group will focus on exploiting insurance potential in the health insurance segment and optimising the profitability of motor insurance. A new focus will also be placed on digitisation of products and services.

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

## CURRENT TOPICS

### **Changes in the Vienna Insurance Group Managing Board**

On 1 July 2017, Roland Gröll left his position in Vienna Insurance Group to become a member of the Managing Boards of Wiener Städtische and Donau Versicherung. Martin Simhandl will also be leaving the Vienna Insurance Group Managing Board on 30 June 2018. The Supervisory Board has already arranged for his successor. Liane Hirner will be appointed as a member of the Managing Board of Vienna Insurance Group for a full five-year term of office effective 1 February 2018. This ensures an orderly, long-term handover of responsibilities.

### **Rating confirmed**

In the middle of August 2017, Standard & Poor's rating agency once again confirmed its rating of A+ with a stable outlook for Vienna Insurance Group AG Wiener Versicherung Gruppe. Its excellent capital resources continue to receive a rating of AAA, and its market leadership in Austria and Central and Eastern Europe, geographic and product-specific diversification and excellent distribution network were also noted as strengths. This means that Vienna Insurance Group continues to enjoy the best rating of all companies in the ATX Index.

### **VIG listed again in the VÖNIX Sustainability Index**

Vienna Insurance Group has been included again in the Austrian VÖNIX Sustainability Index for the current 2017/2018 year. The Index includes companies listed on the Vienna Stock Exchange that are leaders with respect to environmental and social issues. Around 60 companies were analysed in June 2017, and 20 were included in the Index.

### **Weather-related claims in Central and Eastern Europe**

In total, gross weather-related claims were around EUR 44 million in the 1<sup>st</sup> half of 2017. After deducting reinsurance, Vienna Insurance Group retained a net amount of around EUR 38 million.

### **Vienna Insurance Group uses Poland as an innovation centre and launches the "Genesis" digitisation project**

Innovation and digitisation are important elements in the

new “Agenda 2020” management programme for ensuring the future viability of Vienna Insurance Group. The local Polish Group company Compensa launched the “Genesis” project, by far most comprehensive digitisation project in the Group. The project includes all forward-looking areas concerned with digitisation and is developing concrete initiatives. These include, among other things, process automation using artificial intelligence and robot technology, loss settlement and direct policy purchase using an app, the inclusion of insurance in the digitised world of the customer and the use of IT technologies. Vienna Insurance Group will contribute part of the total planned investment of around EUR 25 million.

### **Annual General Meeting**

The 26<sup>th</sup> Annual General Meeting of Vienna Insurance Group AG Wiener Versicherung Gruppe was held on 12 May 2017 in the Wiener Stadthalle. The Annual General Meeting approved the VIG Management Board and Supervisory Board proposal to increase the dividend from EUR 0.60 to EUR 0.80 per share. This corresponds to a dividend payout ratio of 35.6% of the profit after taxes and minority interests, thereby continuing the Group’s long-term dividend policy of distributing at least 30% of net profits. 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](http://www.vig.com/hauptversammlung).

### **Subordinated bond placement**

Vienna Insurance Group privately placed a EUR 200 million subordinated bond with international institutional investors on 6 April 2017. The subordinated bond can be called by VIG after 10 years and satisfies the tier 2 requirements under Solvency II. Inclusion for trading in the Third Market of the Vienna Stock Exchange will take place on 13 April 2017. Wiener Städtische also issued a EUR 250 million subordinated bond with a maturity of 10 years on 2 May 2017. The bond satisfies Solvency II tier-2 capital requirements and was included for trading in the Third Market of the Vienna Stock Exchange on 1 June 2017.

### **Optimising our business model**

Merging the Hungarian Vienna Insurance Group companies is being considered as part of Agenda 2020. The increased

size of business operations would allow operating processes to be optimised, resources to be concentrated on developments in the area of digitisation and greater focus to be placed on taking advantage of market potential.

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

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

## **AWARDS**

### **Czech Global Assistance is in the fast lane**

Providing immediate, direct help to customers 24/7 is the fundamental goal of assistance. In order to make further improvements in this area and increase customer loyalty, VIG decided it would expand internally and no longer use outside companies to provide assistance services. The Czech Group subsidiary Global Assistance that was acquired in 2013 received the “Global assistance company of the year” award for the fifth time this year. The Global Assistance quality management system also received ISO 9001 certification by TÜV Rheinland.

### **A shower of awards for Bulgarian company Bulstrad Life’s “B-Assist” app**

The “B-Assist” mobile app for customers of the Bulgarian VIG company Bulstrad Life received three awards in a row this year. The app came first in the “Mobile innovations” category in the second edition of the b2b Media Awards in Sofia. The app also received an IT project of the year award from the Bulgarian trade journal “Computerworld” and the 2016 Innovationspreis der deutschen Wirtschaft (German business innovation award 2016) in the “Innovation” category.

### **Golden Crown: four awards for the Czech company Kooperativa**

The Czech Group company Kooperativa received four awards in the “Zlatá Koruna” (“Golden Crown”) competition. Its “TREND” product won in the “Business insurance” category and is the most successful financial product in the competition. The “START PLUS” product came third in the same category. The “NA MÍRU” (“custom-tailored”) motor policy came first in the “Non-life insurance” category, and the

“NA PŘÁNÍ” (“as desired”) life insurance product came third in the “Life insurance” category. The “Zlatá Koruna” survey has issued awards for the best financial products in the Czech market for 16 years.

**Donau Versicherung receives top rating for its occupational disability insurance**

The Austrian Group company Donau Versicherung received the highest rating of five stars and “excellent” from the independent analysis firm MORGAN & MORGAN (M&M) during the latest “M&M Austrian occupational disability rating”. The rating involves 31 benefit questions and evaluates the quality of the terms of the occupational disability policies.

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

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

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

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

# Capital markets & investor relations & share

## CAPITAL MARKETS

### International overview

Favourable growth in corporate earnings, positive economic conditions and a continuation of expansive monetary policy created generally favourable stock market sentiment in the 1<sup>st</sup> half of 2017. Markets were, however, temporarily affected by a continuation of political uncertainty. The MSCI World Index in USD, which tracks industrialised country price movements, rose 9.4% in the 1<sup>st</sup> half of 2017, and the MSCI Emerging Markets Index, also in USD, even rose as much as 17.2%.

Prices rose strongly in the USA due to robust economic growth and hopes that the new administration would implement significant tax cuts, with the Dow Jones Industrial (DJI) leading index recording a series of historical highs during the year to date. Moderate interest rate increases by the US Federal Reserve (Fed) in mid-March and mid-June 2017 each led to small price corrections. The Dow Jones Industrial Index ended June 2017 with an increase of 8.0% over the closing value at the end of 2016.

Prices recorded a more moderate increase in Europe, with the pan-European EuroStoxx 50 Index in EUR rising 4.6% during the 1<sup>st</sup> half of 2017. An initial upwards movement that was comparable to the USA took place until the middle of the 2<sup>nd</sup> quarter and was followed in the final weeks of the reporting period by a correction of close to 6% compared to the high for the year. The correction was due to increased worries about interest rate increases by the European Central Bank in response to the high growth rates in the Eurozone. The current strength of the euro is also causing concerns that the good level of export activity could be dampened. While European stock exchanges showed a slight weakening towards the end of the quarter, exactly the opposite took place in Japan. After a weak 1<sup>st</sup> quarter, good economic conditions and corporate earnings growth generated significant price gains in the 2<sup>nd</sup> quarter of 2017, moving the Japanese Nikkei 225 leading index above the 20,000 point mark in June 2017. The index has achieved a year-to-date increase of 4.8%.

Emerging market stock markets performed extraordinarily well in the 1<sup>st</sup> half of 2017, reflecting the positive macro

economic conditions in many key markets. The high growth rates recorded by the MSCI Emerging Markets Index have now largely offset the large market correction that took place between the middle of 2015 and beginning of 2016. The Eastern European CECE Index in EUR recorded high growth rates similar to the MSCI Emerging Markets Index, achieving a gain of 17.1% in the 1<sup>st</sup> half of 2017 due to the excellent economic situation and good competitiveness of the region.

### Vienna Stock Exchange

The price gains recorded by the Vienna Stock Exchange in the previous two quarters continued in the first two quarters of 2017. The ATX leading index rose 18.6% to reach 3,106.66 points at the end of the first half of 2017. This is the first time that a quarter has ended with an index value higher than 3,000 points since the economic crisis in 2008. Due to favourable economic conditions and corporate earnings growth, shares listed on the Vienna Stock Exchange have increasingly attracted the attention of international investors in recent months. The market capitalisation of the Vienna Stock Exchange, i.e. the sum of the market values of all listed companies, rose to EUR 114.3 billion at the end of the period.

## INVESTOR RELATIONS

At the invitation of Kepler Cheuvreux, Vienna Insurance Group took part in the Austrian Equity Day in Paris at the beginning of the 2<sup>nd</sup> quarter of 2017 that was organised together with the Vienna Stock Exchange. This was followed in May by the J.P. Morgan European Insurance Conference in London, and in June by the Wood&Company Emerging European Financials Conference in Warsaw. Investor Relations also organised selected meetings between the Managing Board and existing and potential investors in New York in June 2017. The Group's prospects and Agenda 2020 activities became the focus of investor interest due to the solid results achieved by VIG and improving economic conditions in many CEE markets.

The positive outlook for Vienna Insurance Group also led two of the total of 14 analysts of the Group to improve their recommendation for VIG shares from "hold" to "buy" in the 2<sup>nd</sup> quarter of 2017. As a result, the majority of investment banks now recommend VIG shares as a "buy". There are

currently five “neutral”/“hold” analyst recommendations and three “sell” recommendations. The average target price in the published research reports, however, is still below the current VIG share price. Detailed up-to-date information on the analyses and analyst opinions about Vienna Insurance Group is available at all times on our website at [www.vig.com/analysen](http://www.vig.com/analysen).

## VIG SHARE PERFORMANCE

The price of VIG shares rose 8.9% in the 2<sup>nd</sup> quarter of 2017, thereby outperforming the positive performance achieved in the 1<sup>st</sup> quarter, and closed at EUR 24.695 on 30 June 2017. VIG shares have therefore gained 15.9% since the beginning of the year. A significant price increase in the middle of April 2017 moved the share price to its high for the period of EUR 25.560 on 8 May. The price then fell somewhat before trading in a narrow price range between EUR 24 and EUR 25 until the end of the period. VIG shares finally managed to outperform the ATX Index for a short period at the beginning of July 2017, reaching a closing price of more than EUR 26 in the middle of July 2017. The share price then fluctuated between EUR 25 and EUR 26 until the editorial deadline.

## Overview of VIG shares

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

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

High	EUR	25.560
Low	EUR	21.590
Year-end price	EUR	24.695
Market capitalisation	EUR	3.2 billion
Dividend 2016	EUR	0.80
Average daily stock exchange trading volume*	EUR	3.4 million

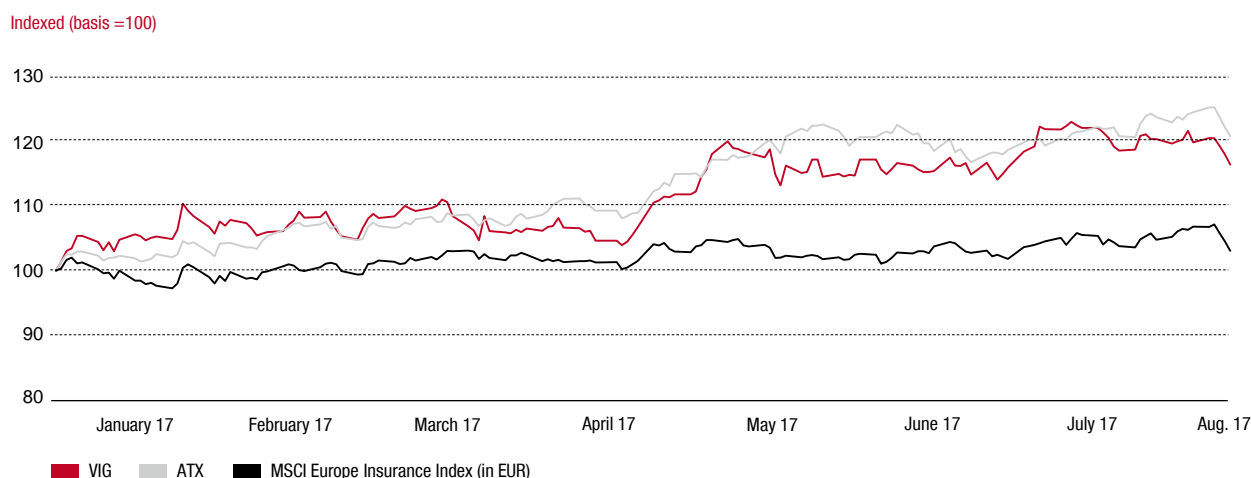
\* Using single counting

## VIG financial calendar\*

Results for the 1 <sup>st</sup> to 3 <sup>rd</sup> quarters of 2017	29 November 2017
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\* Preliminary schedule

## VIENNA INSURANCE GROUP (VIG) COMPARED TO THE ATX AND MSCI EUROPE INSURANCE INDEX (IN EUR) 1 JANUARY 2017 TO 11 AUGUST 2017



# Consolidated interim financial statements in accordance with IFRS

## CONSOLIDATED BALANCE SHEET AS OF 30 JUNE 2017

Assets	Notes	30.6.2017	31.12.2016
<i>in EUR '000</i>			
<b>A. Intangible assets</b>	<b>1</b>		
I. Goodwill		1,551,194	1,532,190
II. Purchased insurance portfolios		37,054	43,339
III. Other intangible assets		468,008	478,971
<b>Total intangible assets</b>		<b>2,056,256</b>	<b>2,054,500</b>
<b>B. Investments</b>			
I. Land and buildings		5,623,478	5,601,623
a) Self-used property		430,200	429,484
b) Investment property		5,193,278	5,172,139
II. Shares in at equity consolidated companies		281,225	269,699
III. Financial instruments		29,175,966	28,774,934
a) Loans and other investments		3,360,287	3,396,574
b) Other securities	2	25,815,679	25,378,360
Financial instruments held to maturity		3,054,251	3,065,822
Financial instruments available for sale		22,345,861	21,851,248
Financial instruments recognised at fair value through profit and loss*		415,567	461,290
<b>Total investments</b>		<b>35,080,669</b>	<b>34,646,256</b>
<b>C. Investments for unit-linked and index-linked life insurance</b>		<b>8,824,829</b>	<b>8,549,580</b>
<b>D. Reinsurers' share in underwriting provisions</b>	<b>3</b>	<b>1,149,011</b>	<b>985,211</b>
<b>E. Receivables</b>	<b>4</b>	<b>1,617,862</b>	<b>1,459,631</b>
<b>F. Tax receivables and advance payments out of income tax</b>		<b>245,420</b>	<b>236,940</b>
<b>G. Deferred tax assets</b>		<b>77,499</b>	<b>138,230</b>
<b>H. Other assets</b>		<b>365,781</b>	<b>347,819</b>
<b>I. Cash and cash equivalents</b>		<b>1,733,979</b>	<b>1,589,941</b>
<b>Total</b>		<b>51,151,306</b>	<b>50,008,108</b>

\* Including held for trading

The numbers for the individual items in the consolidated balance sheet and consolidated income statement refer to detailed disclosures for these items in the "Notes to the consolidated balance sheet" section in the Notes to the consolidated financial statements starting on page 35.

## CONSOLIDATED BALANCE SHEET AS OF 30 JUNE 2017

Liabilities and shareholders' equity	Notes	30.6.2017	31.12.2016
in EUR '000			
<b>A. Shareholders' equity</b>			
I. Share capital		132,887	132,887
II. Other capital reserves		2,109,003	2,109,003
III. Capital reserves from additional payments on hybrid capital		193,619	193,619
IV. Retained earnings		1,962,334	1,929,339
V. Other reserves		215,221	199,415
<b>Subtotal</b>		<b>4,613,064</b>	<b>4,564,263</b>
VI. Other non-controlling interests		111,977	114,219
VII. Non-controlling interests from non-profit societies		1,050,666	1,032,775
<b>Total shareholders' equity</b>		<b>5,775,707</b>	<b>5,711,257</b>
<b>B. Subordinated liabilities</b>		<b>1,466,805</b>	<b>1,265,009</b>
<b>C. Underwriting provisions</b>	<b>6</b>		
I. Provision for unearned premiums		1,644,310	1,282,164
II. Mathematical reserve		21,718,706	21,528,896
III. Provision for outstanding claims		5,045,344	4,815,063
IV. Provision for profit-unrelated premium refunds		54,117	63,605
V. Provision for profit-related premium refunds		1,485,993	1,491,192
VI. Other underwriting provisions		41,959	39,151
<b>Total underwriting provisions</b>		<b>29,990,429</b>	<b>29,220,071</b>
<b>D. Underwriting provisions for unit-linked and index-linked life insurance</b>		<b>8,407,206</b>	<b>8,129,884</b>
<b>E. Non-underwriting provisions</b>			
I. Provisions for pensions and similar obligations		516,730	518,766
II. Other provisions		267,579	296,482
<b>Total non-underwriting provisions</b>		<b>784,309</b>	<b>815,248</b>
<b>F. Liabilities</b>	<b>7</b>	<b>4,129,520</b>	<b>4,202,585</b>
<b>G. Tax liabilities out of income tax</b>		<b>208,550</b>	<b>181,300</b>
<b>H. Deferred tax liabilities</b>		<b>242,384</b>	<b>325,150</b>
<b>I. Other liabilities</b>		<b>146,396</b>	<b>157,604</b>
<b>Total</b>		<b>51,151,306</b>	<b>50,008,108</b>

## CONSOLIDATED INCOME STATEMENT FOR THE REPORTING PERIOD

in EUR '000	Notes	1.1.-30.6.2017	1.1.-30.6.2016
<b>Premiums</b>			
<b>Premiums written – gross</b>	<b>8</b>	<b>4,972,439</b>	<b>4,928,108</b>
Premiums written – reinsurers' share		-516,501	-513,283
<b>Premiums written – retention</b>		<b>4,455,938</b>	<b>4,414,825</b>
Change in unearned premiums – gross		-342,348	-348,887
Change in unearned premiums – reinsurers' share		105,456	125,674
<b>Net earned premiums – retention</b>		<b>4,219,046</b>	<b>4,191,612</b>
<b>Financial result excluding at equity consolidated companies</b>	<b>9</b>	<b>465,618</b>	<b>424,585</b>
Income from investments		785,812	639,716
Expenses for investments and interest expenses		-320,194	-215,131
<b>Result from shares in at equity consolidated companies</b>		<b>22,737</b>	<b>24,868</b>
<b>Other income</b>	<b>10</b>	<b>59,843</b>	<b>103,884</b>
<b>Expenses for claims and insurance benefits</b>	<b>11</b>	<b>-3,394,723</b>	<b>-3,467,039</b>
Expenses for claims and insurance benefits – gross		-3,645,469	-3,676,655
Expenses for claims and insurance benefits – reinsurers' share		250,746	209,616
<b>Acquisition and administrative expenses</b>	<b>12</b>	<b>-1,030,794</b>	<b>-973,265</b>
Acquisition expenses		-905,274	-851,241
Administrative expenses		-205,796	-192,947
Reinsurance commissions		80,276	70,923
<b>Other expenses</b>	<b>13</b>	<b>-121,184</b>	<b>-103,355</b>
<b>Result before taxes</b>		<b>220,543</b>	<b>201,290</b>
<b>Tax expenses/income</b>		<b>-48,296</b>	<b>-46,307</b>
<b>Result of the period</b>		<b>172,247</b>	<b>154,983</b>
thereof attributable to Vienna Insurance Group shareholders		146,578	152,680
thereof other non-controlling interests		3,417	2,303
thereof non-controlling interests in non-profit societies		22,252	0
<b>Result per share (annualised)*</b>	<b>5</b>		
Undiluted = diluted earnings per share (in EUR)		2.20	2.26
<b>Result of the period (Carry-forward)</b>		<b>172,247</b>	<b>154,983</b>

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



## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	1.1.-30.6.2017	1.1.-30.6.2016
in EUR '000		
<b>Result of the period (Carry-forward)</b>	<b>172,247</b>	<b>154,983</b>
<b>Other comprehensive income (OCI)</b>		
<b>Items that will not be reclassified to profit and loss in subsequent periods</b>		
+/- Underwriting gains and losses from provisions for employee benefits	3,386	-16,652
+/- Deferred profit participation	-687	5,240
+/- Deferred taxes	-671	2,821
<b>Subtotal</b>	<b>2,028</b>	<b>-8,591</b>
<b>Items that will be reclassified to profit or loss in subsequent periods</b>		
+/- Exchange rate changes through equity	47,780	-23,659
+/- Unrealised gains and losses from financial instruments available for sale	-158,727	670,630
+/- Cash flow hedge reserve	424	1,758
+/- Share of other reserves of associated companies	158	-29
+/- Deferred mathematical reserve	48,969	-183,505
+/- Deferred profit participation	64,174	-293,213
+/- Deferred taxes	11,759	-46,008
<b>Subtotal</b>	<b>14,537</b>	<b>125,974</b>
<b>Total OCI</b>	<b>16,565</b>	<b>117,383</b>
<b>Total profit of the period including other comprehensive income after taxes</b>	<b>188,812</b>	<b>272,366</b>
thereof attributable to Vienna Insurance Group shareholders	162,384	267,324
thereof other non-controlling interests	3,626	5,042
thereof non-controlling interests in non-profit societies	22,802	0

## CONSOLIDATED INCOME STATEMENT FOR THE PERIOD FROM 1 APRIL 2017 TO 30 JUNE 2017

	Notes	1.4.-30.6.2017	1.4.-30.6.2016
in EUR '000			
<b>Premiums</b>			
<b>Premiums written – gross</b>		2,252,868	2,222,349
Premiums written – reinsurers' share		-195,802	-184,174
<b>Premiums written – retention</b>		2,057,066	2,038,175
Change in unearned premiums – gross		27,940	32,354
Change in unearned premiums – reinsurers' share		-18,814	-16,749
<b>Net earned premiums – retention</b>		2,066,192	2,053,780
<b>Financial result excluding at equity consolidated companies</b>		229,713	210,170
Income from investments		394,555	324,220
Expenses for investments and interest expenses		-164,842	-114,050
<b>Result from shares in at equity consolidated companies</b>		10,918	15,215
<b>Other income</b>		30,326	66,952
<b>Expenses for claims and insurance benefits</b>		-1,653,304	-1,716,485
Expenses for claims and insurance benefits – gross		-1,865,865	-1,792,413
Expenses for claims and insurance benefits – reinsurers' share		212,561	75,928
<b>Acquisition and administrative expenses</b>		-512,565	-470,977
Acquisition expenses		-439,403	-402,553
Administrative expenses		-105,130	-99,799
Reinsurance commissions		31,968	31,375
<b>Other expenses</b>		-60,357	-46,949
<b>Result before taxes</b>		110,923	111,706
<b>Tax expenses/income</b>		-26,290	-25,367
<b>Result of the period</b>		84,633	86,339
thereof attributable to Vienna Insurance Group shareholders		77,526	85,432
thereof other non-controlling interests		4,234	907
thereof non-controlling interests in non-profit societies		2,873	0
Result per share (annualised)*	5		
Undiluted = diluted earnings per share (in EUR)		2.33	2.55
<b>Result of the period (Carry-forward)</b>		84,633	86,339

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD FROM 1 APRIL 2017 TO 30 JUNE 2017

	1.4.-30.6.2017	1.4.-30.6.2016
in EUR '000		
<b>Result of the period (Carry-forward)</b>	<b>84,633</b>	<b>86,339</b>
<b>Other comprehensive income (OCI)</b>		
<b>Items that will not be reclassified to profit and loss in subsequent periods</b>		
+/- Underwriting gains and losses from provisions for employee benefits	4,129	-14,120
+/- Deferred profit participation	-900	4,553
+/- Deferred taxes	-787	2,380
<b>Subtotal</b>	<b>2,442</b>	<b>-7,187</b>
<b>Items that will be reclassified to profit or loss in subsequent periods</b>		
+/- Exchange rate changes through equity	33,547	-24,745
+/- Unrealised gains and losses from financial instruments available for sale	-13,340	226,171
+/- Cash flow hedge reserve	268	884
+/- Share of other reserves of associated companies	115	-353
+/- Deferred mathematical reserve	1,619	-80,563
+/- Deferred profit participation	6,746	-93,021
+/- Deferred taxes	1,828	-12,754
<b>Subtotal</b>	<b>30,783</b>	<b>15,619</b>
<b>Total OCI</b>	<b>33,225</b>	<b>8,432</b>
<b>Total profit of the period including other comprehensive income after taxes</b>	<b>117,858</b>	<b>94,771</b>
thereof attributable to Vienna Insurance Group shareholders	109,904	93,120
thereof other non-controlling interests	4,818	1,651
thereof non-controlling interests in non-profit societies	3,136	0

## CONSOLIDATED SHAREHOLDERS' EQUITY

Development	Share capital	Capital reserves		Retained earnings	Other reserves		Subtotal
		Other	payments hybrid capital		Currency reserve	Other	
in EUR '000							
As of 1 January 2016	132,887	2,109,003	193,619	1,718,620	-157,711	306,087	4,302,505
Changes in scope of consolidation/ ownership interests	0	0	0	-2,084	0	0	-2,084
Other comprehensive income	0	0	0	152,680	-23,601	138,245	267,324
Other comprehensive income exclusive currency changes	0	0	0	0	0	138,245	138,245
Currency change	0	0	0	0	-23,601	0	-23,601
Result of the period	0	0	0	152,680	0	0	152,680
Dividend payment	0	0	0	-88,681	0	0	-88,681
As of 30 June 2016	132,887	2,109,003	193,619	1,780,535	-181,312	444,332	4,479,064
As of 1 January 2017	132,887	2,109,003	193,619	1,929,339	-181,373	380,788	4,564,263
Changes in scope of consolidation/ ownership interests	0	0	0	698	0	0	698
Other comprehensive income	0	0	0	146,578	47,379	-31,573	162,384
Other comprehensive income exclusive currency changes	0	0	0	0	0	-31,573	-31,573
Currency change	0	0	0	0	47,379	0	47,379
Result of the period	0	0	0	146,578	0	0	146,578
Dividend payment	0	0	0	-114,281	0	0	-114,281
As of 30 June 2017	132,887	2,109,003	193,619	1,962,334	-133,994	349,215	4,613,064

Development	Subtotal	Non-controlling interests		Shareholders' equity
		Others	Non-profit societies	
in EUR '000				
As of 1 January 2016	4,302,505	111,955	0	4,414,460
Changes in scope of consolidation/ ownership interests	-2,084	-357	0	-2,441
Other comprehensive income	267,324	5,042	0	272,366
Other comprehensive income exclusive currency changes	138,245	2,797	0	141,042
Currency change	-23,601	-58	0	-23,659
Result of the period	152,680	2,303	0	154,983
Dividend payment	-88,681	-6,390	0	-95,071
As of 30 June 2016	4,479,064	110,250	0	4,589,314
As of 1 January 2017	4,564,263	114,219	1,032,775	5,711,257
Changes in scope of consolidation/ ownership interests	698	186	0	884
Other comprehensive income	162,384	3,626	22,802	188,812
Other comprehensive income exclusive currency changes	-31,573	-192	550	-31,215
Currency change	47,379	401	0	47,780
Result of the period	146,578	3,417	22,252	172,247
Dividend payment	-114,281	-6,054	-4,911	-125,246
As of 30 June 2017	4,613,064	111,977	1,050,666	5,775,707

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

Composition dividend payments – retention	30.6.2017	31.12.2016
in EUR '000		
Dividends	102,400	76,800
Interest payments on the hybrid capital	15,841	15,841
Deferred taxes shown in equity	-3,960	-3,960
<b>Total</b>	<b>114,281</b>	<b>88,681</b>

Composition other reserves	30.6.2017	31.12.2016
in EUR '000		
Unrealised gains and losses	498,197	531,956
Cash flow hedge reserve	39	-68
Underwriting gains and losses from provisions for employee benefits	-146,790	-148,749
Share of other reserves of associated companies	-2,231	-2,351
<b>Total</b>	<b>349,215</b>	<b>380,788</b>

Unrealised gains and losses	30.6.2017	31.12.2016
in EUR '000		
Bonds	2,226,287	2,463,824
Shares and other participations	200,597	170,005
Investment funds	108,344	58,767
<b>Subtotal</b>	<b>2,535,228</b>	<b>2,692,596</b>
+/- Exchange rate changes from financial instruments available for sale	9,507	10,866
+/- Deferred mathematical reserve	-879,896	-928,865
+/- Deferred profit participation	-1,009,695	-1,073,869
+/- Deferred taxes	-148,169	-159,695
+/- Other non-controlling interests	-8,778	-9,077
<b>Total</b>	<b>498,197</b>	<b>531,956</b>

Cash flow hedge reserve	30.6.2017	31.12.2016
in EUR '000		
Cash flow hedge reserve	-2,689	-3,113
+/- Deferred taxes	0	-233
+/- Non-controlling interests for non-profit societies	2,728	3,278
<b>Total</b>	<b>39</b>	<b>-68</b>

Underwriting gains and losses from provisions for employee benefits	30.6.2017	31.12.2016
in EUR '000		
Pension provision and severance provision	-296,596	-299,982
+/- Deferred profit participation	89,650	90,337
+/- Deferred taxes	48,484	49,155
+/- Other non-controlling interests	1,544	1,613
+/- Non-controlling interests for non-profit societies	10,128	10,128
<b>Total</b>	<b>-146,790</b>	<b>-148,749</b>

Share of other reserves of associated companies	30.6.2017	31.12.2016
in EUR '000		
Share of other reserves of associated companies	-2,374	-2,532
+/- Other non-controlling interests	143	181
<b>Total</b>	<b>-2,231</b>	<b>-2,351</b>

Currency reserve	30.6.2017	31.12.2016
in EUR '000		
Currency reserve	-135,278	-183,058
+/- Other non-controlling interests	1,284	1,685
<b>Total</b>	<b>-133,994</b>	<b>-181,373</b>

## CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE REPORTING PERIOD

	1.1.-30.6.2017	1.1.-30.6.2016
in EUR '000		
<b>Result of the period</b>	<b>172,247</b>	<b>154,983</b>
Change in underwriting provisions net	686,329	610,520
Change in underwriting receivables and liabilities	-253,312	-313,027
Change in deposit receivables and liabilities as well as in reinsurance receivables and liabilities	46,884	30,342
Change in other receivables and liabilities	43,756	113,911
Change in securities held for trading	59,465	28,468
Gain/loss from disposal of investments	-67,016	-49,917
Depreciation/appreciation of all other investments	78,957	24,218
Change in pension, severance and other personnel provisions	-3,989	15,991
Change in deferred tax asset/liability excl. tax liabilities	-9,906	-4,754
Change in other balance sheet items	-56,120	-84,043
Change in goodwill and other intangible assets	43,076	35,640
Other cash-neutral income and expenses and adjustments to the result of the period <sup>1</sup>	-102,345	34,964
<b>Cash flow from operating activities</b>	<b>638,026</b>	<b>597,296</b>
Cash inflow from the sale of associated companies	0	8,892
Payments for the acquisition of subsidiaries	0	-3,057
Cash inflow from the sale of available for sale securities	1,745,206	1,826,772
Payments for the acquisition of available for sale securities	-2,316,291	-2,387,277
Cash inflow from the disposals/repayments of held to maturity securities	149,799	126,980
Payments for the addition of held to maturity securities	-63,883	-84,770
Cash inflow from the sale of land and buildings	25,687	879
Payments for the acquisition of land and buildings	-111,748	-29,808
Cash inflow for the sale of intangible assets	678	460
Payments for the acquisition of intangible assets	-25,885	-14,546
Change in unit-linked and index-linked life insurance items	41,805	-99,079
Change in other investments	29,387	302,060
<b>Cash flow from investing activities</b>	<b>-525,245</b>	<b>-352,494</b>
Increase in subordinated liabilities	450,000	0
Decrease of subordinated liabilities	-248,845	-9,300
Dividend payments	-125,246	-95,071
Cash inflow from other financing activities	971	0
Cash outflow from other financing activities	-49,976	-1,299
<b>Cash flow from financing activities</b>	<b>26,904</b>	<b>-105,670</b>
<b>Change in cash and cash equivalents</b>	<b>139,685</b>	<b>139,132</b>
<b>Cash and cash equivalents at beginning of period<sup>2</sup></b>	<b>1,589,941</b>	<b>1,101,212</b>
Change in cash and cash equivalents	139,685	139,132
Effects of foreign currency exchange differences on cash and cash equivalents	4,353	-1,580
<b>Cash and cash equivalents at end of period<sup>2</sup></b>	<b>1,733,979</b>	<b>1,238,764</b>
thereof non-profit societies	109,090	0

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

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

Additional information on Cash Flow Statement	1.1.-30.6.2017	1.1.-30.6.2016
in EUR '000		
Received interest <sup>4</sup>	397,225	408,845
Received dividends <sup>4</sup>	70,416	83,360
Interest paid <sup>3</sup>	47,351	28,650
Income taxes paid <sup>4</sup>	33,669	43,475

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

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

# Notes to the consolidated financial statements

## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

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

New standards and changes to current reporting standards		Applicable as of
<b>Those already adopted by the EU</b>		
IFRS 15	Revenue from contracts with customers	1.1.2018
IFRS 9	Financial instruments	1.1.2018*
<b>Those not yet adopted by the EU</b>		
IFRS 14	Regulatory Deferral Accounts	EU decided this standard shall not be transferred into EU law
IFRS 16	Leases	1.1.2019
IFRS 17	Insurance contracts	1.1.2021
Amendments to IFRS 10 and IAS 28	Sale or contribution of assets between an investor and its associate or joint venture	still open
Amendments to IAS 12	Recognition of deferred tax assets for unrealised losses	1.1.2017
Amendments to IAS 7	Changes to the statement of cash flows	1.1.2017
Clarification of IFRS 15	Clarifications concerning revenue from contracts with customers	1.1.2018
Amendments to IFRS 2	Clarifications and measurement of share-based payments	1.1.2018
Amendments to IFRS 4	Application of IFRS 9 Financial Instruments in conjunction with IFRS 4 Insurance Contracts	1.1.2018
All IFRS	Annual improvements (cycle 2014–2016)	1.1.2017 or 1.1.2018
IFRIC Interpretation 22	Foreign currency transactions and advance consideration	1.1.2018
Amendments to IAS 40	Classification of property under construction	1.1.2018
IFRIC Interpretation 23	Uncertainty over income tax treatments	1.1.2019

\* The first time adoption for insurance companies can be delayed to 1 January 2021 if IFRS 4 will be endorsed.

VIG is not planning early adoption of the revised provisions. With the exception of the amendments to IFRS 17, IFRS 16 and IFRS 9, these amendments are expected to have no effect, or no material effect on the consolidated financial statements.

IFRS 17 “Insurance contracts”, which was issued on 18 May 2017 and submitted to EFRAG for endorsement, will be applied retrospectively starting 1 January 2021. The main changes are:

- the use of current assumptions for valuing underwriting provisions,
- introduction of a contractual service margin (CSM) for underwriting provisions that is distributed across periods based on the service provision,



- elimination of savings components and financing components in premium income and insurance payment expenses and
- the choice of recognising measurement changes due to discount rates in total comprehensive income instead of profit or loss.

Although IFRS 17 can be expected to have a material effect on the Group's financial reporting, the effect cannot currently be quantified due to the high level of complexity.

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

The amendment to IFRS 9 can be expected to lead to considerably higher volatility of profit for the period. Further amendments which are likely to have greater effects on VIG primarily concern the treatment of interest clauses in debt instruments and the treatment of impairment. It must be noted that there is a draft of an amendment to IFRS 4 that has been submitted to EFRAG for endorsement that allows insurance companies to apply IFRS 9 at the same time as IFRS 17 for insurance contracts. In this case, the date of first application for IFRS 9 would not be later than 1 January 2021.

## **Foreign currency translation**

### **FOREIGN CURRENCY TRANSACTIONS**

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

### **TRANSLATION OF SEPARATE FINANCIAL STATEMENTS IN FOREIGN CURRENCIES**

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

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

Name	Currency	Period-end exchange rate		Average exchange rate	
		30.6.2017	31.12.2016	1.1.-30.6.2017	1.1.-30.6.2016
		1 EUR ≙	1 EUR ≙	1 EUR ≙	1 EUR ≙
Albanian lek	ALL	132.5900	135.2300	135.1016	138.2728
Bosnian Convertible Marka	BAM	1.9558	1.9558	1.9558	1.9558
Bulgarian lev	BGN	1.9558	1.9558	1.9558	1.9558
Georgian lari	GEL	2.7444	2.7940	2.7180	2.5920
Croatian kuna	HRK	7.4103	7.5597	7.4486	7.5594
Macedonian denar	MKD	61.7033	61.4812	61.6019	61.6830
Moldovan leu	MDL	20.7060	20.8895	20.9167	22.2362
Turkish new lira	TRY	4.0134	3.7072	3.9391	3.2593
Polish zloty	PLN	4.2259	4.4103	4.2690	4.3688
Romanian leu	RON	4.5523	4.5390	4.5370	4.4956
Swiss franc	CHF	1.0930	1.0739	1.0766	1.0960
Serbian dinar	RSD	120.8486	123.4723	123.4005	122.9159
Czech koruna	CZK	26.1970	27.0210	26.7841	27.0396
Ukraine hryvnia	UAH	29.7868	28.4226	28.9731	28.4989
Hungarian forint	HUF	308.9700	309.8300	309.4213	312.7135

## 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 1<sup>st</sup> quarter is also normally the strongest quarter of the year in terms of premiums. In terms of losses, the 1<sup>st</sup> quarter (or 1<sup>st</sup> half) also normally shows a higher level of charges, mainly due to adverse environmental influences (snow, snowmelt, storms, floods). Adverse weather events, such as storms, can also occur during the summer and autumn. With respect to the financial result, most of the dividend income occurs in the 2<sup>nd</sup> quarter.

## CHANGES TO THE SCOPE OF CONSOLIDATION

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

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

## AXA LIFE (ROMANIA)

In August 2016, the Group announced it had signed an agreement to acquire shares in the life insurance company AXA Life Insurance S.A. (AXA Life). The transaction was concluded on 28 April 2017 after approval was received from the local authorities. AXA Life generated more than EUR 3.8 million in gross premium income in 2016, mainly from traditional life insurance business. The company is expected to be included in the scope of consolidation in the 3<sup>rd</sup> quarter of 2017, following integration into the VIG organisational structure.

## AXA LIFE AND NON-LIFE (SERBIA)

Acquisition of the two AXA companies was concluded on 30 November 2016, after official approval was received. The merger with Wiener Städtische Osiguranje (Serbia) became legally effective on 1 August 2017 upon dissolution of the AXA companies in the Serbian commercial register. The restructuring date was 30 June 2017 according to the merger agreement.

## 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 Section 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 and spin-offs to 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.

Vienna Insurance Group indirectly holds shares in the following 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

The non-profit societies have the following balance sheet effects:

Assets	30.6.2017	thereof non-profit societies*
<b>in EUR '000</b>		
A. Intangible assets	2,056,256	1,196
B. Investments	35,080,669	3,747,823
C. Investments for unit-linked and index-linked life insurance	8,824,829	0
D. Reinsurers' share in underwriting provisions	1,149,011	0
E. Receivables	1,617,862	49,715
F. Tax receivables and advance payments out of income tax	245,420	0
G. Deferred tax assets	77,499	236
H. Other assets	365,781	5,355
I. Cash and cash equivalents	1,733,979	109,090
<b>Total</b>	<b>51,151,306</b>	<b>3,913,415</b>

\* incl. their subsidiaries

Liabilities and shareholders' equity	30.6.2017	thereof non-profit societies*
<b>in EUR '000</b>		
B. Subordinated liabilities	1,466,805	0
C. Underwriting provisions	29,990,429	0
D. Underwriting provisions for unit-linked and index-linked life insurance	8,407,206	0
E. Non-underwriting provisions	784,309	49,420
F. Liabilities	4,129,520	2,640,844
G. Tax liabilities out of income tax	208,550	0
H. Deferred tax liabilities	242,384	0
I. Other liabilities	146,396	112
<b>Subtotal</b>	<b>45,375,599</b>	<b>2,690,376</b>
Shareholders' equity	5,775,707	
<b>Total</b>	<b>51,151,306</b>	<b>2,690,376</b>

\* incl. their subsidiaries

Income statement	1.1.-30.6.2017	thereof non-profit societies*
<b>in EUR '000</b>		
Premiums written – gross	4,972,439	0
Net earned premiums – retention	4,219,046	0
<b>Financial result excluding at equity consolidated companies</b>	<b>465,618</b>	<b>22,891</b>
Income from investments	785,812	138,312
Expenses for investments and interest expenses	-320,194	-115,421
Result from shares in at equity consolidated companies	22,737	0
Other income	59,843	0
Expenses for claims and insurance benefits	-3,394,723	0
Acquisition and administrative expenses	-1,030,794	0
Other expenses	-121,184	-1,124
<b>Result before taxes</b>	<b>220,543</b>	<b>21,767</b>
Tax expenses/income	-48,296	188
<b>Result of the period</b>	<b>172,247</b>	<b>21,955</b>

\* incl. their subsidiaries

## SEGMENT REPORTING

### DETERMINATION OF REPORTABLE SEGMENTS

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

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

### GENERAL INFORMATION ON SEGMENT REPORTING

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

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

### CONSOLIDATED BALANCE SHEET BY SEGMENT

Assets	Austria		Czech Republic		Slovakia	
	30.6.2017	31.12.2016	30.6.2017	31.12.2016	30.6.2017	31.12.2016
in EUR '000						
A. Intangible assets	362,293	357,481	447,905	434,563	117,536	117,179
B. Investments	22,043,972	21,811,944	3,154,551	3,099,805	1,241,760	1,247,048
C. Investments for unit-linked and index-linked life insurance	5,727,167	5,581,420	328,371	300,123	207,862	199,144
D. Reinsurers' share in underwriting provisions	483,118	379,602	109,775	100,134	52,677	58,039
E. Receivables	711,377	624,222	154,275	117,146	60,458	58,915
F. Tax receivables and advance payments out of income tax	46,456	30,937	7,448	9,290	1,849	4,726
G. Deferred tax assets	5,346	66,186	5,017	3,913	5,722	4,321
H. Other assets	138,784	146,056	150,461	136,641	7,914	7,221
I. Cash and cash equivalents	1,028,395	728,287	79,474	169,692	56,688	45,748
<b>Total</b>	<b>30,546,908</b>	<b>29,726,135</b>	<b>4,437,277</b>	<b>4,371,307</b>	<b>1,752,466</b>	<b>1,742,341</b>

Assets	Poland		Romania		Baltic states	
	30.6.2017	31.12.2016	30.6.2017	31.12.2016	30.6.2017	31.12.2016
in EUR '000						
A. Intangible assets	144,811	138,792	199,270	199,247	132,740	141,066
B. Investments	895,052	854,330	611,444	588,776	378,872	323,192
C. Investments for unit-linked and index-linked life insurance	901,791	774,197	187,988	208,854	45,633	41,910
D. Reinsurers' share in underwriting provisions	54,588	51,284	37,015	29,399	18,028	17,328
E. Receivables	138,337	129,874	149,232	156,642	54,564	37,830
F. Tax receivables and advance payments out of income tax	5,074	5,765	2,169	2,176	950	721
G. Deferred tax assets	4,889	5,485	19,357	20,357	1,915	1,878
H. Other assets	11,055	8,652	12,490	6,651	2,686	3,861
I. Cash and cash equivalents	16,949	21,292	13,755	8,954	25,692	54,233
<b>Total</b>	<b>2,172,546</b>	<b>1,989,671</b>	<b>1,232,720</b>	<b>1,221,056</b>	<b>661,080</b>	<b>622,019</b>

Assets	Hungary		Bulgaria		Turkey/Georgia	
	30.6.2017	31.12.2016	30.6.2017	31.12.2016	30.6.2017	31.12.2016
in EUR '000						
A. Intangible assets	26,435	26,188	189,783	191,141	25,180	25,276
B. Investments	150,488	161,548	156,919	154,317	103,927	98,446
C. Investments for unit-linked and index-linked life insurance	406,103	405,665	1,739	1,420	0	0
D. Reinsurers' share in underwriting provisions	11,759	9,895	20,784	19,699	66,170	65,948
E. Receivables	18,867	17,822	47,723	37,195	70,672	53,437
F. Tax receivables and advance payments out of income tax	62	29	53	4	38	11
G. Deferred tax assets	159	165	1,122	1,124	2,244	2,151
H. Other assets	6,631	6,480	2,268	2,109	3,409	993
I. Cash and cash equivalents	4,928	2,411	20,761	11,906	20,166	23,832
<b>Total</b>	<b>625,432</b>	<b>630,203</b>	<b>441,152</b>	<b>418,915</b>	<b>291,806</b>	<b>270,094</b>

Assets	Remaining CEE		Other Markets		Central Functions		Total	
	30.6.2017	31.12.2016	30.6.2017	31.12.2016	30.6.2017	31.12.2016	30.6.2017	31.12.2016
in EUR '000								
A. Intangible assets	96,630	95,612	1,224	1,366	312,449	326,589	2,056,256	2,054,500
B. Investments	769,976	741,254	626,361	611,842	4,947,347	4,953,754	35,080,669	34,646,256
C. Investments for unit-linked and index-linked life insurance	80,246	74,307	937,929	962,540	0	0	8,824,829	8,549,580
D. Reinsurers' share in underwriting provisions	30,099	27,446	6,052	6,831	258,946	219,606	1,149,011	985,211
E. Receivables	76,542	69,779	14,491	15,603	121,324	141,166	1,617,862	1,459,631
F. Tax receivables and advance payments out of income tax	1,786	1,373	3,275	2,372	176,260	179,536	245,420	236,940
G. Deferred tax assets	3,495	3,323	1,239	987	26,994	28,340	77,499	138,230
H. Other assets	9,964	9,720	4,105	4,333	16,014	15,102	365,781	347,819
I. Cash and cash equivalents	19,918	25,433	29,479	47,454	417,774	450,699	1,733,979	1,589,941
<b>Total</b>	<b>1,088,656</b>	<b>1,048,247</b>	<b>1,624,155</b>	<b>1,653,328</b>	<b>6,277,108</b>	<b>6,314,792</b>	<b>51,151,306</b>	<b>50,008,108</b>

The investments included shares in at equity consolidated companies of EUR 242,087,000 in Austria (EUR 230,235,000), EUR 27,767,000 in the Czech Republic (EUR 28,022,000), and EUR 11,371,000 in the Central Functions segment (EUR 11,442,000).

Liabilities and shareholders' equity	Austria		Czech Republic		Slovakia	
	30.6.2017	31.12.2016	30.6.2017	31.12.2016	30.6.2017	31.12.2016
<b>in EUR '000</b>						
B. Subordinated liabilities	345,810	97,020	20,995	20,355	0	0
C. Underwriting provisions	21,997,947	21,634,337	3,006,130	2,926,311	1,085,962	1,046,660
D. Underwriting provisions for unit-linked and index-linked life insurance	5,480,889	5,320,409	193,990	168,628	223,701	215,728
E. Non-underwriting provisions	522,570	556,954	4,449	4,220	2,189	2,171
F. Liabilities	619,536	682,072	188,130	198,158	65,467	83,797
G. Tax liabilities out of income tax	189,679	164,337	10,210	9,262	2,980	98
H. Deferred tax liabilities	148,836	230,549	27,202	26,922	12,467	14,054
I. Other liabilities	84,574	91,125	12,459	11,612	8,175	8,409
<b>Subtotal</b>	<b>29,389,841</b>	<b>28,776,803</b>	<b>3,463,565</b>	<b>3,365,468</b>	<b>1,400,941</b>	<b>1,370,917</b>

Liabilities and shareholders' equity	Poland		Romania		Baltic states	
	30.6.2017	31.12.2016	30.6.2017	31.12.2016	30.6.2017	31.12.2016
<b>in EUR '000</b>						
B. Subordinated liabilities	0	0	0	0	0	0
C. Underwriting provisions	801,347	755,047	546,627	504,808	365,864	329,940
D. Underwriting provisions for unit-linked and index-linked life insurance	862,574	745,124	187,368	208,092	45,633	41,910
E. Non-underwriting provisions	9,218	8,358	10,734	11,283	178	2,039
F. Liabilities	73,594	91,307	70,456	85,561	30,815	29,129
G. Tax liabilities out of income tax	182	77	0	0	571	56
H. Deferred tax liabilities	23,309	19,847	0	0	8,944	10,333
I. Other liabilities	16,513	18,630	2,537	8,117	3,330	2,203
<b>Subtotal</b>	<b>1,786,737</b>	<b>1,638,390</b>	<b>817,722</b>	<b>817,861</b>	<b>455,335</b>	<b>415,610</b>

Liabilities and shareholders' equity	Hungary		Bulgaria		Turkey/Georgia	
	30.6.2017	31.12.2016	30.6.2017	31.12.2016	30.6.2017	31.12.2016
<b>in EUR '000</b>						
B. Subordinated liabilities	0	0	0	0	0	0
C. Underwriting provisions	148,718	127,540	152,986	143,365	194,984	178,515
D. Underwriting provisions for unit-linked and index-linked life insurance	393,759	392,680	2,099	1,420	0	0
E. Non-underwriting provisions	4,546	4,964	20,357	19,142	4,024	4,857
F. Liabilities	14,538	18,289	20,086	15,214	28,917	29,798
G. Tax liabilities out of income tax	205	213	43	214	223	572
H. Deferred tax liabilities	1,041	1,010	1,800	1,809	22	4
I. Other liabilities	4,062	2,609	368	178	2,096	2,062
<b>Subtotal</b>	<b>566,869</b>	<b>547,305</b>	<b>197,739</b>	<b>181,342</b>	<b>230,266</b>	<b>215,808</b>

Liabilities and shareholders' equity	Remaining CEE		Other Markets		Central Functions		Total	
	30.6.2017	31.12.2016	30.6.2017	31.12.2016	30.6.2017	31.12.2016	30.6.2017	31.12.2016
<b>in EUR '000</b>								
B. Subordinated liabilities	0	0	0	0	1,100,000	1,147,634	1,466,805	1,265,009
C. Underwriting provisions	719,361	684,490	596,338	583,345	374,165	305,713	29,990,429	29,220,071
D. Underwriting provisions for unit-linked and index-linked life insurance	80,246	74,307	936,947	961,586	0	0	8,407,206	8,129,884
E. Non-underwriting provisions	7,600	7,455	7,849	8,863	190,595	184,942	784,309	815,248
F. Liabilities	36,295	38,654	26,806	40,657	2,954,880	2,889,949	4,129,520	4,202,585
G. Tax liabilities out of income tax	1,698	1,155	0	1	2,759	5,315	208,550	181,300
H. Deferred tax liabilities	2,195	2,223	747	867	15,821	17,532	242,384	325,150
I. Other liabilities	10,579	9,959	2	21	1,701	2,679	146,396	157,604
<b>Subtotal</b>	<b>857,974</b>	<b>818,243</b>	<b>1,568,689</b>	<b>1,595,340</b>	<b>4,639,921</b>	<b>4,553,764</b>	<b>45,375,599</b>	<b>44,296,851</b>
Shareholders' equity							5,775,707	5,711,257
<b>Total</b>							<b>51,151,306</b>	<b>50,008,108</b>

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.-30.6.17	1.1.-30.6.16	1.1.-30.6.17	1.1.-30.6.16	1.1.-30.6.17	1.1.-30.6.16	1.1.-30.6.17	1.1.-30.6.16
in EUR '000								
Premiums written – gross	2,166,966	2,264,852	822,170	791,942	399,203	374,063	444,978	414,520
Net earned premiums – retention	1,609,566	1,710,890	593,310	573,857	322,893	294,746	358,120	344,743
<b>Financial result excluding at equity consolidated companies</b>	<b>349,525</b>	<b>345,465</b>	<b>47,164</b>	<b>42,618</b>	<b>27,513</b>	<b>28,319</b>	<b>16,024</b>	<b>17,211</b>
Income from investments	435,315	436,535	72,519	66,128	29,592	30,181	23,298	21,857
Expenses for investments and interest expenses	-85,790	-91,070	-25,355	-23,510	-2,079	-1,862	-7,274	-4,646
Result from shares in at equity consolidated companies	20,796	20,950	1,005	1,377	0	0	0	0
Other income	9,916	22,868	23,670	21,256	4,318	6,466	4,697	8,486
Expenses for claims and insurance benefits	-1,555,985	-1,671,825	-389,564	-370,496	-266,609	-238,115	-272,454	-269,467
Acquisition and administrative expenses	-347,079	-340,524	-182,040	-175,777	-50,178	-51,048	-75,623	-79,063
Other expenses	-9,205	-12,643	-16,923	-15,224	-12,070	-14,498	-8,782	-8,031
<b>Result before taxes</b>	<b>77,534</b>	<b>75,181</b>	<b>76,622</b>	<b>77,611</b>	<b>25,867</b>	<b>25,870</b>	<b>21,982</b>	<b>13,879</b>
Tax expenses/income	-4,016	-16,328	-17,003	-16,945	-8,599	-7,456	-4,928	-2,795
<b>Result of the period</b>	<b>73,518</b>	<b>58,853</b>	<b>59,619</b>	<b>60,666</b>	<b>17,268</b>	<b>18,414</b>	<b>17,054</b>	<b>11,084</b>

	Romania		Baltic states		Hungary		Bulgaria	
	1.1.-30.6.17	1.1.-30.6.16	1.1.-30.6.17	1.1.-30.6.16	1.1.-30.6.17	1.1.-30.6.16	1.1.-30.6.17	1.1.-30.6.16
in EUR '000								
Premiums written – gross	258,455	266,688	162,699	70,202	123,139	116,789	82,545	75,049
Net earned premiums – retention	188,872	166,405	120,906	54,332	78,626	79,719	56,049	49,778
<b>Financial result excluding at equity consolidated companies</b>	<b>6,580</b>	<b>5,948</b>	<b>3,039</b>	<b>2,033</b>	<b>3,176</b>	<b>4,142</b>	<b>5,461</b>	<b>5,663</b>
Income from investments	9,540	8,924	4,257	3,060	4,330	4,912	13,243	12,626
Expenses for investments and interest expenses	-2,960	-2,976	-1,218	-1,027	-1,154	-770	-7,782	-6,963
Result from shares in at equity consolidated companies	0	0	0	0	0	0	0	0
Other income	3,423	4,043	533	200	913	988	326	345
Expenses for claims and insurance benefits	-130,807	-108,628	-83,589	-44,033	-55,294	-61,410	-32,823	-32,088
Acquisition and administrative expenses	-50,617	-50,211	-35,542	-17,204	-19,513	-16,229	-19,513	-14,814
Other expenses	-11,646	-13,993	-9,968	-1,600	-5,552	-5,536	-5,220	-5,120
<b>Result before taxes</b>	<b>5,805</b>	<b>3,564</b>	<b>-4,621</b>	<b>-6,272</b>	<b>2,356</b>	<b>1,674</b>	<b>4,280</b>	<b>3,764</b>
Tax expenses/income	-1,024	-942	871	-60	-203	-77	-390	-376
<b>Result of the period</b>	<b>4,781</b>	<b>2,622</b>	<b>-3,750</b>	<b>-6,332</b>	<b>2,153</b>	<b>1,597</b>	<b>3,890</b>	<b>3,388</b>

	Turkey/Georgia		Remaining CEE		Other Markets	
	1.1.-30.6.17	1.1.-30.6.16	1.1.-30.6.17	1.1.-30.6.16	1.1.-30.6.17	1.1.-30.6.16
<b>in EUR '000</b>						
Premiums written – gross	114,147	113,045	180,980	165,793	137,926	202,307
Net earned premiums – retention	50,932	49,098	121,833	112,220	115,267	180,821
<b>Financial result excluding at equity consolidated companies</b>	<b>4,370</b>	<b>3,447</b>	<b>9,956</b>	<b>17,730</b>	<b>10,873</b>	<b>9,338</b>
Income from investments	6,388	5,747	21,014	21,765	11,684	10,505
Expenses for investments and interest expenses	-2,018	-2,300	-11,058	-4,035	-811	-1,167
Result from shares in at equity consolidated companies	0	0	0	0	0	0
Other income	3,748	1,252	6,563	2,672	1,104	13,738
Expenses for claims and insurance benefits	-41,301	-37,653	-78,450	-74,097	-85,013	-171,234
Acquisition and administrative expenses	-10,552	-10,539	-45,105	-40,803	-13,856	-9,211
Other expenses	-2,932	-1,665	-6,353	-8,980	-16,530	-12,948
<b>Result before taxes</b>	<b>4,265</b>	<b>3,940</b>	<b>8,444</b>	<b>8,742</b>	<b>11,845</b>	<b>10,504</b>
Tax expenses/income	-796	-1,850	-2,134	-2,224	-2,895	-2,436
<b>Result of the period</b>	<b>3,469</b>	<b>2,090</b>	<b>6,310</b>	<b>6,518</b>	<b>8,950</b>	<b>8,068</b>

	Central Functions		Consolidation		Total	
	1.1.-30.6.17	1.1.-30.6.16	1.1.-30.6.17	1.1.-30.6.16	1.1.-30.6.17	1.1.-30.6.16
<b>in EUR '000</b>						
Premiums written – gross	738,195	699,578	-658,964	-626,720	4,972,439	4,928,108
Net earned premiums – retention	600,085	569,580	2,587	5,423	4,219,046	4,191,612
<b>Financial result excluding at equity consolidated companies</b>	<b>-18,049</b>	<b>-57,323</b>	<b>-14</b>	<b>-6</b>	<b>465,618</b>	<b>424,585</b>
Income from investments	183,065	46,296	-28,433	-28,820	785,812	639,716
Expenses for investments and interest expenses	-201,114	-103,619	28,419	28,814	-320,194	-215,131
Result from shares in at equity consolidated companies	936	2,541	0	0	22,737	24,868
Other income	1,014	21,592	-382	-22	59,843	103,884
Expenses for claims and insurance benefits	-404,708	-387,728	1,874	-265	-3,394,723	-3,467,039
Acquisition and administrative expenses	-177,674	-162,091	-3,502	-5,751	-1,030,794	-973,265
Other expenses	-15,103	-3,289	-900	172	-121,184	-103,355
<b>Result before taxes</b>	<b>-13,499</b>	<b>-16,718</b>	<b>-337</b>	<b>-449</b>	<b>220,543</b>	<b>201,290</b>
Tax expenses/income	-7,179	5,182	0	0	-48,296	-46,307
<b>Result of the period</b>	<b>-20,678</b>	<b>-11,536</b>	<b>-337</b>	<b>-449</b>	<b>172,247</b>	<b>154,983</b>

## NOTES TO THE CONSOLIDATED BALANCE SHEET

### 1. INTANGIBLE ASSETS

Composition	30.6.2017	31.12.2016
in EUR '000		
Goodwill	1,551,194	1,532,190
Purchased insurance portfolios	37,054	43,339
<b>Other intangible assets</b>	<b>468,008</b>	<b>478,971</b>
Purchased software	388,279	395,761
Other	79,729	83,210
<b>Total</b>	<b>2,056,256</b>	<b>2,054,500</b>

Development of goodwill	30.6.2017	31.12.2016
in EUR '000		
Acquisition costs	1,884,782	1,838,652
Cumulative impairment as of 31.12. of previous years	-352,592	-349,613
<b>Book value as of 31.12. of the previous year</b>	<b>1,532,190</b>	<b>1,489,039</b>
Exchange rate changes	19,004	-7,332
<b>Book value as of 1.1.</b>	<b>1,551,194</b>	<b>1,481,707</b>
Additions	0	55,082
Impairments	0	-4,599
<b>Book value as of 30.6. and 31.12. respectively</b>	<b>1,551,194</b>	<b>1,532,190</b>
Cumulative impairment as of 30.6. and 31.12. respectively	353,167	352,592
<b>Acquisition costs</b>	<b>1,904,361</b>	<b>1,884,782</b>

## 2. OTHER SECURITIES

Development	Held to maturity (incl. reclassified)		Available for sale		Held for trading		Recognised at fair value through profit and loss	
	30.6.2017	31.12.2016	30.6.2017	31.12.2016	30.6.2017	31.12.2016	30.6.2017	31.12.2016
in EUR '000								
Acquisition costs	3,063,233	3,080,231						
Cumulative depreciation as of 31.12. of the previous years	2,589	-14,116						
<b>Book value as of 31.12. of the previous year</b>	<b>3,065,822</b>	<b>3,066,115</b>	<b>21,851,248</b>	<b>20,649,481</b>	<b>131,400</b>	<b>171,410</b>	<b>329,890</b>	<b>229,374</b>
Exchange rate changes	76,880	-6,265	30,696	-10,417	3,411	-2,769	1,006	24
<b>Book value as of 1.1.</b>	<b>3,142,702</b>	<b>3,059,850</b>	<b>21,881,944</b>	<b>20,639,064</b>	<b>134,811</b>	<b>168,641</b>	<b>330,896</b>	<b>229,398</b>
Reclassifications	0	0	737	11,186	1,187	-14	1,829	11,273
Additions	61,420	192,014	2,319,204	3,887,838	37,782	103,090	58,602	199,800
Disposals/repayments	-149,749	-186,151	-1,736,802	-3,234,330	-46,293	-135,619	-108,582	-225,915
Change in scope of consolidation	0	0	0	3,877	0	0	0	111,101
Changes in value recognised in profit and loss	0	187	0	20,820	2,230	-4,698	3,105	4,233
Changes recognised directly in equity	0	0	-117,753	546,944	0	0	0	0
Impairments	-122	-78	-1,469	-24,151	0	0	0	0
<b>Book value as of 30.6. and 31.12. respectively</b>	<b>3,054,251</b>	<b>3,065,822</b>	<b>22,345,861</b>	<b>21,851,248</b>	<b>129,717</b>	<b>131,400</b>	<b>285,850</b>	<b>329,890</b>
Cumulative appreciation/depreciation as of 30.6. and 31.12. respectively	303	-2,589						
<b>Acquisition costs</b>	<b>3,054,554</b>	<b>3,063,233</b>						

## 3. REINSURERS' SHARE IN UNDERWRITING PROVISIONS

Composition	30.6.2017	31.12.2016
in EUR '000		
Provision for unearned premiums	242,456	149,918
Mathematical reserve	40,016	40,141
Provision for outstanding claims	853,761	781,567
Provision for profit-unrelated premium refunds	10,118	11,291
Other underwriting provisions	2,660	2,294
<b>Total</b>	<b>1,149,011</b>	<b>985,211</b>

## 4. RECEIVABLES

Composition	30.6.2017	31.12.2016
in EUR '000		
<b>Underwriting</b>	<b>914,824</b>	<b>794,974</b>
Receivables from direct insurance business	801,041	651,748
from policyholders	655,797	486,109
from insurance intermediaries	100,254	109,638
from insurance companies	44,990	56,001
Receivables from reinsurance business	113,783	143,226
<b>Non-underwriting</b>	<b>703,038</b>	<b>664,657</b>
Other receivables	703,038	664,657
<b>Total</b>	<b>1,617,862</b>	<b>1,459,631</b>

## 5. EARNINGS PER SHARE (ANNUALISED)

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

		1.1.-30.6.2017		1.1.-30.6.2016
Result of the period	in EUR '000	172,247	in EUR '000	154,983
Other non-controlling interests in net result for the period	in EUR '000	-3,417	in EUR '000	-2,303
Non-controlling interests in non-profit societies in net result for the period	in EUR '000	-22,252	in EUR '000	0
<b>Result for the period less non-controlling interests</b>	<b>in EUR '000</b>	<b>146,578</b>	<b>in EUR '000</b>	<b>152,680</b>
Accrued interest expenses for hybrid capital	in EUR '000	5,892	in EUR '000	7,877
Number of shares at closing date	units	128,000,000	units	128,000,000
<b>Earnings per share (annualised)</b>	<b>EUR</b>	<b>2.20</b>	<b>EUR</b>	<b>2.26</b>

		1.4.-30.6.2017		1.4.-30.6.2016
Result of the period	in EUR '000	84,633	in EUR '000	86,339
Other non-controlling interests in net result for the period	in EUR '000	-4,234	in EUR '000	-907
Non-controlling interests in non-profit societies in net result for the period	in EUR '000	-2,873	in EUR '000	0
<b>Result for the period less non-controlling interests</b>	<b>in EUR '000</b>	<b>77,526</b>	<b>in EUR '000</b>	<b>85,432</b>
Accrued interest expenses for hybrid capital	in EUR '000	2,962	in EUR '000	3,939
Number of shares at closing date	units	128,000,000	units	128,000,000
<b>Earnings per share (annualised)</b>	<b>EUR</b>	<b>2.33</b>	<b>EUR</b>	<b>2.55</b>

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

## 6. UNDERWRITING PROVISION – GROSS

Composition	30.6.2017	31.12.2016
in EUR '000		
Provision for unearned premiums	1,644,310	1,282,164
<b>Mathematical reserve</b>	<b>21,718,706</b>	<b>21,528,896</b>
Guaranteed policy benefits	20,039,091	19,791,408
Allocated and committed profit shares	799,719	808,622
Deferred actuarial reserve	879,896	928,866
Provision for outstanding claims	5,045,344	4,815,063
<b>Provision for premium refunds</b>	<b>1,540,110</b>	<b>1,554,797</b>
Profit-related premium refunds	322,865	297,704
Profit-unrelated premium refunds	54,117	63,605
Deferred profit participation recognised through profit and loss*	243,083	209,956
Deferred profit participation recognised directly in equity*	920,045	983,532
Other underwriting provisions	41,959	39,151
<b>Total</b>	<b>29,990,429</b>	<b>29,220,071</b>

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

## 7. LIABILITIES

Composition	30.6.2017	31.12.2016
in EUR '000		
<b>Underwriting</b>	<b>765,458</b>	<b>852,885</b>
Liabilities from direct business	549,657	653,676
to policyholders	335,670	442,872
to insurance intermediaries	165,869	175,597
to insurance companies	48,118	35,207
Liabilities from reinsurance business	169,375	144,063
Deposits from ceded reinsurance business	46,426	55,146
<b>Non-underwriting</b>	<b>3,364,062</b>	<b>3,349,700</b>
Liabilities to financial institutions	1,230,160	1,304,901
Other liabilities	2,133,902	2,044,799
<b>Total</b>	<b>4,129,520</b>	<b>4,202,585</b>

## NOTES TO THE CONSOLIDATED INCOME STATEMENT

### 8. PREMIUMS WRITTEN

Premiums written	1.1.-30.6.2017						
Gross	Motor own damage insurance	Motor third party liability insurance	Other property and casualty insurance	Life insurance – regular premium	Life insurance – single premium	Health insurance	Total
<i>in EUR '000</i>							
Austria	157,946	183,035	809,867	647,776	166,594	201,748	2,166,966
Czech Republic	116,266	141,806	242,728	278,963	35,867	6,540	822,170
Slovakia	53,299	75,740	60,310	83,430	121,785	4,639	399,203
Poland	68,393	88,181	100,034	99,472	84,747	4,151	444,978
Romania	61,167	88,380	49,503	20,880	34,803	3,722	258,455
Baltic states	28,717	49,379	34,102	23,954	6,682	19,865	162,699
Hungary	8,838	12,804	37,223	43,195	16,694	4,385	123,139
Bulgaria	23,798	11,270	21,488	15,513	4,006	6,470	82,545
Turkey/Georgia	15,507	24,513	54,316	0	0	19,811	114,147
Remaining CEE	21,351	41,742	57,968	30,340	23,535	6,044	180,980
Other Markets	0	0	58,720	36,791	42,415	0	137,926
Central Functions	0	0	719,812	8,645	0	9,738	738,195
Consolidation							-658,964
<b>Total</b>	<b>555,282</b>	<b>716,850</b>	<b>2,246,071</b>	<b>1,288,959</b>	<b>537,128</b>	<b>287,113</b>	<b>4,972,439</b>

Premiums written	1.1.-30.6.2016						
Gross	Motor own damage insurance	Motor third party liability insurance	Other property and casualty insurance	Life insurance – regular premium	Life insurance – single premium	Health insurance	Total
<i>in EUR '000</i>							
Austria	151,532	184,676	792,695	650,736	288,287	196,926	2,264,852
Czech Republic	106,636	136,482	227,969	263,020	51,090	6,745	791,942
Slovakia	50,896	71,510	63,825	80,198	103,920	3,714	374,063
Poland	64,251	70,814	87,407	101,401	87,036	3,611	414,520
Romania	52,735	132,492	48,746	21,623	9,696	1,396	266,688
Baltic states	7,096	16,214	7,352	20,668	9,378	9,494	70,202
Hungary	8,239	8,014	33,182	39,041	25,711	2,602	116,789
Bulgaria	20,041	8,791	24,448	14,407	3,349	4,013	75,049
Turkey/Georgia	15,460	27,748	57,653	0	0	12,184	113,045
Remaining CEE	19,486	40,150	50,810	29,832	21,190	4,325	165,793
Other Markets	0	0	54,797	36,614	110,896	0	202,307
Central Functions	0	0	679,169	9,403	0	11,006	699,578
Consolidation							-626,720
<b>Total</b>	<b>496,372</b>	<b>696,891</b>	<b>2,128,053</b>	<b>1,266,943</b>	<b>710,553</b>	<b>256,016</b>	<b>4,928,108</b>

## 9. FINANCIAL RESULT

Composition	1.1.-30.6.2017						
	Austria	Czech Republic	Slovakia	Poland	Romania	Baltic states	Hungary
<i>in EUR '000</i>							
Current income	390,689	55,544	22,268	17,284	7,982	3,464	3,736
Income from appreciation	3,973	4,213	1,230	3,922	102	763	0
of which a reduction in impairment	0	0	0	0	0	0	0
Gains from disposal of investments	40,653	12,762	6,094	2,092	1,456	30	594
<b>Total income</b>	<b>435,315</b>	<b>72,519</b>	<b>29,592</b>	<b>23,298</b>	<b>9,540</b>	<b>4,257</b>	<b>4,330</b>
Depreciation of investment	25,874	3,125	1,417	902	685	776	0
of which impairment of investments	1,194	0	0	274	44	0	0
F/X differences	-14	13,623	18	2,246	51	-78	107
Losses from disposal of investments	2,539	2,255	65	376	6	81	291
<b>Interest expenses</b>	<b>23,758</b>	<b>1,315</b>	<b>59</b>	<b>1,957</b>	<b>1,252</b>	<b>112</b>	<b>243</b>
Personnel provisions	2,694	0	0	0	0	0	0
Interest expenses for liabilities to financial institutions	23	0	0	0	0	0	0
Interest expenses for liabilities from public funding	1,128	0	0	0	0	0	0
Interest expenses for subordinate liabilities	12,910	514	0	261	533	96	203
Other interest expenses	7,003	801	59	1,696	719	16	40
<b>Other expenses</b>	<b>33,633</b>	<b>5,037</b>	<b>520</b>	<b>1,793</b>	<b>966</b>	<b>327</b>	<b>513</b>
Managed Portfolio Fees	2,063	1,268	66	691	313	8	140
Asset management expenses	27,062	687	386	1,102	617	318	373
Other expenses	4,508	3,082	68	0	36	1	0
<b>Total expenses</b>	<b>85,790</b>	<b>25,355</b>	<b>2,079</b>	<b>7,274</b>	<b>2,960</b>	<b>1,218</b>	<b>1,154</b>



## Composition

1.1.-30.6.2017

	Bulgaria	Turkey/ Georgia	Remaining CEE	Other Markets	Central Functions	Consolidation	Total
<i>in EUR '000</i>							
Current income	11,749	5,482	17,832	10,526	176,923	-28,433	695,046
Income from appreciation	477	843	670	16	132	0	16,341
of which a reduction in impairment	0	0	620	0	0	0	620
Gains from disposal of investments	1,017	63	2,512	1,142	6,010	0	74,425
<b>Total income</b>	<b>13,243</b>	<b>6,388</b>	<b>21,014</b>	<b>11,684</b>	<b>183,065</b>	<b>-28,433</b>	<b>785,812</b>
Depreciation of investment	781	682	939	243	62,049	0	97,473
of which impairment of investments	0	0	379	0	6,000	0	7,891
F/X differences	341	85	8,621	0	-11,666	0	13,334
Losses from disposal of investments	263	49	176	62	1,247	0	7,410
<b>Interest expenses</b>	<b>175</b>	<b>600</b>	<b>322</b>	<b>134</b>	<b>56,292</b>	<b>-28,419</b>	<b>57,800</b>
Personnel provisions	0	0	0	0	310	0	3,004
Interest expenses for liabilities to financial institutions	0	0	0	0	7,055	0	7,078
Interest expenses for liabilities from public funding	72	47	36	0	23,115	-13,953	10,445
Interest expenses for subordinate liabilities	80	0	79	0	23,067	-10,036	27,707
Other interest expenses	23	553	207	134	2,745	-4,430	9,566
<b>Other expenses</b>	<b>6,222</b>	<b>602</b>	<b>1,000</b>	<b>372</b>	<b>93,192</b>	<b>0</b>	<b>144,177</b>
Managed Portfolio Fees	78	5	3	0	101	0	4,736
Asset management expenses	5,967	184	797	326	89,941	0	127,760
Other expenses	177	413	200	46	3,150	0	11,681
<b>Total expenses</b>	<b>7,782</b>	<b>2,018</b>	<b>11,058</b>	<b>811</b>	<b>201,114</b>	<b>-28,419</b>	<b>320,194</b>

Composition	1.1.-30.6.2016						
	Austria	Czech Republic	Slovakia	Poland	Romania	Baltic states	Hungary
<b>in EUR '000</b>							
Current income	403,560	52,873	22,037	15,497	6,971	2,489	4,445
Income from appreciation	2,881	1,375	786	1,215	185	388	0
of which a reduction in impairment	0	0	0	0	60	0	0
Gains from disposal of investments	30,094	11,880	7,358	5,145	1,768	183	467
<b>Total income</b>	<b>436,535</b>	<b>66,128</b>	<b>30,181</b>	<b>21,857</b>	<b>8,924</b>	<b>3,060</b>	<b>4,912</b>
Depreciation of investment	32,891	4,082	1,135	2,373	893	638	0
of which impairment of investments	9,011	0	0	0	313	0	0
F/X differences	160	1,537	9	-1,282	-118	0	-61
Losses from disposal of investments	1,178	11,308	48	301	67	97	37
<b>Interest expenses</b>	<b>19,087</b>	<b>1,564</b>	<b>194</b>	<b>1,536</b>	<b>1,208</b>	<b>119</b>	<b>361</b>
Personnel provisions	3,454	0	0	0	0	0	0
Interest expenses for liabilities to financial institutions	27	0	0	0	0	0	0
Interest expenses for liabilities from public funding	1,097	0	0	0	0	0	0
Interest expenses for subordinate liabilities	10,190	510	0	351	535	92	269
Other interest expenses	4,319	1,054	194	1,185	673	27	92
<b>Other expenses</b>	<b>37,754</b>	<b>5,019</b>	<b>476</b>	<b>1,718</b>	<b>926</b>	<b>173</b>	<b>433</b>
Managed Portfolio Fees	2,931	1,518	115	501	303	11	117
Asset management expenses	29,336	1,747	361	1,217	623	162	316
Other expenses	5,487	1,754	0	0	0	0	0
<b>Total expenses</b>	<b>91,070</b>	<b>23,510</b>	<b>1,862</b>	<b>4,646</b>	<b>2,976</b>	<b>1,027</b>	<b>770</b>

## Composition

1.1.-30.6.2016

	Bulgaria	Turkey/ Georgia	Remaining CEE	Other Markets	Central Functions	Consolidation	Total
<b>in EUR '000</b>							
Current income	10,956	4,159	19,042	10,469	44,880	-28,820	568,558
Income from appreciation	500	1,375	101	0	0	0	8,806
of which a reduction in impairment	0	0	8	0	0	0	68
Gains from disposal of investments	1,170	213	2,622	36	1,416	0	62,352
<b>Total income</b>	<b>12,626</b>	<b>5,747</b>	<b>21,765</b>	<b>10,505</b>	<b>46,296</b>	<b>-28,820</b>	<b>639,716</b>
Depreciation of investment	942	965	926	652	5,007	0	50,504
of which impairment of investments	268	0	328	267	0	0	10,187
F/X differences	127	78	991	0	6,054	0	7,495
Losses from disposal of investments	577	239	65	0	1,270	0	15,187
<b>Interest expenses</b>	<b>119</b>	<b>449</b>	<b>987</b>	<b>170</b>	<b>46,112</b>	<b>-28,814</b>	<b>43,092</b>
Personnel provisions	0	0	0	0	398	0	3,852
Interest expenses for liabilities to financial institutions	0	0	1	0	2,184	0	2,212
Interest expenses for liabilities from public funding	80	104	39	0	12,304	-12,575	1,049
Interest expenses for subordinate liabilities	0	0	79	0	27,238	-9,333	29,931
Other interest expenses	39	345	868	170	3,988	-6,906	6,048
<b>Other expenses</b>	<b>5,198</b>	<b>569</b>	<b>1,066</b>	<b>345</b>	<b>45,176</b>	<b>0</b>	<b>98,853</b>
Managed Portfolio Fees	80	7	177	0	78	0	5,838
Asset management expenses	5,058	156	621	301	44,053	0	83,951
Other expenses	60	406	268	44	1,045	0	9,064
<b>Total expenses</b>	<b>6,963</b>	<b>2,300</b>	<b>4,035</b>	<b>1,167</b>	<b>103,619</b>	<b>-28,814</b>	<b>215,131</b>

## 10. OTHER INCOME

## Composition

1.1.-30.6.2017

1.1.-30.6.2016

Other income	1.1.-30.6.2017			1.1.-30.6.2016		
	Underwriting	Non-underwriting	Total	Underwriting	Non-underwriting	Total
<b>in EUR '000</b>						
Austria	5,125	4,791	9,916	4,736	18,132	22,868
Czech Republic	22,918	752	23,670	19,929	1,327	21,256
Slovakia	4,031	287	4,318	6,290	176	6,466
Poland	819	3,878	4,697	531	7,955	8,486
Romania	2,942	481	3,423	2,951	1,092	4,043
Baltic states	183	350	533	53	147	200
Hungary	427	486	913	332	656	988
Bulgaria	291	35	326	321	24	345
Turkey/Georgia	1,752	1,996	3,748	348	904	1,252
Remaining CEE	2,336	4,227	6,563	2,273	399	2,672
Other Markets	1,043	61	1,104	13,720	18	13,738
Central Functions	22	992	1,014	50	21,542	21,592
Consolidation	-382	0	-382	-22	0	-22
<b>Total</b>	<b>41,507</b>	<b>18,336</b>	<b>59,843</b>	<b>51,512</b>	<b>52,372</b>	<b>103,884</b>

## 11. EXPENSES FOR CLAIMS AND INSURANCE BENEFITS

Composition	1.1.-30.6.2017						
	Austria	Czech Republic	Slovakia	Poland	Romania	Baltic states	Hungary
in EUR '000							
<b>Gross</b>							
<b>Expenses for claims and insurance benefits</b>	<b>1,651,201</b>	<b>492,419</b>	<b>264,273</b>	<b>281,660</b>	<b>183,472</b>	<b>85,927</b>	<b>69,908</b>
Payments for claims and insurance benefits	1,577,950	501,940	266,678	279,883	156,975	80,571	69,446
Changes in provision for outstanding claims	73,251	-9,521	-2,405	1,777	26,497	5,356	462
Change in mathematical reserve	69,791	-28,311	31,887	36,920	-3,896	13,554	-9,404
Change in other underwriting provisions	-405	1,990	0	-125	0	0	315
Expenses for profit-related and profit-unrelated premium refunds	85,496	3,169	-9	483	-91	489	1,223
<b>Total expenses</b>	<b>1,806,083</b>	<b>469,267</b>	<b>296,151</b>	<b>318,938</b>	<b>179,485</b>	<b>99,970</b>	<b>62,042</b>
<b>Reinsurers' share</b>							
<b>Expenses for claims and insurance benefits</b>	<b>-249,277</b>	<b>-80,591</b>	<b>-29,927</b>	<b>-46,512</b>	<b>-48,728</b>	<b>-16,381</b>	<b>-6,287</b>
Payments for claims and insurance benefits	-217,891	-91,292	-36,361	-44,254	-36,954	-13,254	-6,418
Changes in provision for outstanding claims	-31,386	10,701	6,434	-2,258	-11,774	-3,127	131
Change in mathematical reserve	-210	0	0	28	50	0	0
Change in other underwriting provisions	0	0	0	0	0	0	-470
Expenses for profit-unrelated premium refunds	-611	888	385	0	0	0	9
<b>Total expenses</b>	<b>-250,098</b>	<b>-79,703</b>	<b>-29,542</b>	<b>-46,484</b>	<b>-48,678</b>	<b>-16,381</b>	<b>-6,748</b>
<b>Retention</b>							
<b>Expenses for claims and insurance benefits</b>	<b>1,401,924</b>	<b>411,828</b>	<b>234,346</b>	<b>235,148</b>	<b>134,744</b>	<b>69,546</b>	<b>63,621</b>
Payments for claims and insurance benefits	1,360,059	410,648	230,317	235,629	120,021	67,317	63,028
Changes in provision for outstanding claims	41,865	1,180	4,029	-481	14,723	2,229	593
Change in mathematical reserve	69,581	-28,311	31,887	36,948	-3,846	13,554	-9,404
Change in other underwriting provisions	-405	1,990	0	-125	0	0	-155
Expenses for profit-related and profit-unrelated premium refunds	84,885	4,057	376	483	-91	489	1,232
<b>Total expenses</b>	<b>1,555,985</b>	<b>389,564</b>	<b>266,609</b>	<b>272,454</b>	<b>130,807</b>	<b>83,589</b>	<b>55,294</b>

## Composition

1.1.-30.6.2017

	Bulgaria	Turkey/ Georgia	Remaining CEE	Other Markets	Central Functions	Consolidation	Total
<i>in EUR '000</i>							
<b>Gross</b>							
<b>Expenses for claims and insurance benefits</b>	35,485	69,221	84,391	129,499	465,255	-353,518	3,459,193
Payments for claims and insurance benefits	38,085	48,626	81,512	121,869	383,668	-334,613	3,272,590
Changes in provision for outstanding claims	-2,600	20,595	2,879	7,630	81,587	-18,905	186,603
Change in mathematical reserve	3,043	0	17,495	-38,601	-847	-41	91,590
Change in other underwriting provisions	0	-86	29	0	0	0	1,718
Expenses for profit-related and profit-unrelated premium refunds	-87	0	-346	2,641	0	0	92,968
<b>Total expenses</b>	<b>38,441</b>	<b>69,135</b>	<b>101,569</b>	<b>93,539</b>	<b>464,408</b>	<b>-353,559</b>	<b>3,645,469</b>
<b>Reinsurers' share</b>							
<b>Expenses for claims and insurance benefits</b>	-5,619	-27,931	-62,372	-8,757	-59,601	390,901	-251,082
Payments for claims and insurance benefits	-8,188	-15,412	-60,275	-5,491	-24,899	373,518	-187,171
Changes in provision for outstanding claims	2,569	-12,519	-2,097	-3,266	-34,702	17,383	-63,911
Change in mathematical reserve	1	0	39,253	231	-99	-39,216	38
Change in other underwriting provisions	0	97	0	0	0	0	-373
Expenses for profit-unrelated premium refunds	0	0	0	0	0	0	671
<b>Total expenses</b>	<b>-5,618</b>	<b>-27,834</b>	<b>-23,119</b>	<b>-8,526</b>	<b>-59,700</b>	<b>351,685</b>	<b>-250,746</b>
<b>Retention</b>							
<b>Expenses for claims and insurance benefits</b>	29,866	41,290	22,019	120,742	405,654	37,383	3,208,111
Payments for claims and insurance benefits	29,897	33,214	21,237	116,378	358,769	38,905	3,085,419
Changes in provision for outstanding claims	-31	8,076	782	4,364	46,885	-1,522	122,692
Change in mathematical reserve	3,044	0	56,748	-38,370	-946	-39,257	91,628
Change in other underwriting provisions	0	11	29	0	0	0	1,345
Expenses for profit-related and profit-unrelated premium refunds	-87	0	-346	2,641	0	0	93,639
<b>Total expenses</b>	<b>32,823</b>	<b>41,301</b>	<b>78,450</b>	<b>85,013</b>	<b>404,708</b>	<b>-1,874</b>	<b>3,394,723</b>

Composition	1.1.-30.6.2016						
	Austria	Czech Republic	Slovakia	Poland	Romania	Baltic states	Hungary
<b>in EUR '000</b>							
<b>Gross</b>							
Expenses for claims and insurance benefits	1,677,588	470,388	269,734	253,228	151,210	33,122	91,153
Payments for claims and insurance benefits	1,672,862	465,808	253,288	260,932	119,075	27,880	65,528
Changes in provision for outstanding claims	4,726	4,580	16,446	-7,704	32,135	5,242	25,625
Change in mathematical reserve	156,039	-19,440	9,300	61,091	3,845	17,923	2,068
Change in other underwriting provisions	0	-3,768	0	-218	0	0	-1,515
Expenses for profit-related and profit-unrelated premium refunds	37,078	5,722	1,503	214	-25	0	1,609
<b>Total expenses</b>	<b>1,870,705</b>	<b>452,902</b>	<b>280,537</b>	<b>314,315</b>	<b>155,030</b>	<b>51,045</b>	<b>93,315</b>
<b>Reinsurers' share</b>							
Expenses for claims and insurance benefits	-198,444	-85,919	-42,422	-44,872	-46,402	-7,012	-31,279
Payments for claims and insurance benefits	-226,881	-88,237	-31,108	-43,208	-36,346	-3,666	-6,364
Changes in provision for outstanding claims	28,437	2,318	-11,314	-1,664	-10,056	-3,346	-24,915
Change in mathematical reserve	-138	8	0	24	0	0	0
Change in other underwriting provisions	0	0	0	0	0	0	-660
Expenses for profit-unrelated premium refunds	-298	3,505	0	0	0	0	34
<b>Total expenses</b>	<b>-198,880</b>	<b>-82,406</b>	<b>-42,422</b>	<b>-44,848</b>	<b>-46,402</b>	<b>-7,012</b>	<b>-31,905</b>
<b>Retention</b>							
Expenses for claims and insurance benefits	1,479,144	384,469	227,312	208,356	104,808	26,110	59,874
Payments for claims and insurance benefits	1,445,981	377,571	222,180	217,724	82,729	24,214	59,164
Changes in provision for outstanding claims	33,163	6,898	5,132	-9,368	22,079	1,896	710
Change in mathematical reserve	155,901	-19,432	9,300	61,115	3,845	17,923	2,068
Change in other underwriting provisions	0	-3,768	0	-218	0	0	-2,175
Expenses for profit-related and profit-unrelated premium refunds	36,780	9,227	1,503	214	-25	0	1,643
<b>Total expenses</b>	<b>1,671,825</b>	<b>370,496</b>	<b>238,115</b>	<b>269,467</b>	<b>108,628</b>	<b>44,033</b>	<b>61,410</b>

## Composition

1.1.-30.6.2016

	Bulgaria	Turkey/ Georgia	Remaining CEE	Other Markets	Central Functions	Consolidation	Total
<b>in EUR '000</b>							
<b>Gross</b>							
Expenses for claims and insurance benefits	32,482	62,604	78,113	102,775	433,599	-347,067	3,308,929
Payments for claims and insurance benefits	31,479	52,954	82,757	97,460	368,196	-324,392	3,173,827
Changes in provision for outstanding claims	1,003	9,650	-4,644	5,315	65,403	-22,675	135,102
Change in mathematical reserve	6,005	0	16,757	70,335	-62	-405	323,456
Change in other underwriting provisions	0	715	480	0	0	0	-4,306
Expenses for profit-related and profit-unrelated premium refunds	238	0	-305	2,534	8	0	48,576
<b>Total expenses</b>	<b>38,725</b>	<b>63,319</b>	<b>95,045</b>	<b>175,644</b>	<b>433,545</b>	<b>-347,472</b>	<b>3,676,655</b>
<b>Reinsurers' share</b>							
Expenses for claims and insurance benefits	-6,635	-25,527	-21,116	-4,861	-45,822	347,335	-212,976
Payments for claims and insurance benefits	-6,615	-19,422	-27,943	-6,317	-33,557	322,092	-207,572
Changes in provision for outstanding claims	-20	-6,105	6,827	1,456	-12,265	25,243	-5,404
Change in mathematical reserve	-2	0	168	451	5	402	918
Change in other underwriting provisions	0	-139	0	0	0	0	-799
Expenses for profit-unrelated premium refunds	0	0	0	0	0	0	3,241
<b>Total expenses</b>	<b>-6,637</b>	<b>-25,666</b>	<b>-20,948</b>	<b>-4,410</b>	<b>-45,817</b>	<b>347,737</b>	<b>-209,616</b>
<b>Retention</b>							
Expenses for claims and insurance benefits	25,847	37,077	56,997	97,914	387,777	268	3,095,953
Payments for claims and insurance benefits	24,864	33,532	54,814	91,143	334,639	-2,300	2,966,255
Changes in provision for outstanding claims	983	3,545	2,183	6,771	53,138	2,568	129,698
Change in mathematical reserve	6,003	0	16,925	70,786	-57	-3	324,374
Change in other underwriting provisions	0	576	480	0	0	0	-5,105
Expenses for profit-related and profit-unrelated premium refunds	238	0	-305	2,534	8	0	51,817
<b>Total expenses</b>	<b>32,088</b>	<b>37,653</b>	<b>74,097</b>	<b>171,234</b>	<b>387,728</b>	<b>265</b>	<b>3,467,039</b>

## 12. ACQUISITION AND ADMINISTRATIVE EXPENSES

Composition	1.1.-30.6.2017						
	Austria	Czech Republic	Slovakia	Poland	Romania	Baltic states	Hungary
in EUR '000							
<b>Acquisition expenses</b>	<b>338,745</b>	<b>209,035</b>	<b>56,252</b>	<b>76,889</b>	<b>49,763</b>	<b>29,011</b>	<b>19,421</b>
Commission expenses	209,137	147,964	42,642	65,778	36,089	21,410	15,419
Pro rata personnel expenses	69,201	35,559	6,797	7,551	8,483	5,448	2,126
Pro rata material expenses	60,407	25,512	6,813	3,560	5,191	2,153	1,876
<b>Administrative expenses</b>	<b>85,023</b>	<b>30,905</b>	<b>11,455</b>	<b>19,813</b>	<b>8,460</b>	<b>11,134</b>	<b>8,264</b>
Pro rata personnel expenses	37,309	14,006	5,076	9,976	3,748	7,109	3,556
Pro rata material expenses	47,714	16,899	6,379	9,837	4,712	4,025	4,708
Received reinsurance commissions	-76,689	-57,900	-17,529	-21,079	-7,606	-4,603	-8,172
<b>Total</b>	<b>347,079</b>	<b>182,040</b>	<b>50,178</b>	<b>75,623</b>	<b>50,617</b>	<b>35,542</b>	<b>19,513</b>

Composition	1.1.-30.6.2017						
	Bulgaria	Turkey/ Georgia	Remaining CEE	Other Markets	Central Functions	Consolidation	Total
in EUR '000							
<b>Acquisition expenses</b>	<b>18,928</b>	<b>15,513</b>	<b>44,408</b>	<b>18,894</b>	<b>191,996</b>	<b>-163,581</b>	<b>905,274</b>
Commission expenses	15,216	11,029	28,655	16,453	189,375	-163,581	635,586
Pro rata personnel expenses	2,280	2,677	9,243	1,361	1,510	0	152,236
Pro rata material expenses	1,432	1,807	6,510	1,080	1,111	0	117,452
<b>Administrative expenses</b>	<b>2,606</b>	<b>5,837</b>	<b>15,168</b>	<b>4,720</b>	<b>2,411</b>	<b>0</b>	<b>205,796</b>
Pro rata personnel expenses	1,238	3,814	7,031	2,660	480	0	96,003
Pro rata material expenses	1,368	2,023	8,137	2,060	1,931	0	109,793
Received reinsurance commissions	-2,021	-10,798	-14,471	-9,758	-16,733	167,083	-80,276
<b>Total</b>	<b>19,513</b>	<b>10,552</b>	<b>45,105</b>	<b>13,856</b>	<b>177,674</b>	<b>3,502</b>	<b>1,030,794</b>

Composition	1.1.-30.6.2016						
	Austria	Czech Republic	Slovakia	Poland	Romania	Baltic states	Hungary
in EUR '000							
<b>Acquisition expenses</b>	<b>333,918</b>	<b>197,476</b>	<b>53,033</b>	<b>74,600</b>	<b>57,540</b>	<b>13,643</b>	<b>15,568</b>
Commission expenses	206,511	140,449	40,616	62,643	44,364	11,672	11,418
Pro rata personnel expenses	72,080	31,931	5,493	7,540	7,952	1,104	1,964
Pro rata material expenses	55,327	25,096	6,924	4,417	5,224	867	2,186
<b>Administrative expenses</b>	<b>82,956</b>	<b>27,848</b>	<b>12,895</b>	<b>19,644</b>	<b>7,279</b>	<b>4,606</b>	<b>7,976</b>
Pro rata personnel expenses	43,401	12,789	5,105	10,072	3,196	2,977	3,220
Pro rata material expenses	39,555	15,059	7,790	9,572	4,083	1,629	4,756
Received reinsurance commissions	-76,350	-49,547	-14,880	-15,181	-14,608	-1,045	-7,315
<b>Total</b>	<b>340,524</b>	<b>175,777</b>	<b>51,048</b>	<b>79,063</b>	<b>50,211</b>	<b>17,204</b>	<b>16,229</b>



## Composition

1.1.-30.6.2016

	Bulgaria	Turkey/ Georgia	Remaining CEE	Other Markets	Central Functions	Consolidation	Total
<b>in EUR '000</b>							
Acquisition expenses	16,375	17,528	39,603	17,496	171,088	-156,627	851,241
Commission expenses	12,724	13,146	24,245	15,019	169,751	-156,627	595,931
Pro rata personnel expenses	2,202	2,736	9,105	1,329	502	0	143,938
Pro rata material expenses	1,449	1,646	6,253	1,148	835	0	111,372
Administrative expenses	2,461	5,919	14,939	4,654	1,770	0	192,947
Pro rata personnel expenses	1,145	3,553	6,832	2,525	500	0	95,315
Pro rata material expenses	1,316	2,366	8,107	2,129	1,270	0	97,632
Received reinsurance commissions	-4,022	-12,908	-13,739	-12,939	-10,767	162,378	-70,923
<b>Total</b>	<b>14,814</b>	<b>10,539</b>	<b>40,803</b>	<b>9,211</b>	<b>162,091</b>	<b>5,751</b>	<b>973,265</b>

## 13. OTHER EXPENSES

## Composition

1.1.-30.6.2017

1.1.-30.6.2016

Other expenses	1.1.-30.6.2017			1.1.-30.6.2016		
	Underwriting	Non-underwriting	Total	Underwriting	Non-underwriting	Total
<b>in EUR '000</b>						
Austria	4,581	4,624	9,205	7,825	4,818	12,643
Czech Republic	15,371	1,552	16,923	13,745	1,479	15,224
Slovakia	12,060	10	12,070	14,309	189	14,498
Poland	3,095	5,687	8,782	3,578	4,453	8,031
Romania	10,625	1,021	11,646	11,946	2,047	13,993
Baltic states	5,143	4,825	9,968	1,186	414	1,600
Hungary	4,198	1,354	5,552	3,921	1,615	5,536
Bulgaria	3,317	1,903	5,220	2,948	2,172	5,120
Turkey/Georgia	683	2,249	2,932	692	973	1,665
Remaining CEE	4,611	1,742	6,353	5,984	2,996	8,980
Other Markets	16,169	361	16,530	12,643	305	12,948
Central Functions	487	14,616	15,103	108	3,181	3,289
Consolidation	-11	911	900	-28	-144	-172
<b>Total</b>	<b>80,329</b>	<b>40,855</b>	<b>121,184</b>	<b>78,857</b>	<b>24,498</b>	<b>103,355</b>

## ADDITIONAL DISCLOSURES

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

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

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

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

Fair values and book values of financial instruments and other in EUR '000	30.6.2017				Fair value
	Book value	Level 1	Level 2	Level 3	
<b>Land and buildings<sup>1</sup></b>	<b>5,623,478</b>	<b>0</b>	<b>67,558</b>	<b>6,669,916</b>	<b>6,737,474</b>
Self-used land and buildings	430,200	0	36,305	614,492	650,797
Investment properties	5,193,278	0	31,253	6,055,424	6,086,677
thereof non-profit societies	3,580,249				3,580,249
<b>Shares in at equity consolidated companies</b>	<b>281,225</b>				
<b>Loans</b>	<b>2,707,446</b>	<b>248,611</b>	<b>2,779,381</b>	<b>35,423</b>	<b>3,063,415</b>
Loans	1,455,743	0	1,563,973	17,334	1,581,307
Reclassified loans	245,394	139,170	159,346	0	298,516
Bonds classified as loans	1,006,309	109,441	1,056,062	18,089	1,183,592
<b>Other securities</b>	<b>25,815,679</b>	<b>22,824,265</b>	<b>3,204,940</b>	<b>320,492</b>	<b>26,349,697</b>
Financial instruments held to maturity	2,347,380	2,332,296	388,263	8,413	2,728,972
Financial instruments reclassified as held to maturity	706,871	801,756	57,541	0	859,297
Financial instruments available for sale	22,345,861	19,473,059	2,611,063	261,739	22,345,861
Held for trading	129,717	91,547	7,088	31,082	129,717
Financial instruments recognised at fair value through profit and loss	285,850	125,607	140,985	19,258	285,850
<b>Other investments</b>	<b>652,841</b>				
Investments for unit-linked and index-linked life insurance	8,824,829	8,824,829	0	0	8,824,829
<b>Subordinated liabilities</b>	<b>1,466,805</b>	<b>0</b>	<b>1,501,002</b>	<b>21,346</b>	<b>1,522,348</b>
Liabilities to financial institutions	1,230,160				1,230,160
thereof non-profit societies	1,017,760				1,017,760
Liabilities from funding of housing projects	1,475,276				1,475,276
thereof non-profit societies	1,369,315				1,369,315
<b>Liabilities for derivatives<sup>2</sup></b>	<b>5,089</b>	<b>0</b>	<b>5,089</b>	<b>0</b>	<b>5,089</b>

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

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

Fair values and book values of financial instruments and other

31.12.2016

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

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

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

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

### Measurement process

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

### Reclassification of financial instruments

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

Reclassification of financial instruments	30.6.2017				
	between Level 1 and Level 2	Level 3 to Level 1	Level 1 to Level 3	Level 3 to Level 2	Level 2 to Level 3
<b>Quantity</b>					
Financial instruments available for sale	13	4	5	10	4
Financial instruments recognised at fair value through profit and loss	1	0	0	0	0
<b>Total</b>	<b>14</b>	<b>4</b>	<b>5</b>	<b>10</b>	<b>4</b>

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

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

\* Included in Other liabilities

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

## Hierarchy for financial instruments measured at fair value

Valuation hierarchy	Level 1		Level 2		Level 3	
	30.6.2017	31.12.2016	30.6.2017	31.12.2016	30.6.2017	31.12.2016
Financial instruments measured at fair value						
in EUR '000						
<b>Financial assets</b>						
Financial instruments available for sale	19,473,059	18,943,142	2,611,063	2,650,989	261,739	257,117
Bonds	17,096,339	16,715,094	2,462,516	2,505,492	29,178	54,997
Shares and other participations	461,508	441,393	100,686	95,101	232,561	202,120
Investment funds	1,915,212	1,786,655	47,861	50,396	0	0
Held for trading	91,547	81,041	7,088	6,778	31,082	43,581
Bonds	24,512	14,901	2,153	3,058	2,184	2,499
Shares and other non-fixed-interest securities	26,641	21,111	53	52	0	0
Investment funds	40,352	44,997	895	837	0	0
Derivatives	42	32	3,987	2,831	28,898	41,082
Financial instruments recognised at fair value through profit and loss	125,607	175,824	140,985	137,638	19,258	16,428
Bonds	101,511	149,359	122,261	121,071	18,016	15,253
Shares and other non-fixed-interest securities	123	112	18,724	16,567	0	0
Investment funds	23,973	26,353	0	0	1,242	1,175
Investments for unit-linked and index-linked life insurance	8,824,829	8,549,580	0	0	0	0
<b>Financial liabilities</b>						
Liabilities for derivatives*	0	0	5,089	9,809	0	0

\* Included in Other liabilities

The unrealised effect on the result (net profit or loss) from Level 3 financial instruments that are still in the portfolio and whose fair value is recognised in the income statement was EUR -4,734,000 during the reporting year (EUR -1,289,000).

## Unobservable input factors

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

## Sensitivities

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

The following sensitivities were calculated for the derivative with the most material fair value: a 50bps increase in the discount rate leads to a 31% increase in option value; a 50bps decrease leads to a 37% drop in option value. The changes would have an effect on the income statement.

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

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

sensitivities – real estate	Fair value
<i>in EUR million</i>	
Fair value at 30.6.2017	2,477.00
Rental income -5%	2,395.12
Rental income +5%	2,477.17
Capitalisation rate -50bps	2,601.46
Capitalisation rate +50bps	2,491.24
Land prices -5%	2,458.83
Land prices +5%	2,492.99

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

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

Development of financial instruments by level	Financial instruments available for sale					
	30.6.2017			31.12.2016		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
<i>in EUR '000</i>						
Book value as of 31.12. of the previous year	18,943,142	2,650,989	257,117	17,750,295	2,763,552	135,634
Exchange rate changes	25,631	4,118	947	-11,312	1,742	-847
Book value as of 1.1.	18,968,773	2,655,107	258,064	17,738,983	2,765,294	134,787
Reclassification between securities categories	737	0	0	12,076	-230	-660
Reclassification to Level	36,746	96,881	6,628	194,727	172,035	117,274
Reclassification from Level	-75,864	-33,786	-30,605	-125,383	-309,054	-49,599
Additions	2,124,844	142,518	51,842	3,644,530	167,319	75,989
Disposals	-1,454,865	-258,557	-23,380	-2,855,790	-360,741	-17,799
Change in scope of consolidation	0	0	0	-123,407	129,673	-2,389
Changes in value recognised in profit and loss	0	0	0	648	20,019	153
Changes recognised directly in equity	-126,863	9,646	-536	462,928	75,143	8,873
Impairments	-449	-746	-274	-6,170	-8,469	-9,512
Book value as of 30.6. and 31.12. respectively	19,473,059	2,611,063	261,739	18,943,142	2,650,989	257,117

## Development of financial instruments by level

	Held for trading					
	30.6.2017			31.12.2016		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
in EUR '000						
Book value as of 31.12. of the previous year	81,041	6,778	43,581	117,560	1,955	51,895
Exchange rate changes	1,466	1,948	-3	-3,238	469	0
Book value as of 1.1.	82,507	8,726	43,578	114,322	2,424	51,895
Reclassification between securities categories	1,187	0	0	-14	0	0
Reclassification to Level	0	0	0	0	8,647	0
Reclassification from Level	0	0	0	-8,647	0	0
Additions	35,717	1,197	868	99,314	1,195	2,581
Disposals	-31,886	-6,016	-8,391	-125,886	-5,572	-4,161
Changes in value recognised in profit and loss	4,022	3,181	-4,973	1,952	84	-6,734
Changes recognised directly in equity	0	0	0	0	0	0
Book value as of 30.6. and 31.12. respectively	91,547	7,088	31,082	81,041	6,778	43,581

## Development of financial instruments by level

	Financial instruments recognised at fair value through profit and loss					
	30.6.2017			31.12.2016		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
in EUR '000						
Book value as of 31.12. of the previous year	175,824	137,638	16,428	54,331	160,142	14,901
Exchange rate changes	461	352	193	20	3	1
Book value as of 1.1.	176,285	137,990	16,621	54,351	160,145	14,902
Reclassification between securities categories	1,829	0	0	11,273	0	0
Reclassification to Level	0	4,913	0	17,255	0	0
Reclassification from Level	-4,913	0	0	0	-17,255	0
Additions	37,955	14,779	5,868	70,131	127,327	2,342
Disposals	-84,812	-20,389	-3,381	-86,286	-138,338	-1,291
Change in scope of consolidation	0	0	0	108,887	2,214	0
Changes in value recognised in profit and loss	-737	3,692	150	213	3,545	475
Changes recognised directly in equity	0	0	0	0	0	0
Book value as of 30.6. and 31.12. respectively	125,607	140,985	19,258	175,824	137,638	16,428

Please refer to Note 9 "Financial result" starting on page 40 for information on the effects of changes in value recognised in profit and loss.

## Development of financial instruments assigned to Level 3

	Subordinated liabilities		Liabilities for derivatives*	
	30.6.2017	31.12.2016	30.6.2017	31.12.2016
in EUR '000				
Book value as of 31.12. of the previous year	20,807	20,761	0	41
F/X differences	652	83	0	0
Book value as of 1.1.	21,459	20,844	0	41
Reclassification from Level 3	0	0	0	-41
Additions	0	98	0	0
Changes in value recognised in profit and loss	-113	-135	0	0
Book value as of 30.6. and 31.12. respectively	21,346	20,807	0	0

\* Included in Other liabilities

## 15. NUMBER OF EMPLOYEES

Employee statistics	30.6.2017	31.12.2016
<b>Quantity</b>		
<b>Austria</b>	<b>5,142</b>	<b>5,170</b>
Field staff	2,791	2,787
Office staff	2,351	2,383
<b>Czech Republic</b>	<b>4,833</b>	<b>4,762</b>
Field staff	3,020	2,949
Office staff	1,813	1,813
<b>Slovakia</b>	<b>1,748</b>	<b>1,678</b>
Field staff	883	826
Office staff	865	852
<b>Poland</b>	<b>1,574</b>	<b>1,586</b>
Field staff	764	784
Office staff	810	802
<b>Romania</b>	<b>1,946</b>	<b>1,991</b>
Field staff	1,172	1,187
Office staff	774	804
<b>Baltic states</b>	<b>1,312</b>	<b>1,281</b>
Field staff	640	622
Office staff	672	659
<b>Hungary</b>	<b>473</b>	<b>464</b>
Field staff	35	36
Office staff	438	428
<b>Bulgaria</b>	<b>864</b>	<b>834</b>
Field staff	291	285
Office staff	573	549
<b>Turkey/Georgia</b>	<b>1,018</b>	<b>888</b>
Field staff	604	480
Office staff	414	408
<b>Remaining CEE</b>	<b>4,726</b>	<b>4,720</b>
Field staff	3,302	3,301
Office staff	1,424	1,419
<b>Other Markets</b>	<b>129</b>	<b>126</b>
Field staff	7	7
Office staff	122	119
<b>Central Functions</b>	<b>1,141</b>	<b>1,101</b>
Office staff	1,141	1,101
<b>Total</b>	<b>24,906</b>	<b>24,601</b>
thereof field staff	13,509	13,264
thereof office staff	11,397	11,337

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

The Central Functions segment includes 676 employees (31 December 2016: 664) in the non-profit societies.



## 16. RELATED PARTY TRANSACTIONS

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

## 17. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

There were no significant events after the financial statements were prepared.

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

## VIG EXPENSES FOR PROFIT-RELATED PREMIUM REFUNDS

VIG had EUR 77,087,000 in expenses for profit-related premium refunds incl. policy holder profit participation (EUR 27,887,000).

## BUSINESS DEVELOPMENT BY BALANCE SHEET UNIT

	1.1.-30.6.2017				1.1.-30.6.2016			
	Property/ Casualty	Life	Health	Total	Property/ Casualty	Life	Health	Total
in EUR '000								
<b>Overall result for direct business</b>	<b>178,864</b>	<b>163,818</b>	<b>21,704</b>	<b>364,386</b>	<b>86,904</b>	<b>129,921</b>	<b>17,142</b>	<b>233,967</b>
Gross direct premiums written	2,811,794	1,823,885	236,359	4,872,038	2,662,653	1,977,444	206,854	4,846,951
<b>Gross direct<sup>1</sup></b>	<b>235,443</b>	<b>172,001</b>	<b>21,810</b>	<b>429,254</b>	<b>170,754</b>	<b>136,907</b>	<b>17,189</b>	<b>324,850</b>
Underwriting result <sup>2</sup>	169,374			169,374	160,575			160,575
Financial result <sup>2</sup>	66,069			66,069	10,179			10,179
Direct reinsurance cessions	-56,579	-8,183	-106	-64,868	-83,850	-6,986	-47	-90,883
<b>Overall result for indirect business</b>	<b>-45,421</b>	<b>1,144</b>	<b>40</b>	<b>-44,237</b>	<b>-33,341</b>	<b>636</b>	<b>41</b>	<b>-32,664</b>
Gross indirect premiums written	91,649	8,702	50	100,401	73,195	7,912	50	81,157
Gross indirect	-31,206	2,084	40	-29,082	-17,093	577	41	-16,475
Indirect reinsurance cessions	-14,215	-940	0	-15,155	-16,248	59	0	-16,189
<b>Overall result for direct and indirect retention</b>	<b>133,443</b>	<b>164,962</b>	<b>21,744</b>	<b>320,149</b>	<b>53,563</b>	<b>130,557</b>	<b>17,183</b>	<b>201,303</b>
Other non-underwriting income and expenses	-23,889	1,411	-41	-22,519	18,617	7,629	1,628	27,874
Expenses for profit related premium refunds	0	-77,087	0	-77,087	0	-27,887	0	-27,887
<b>Result before taxes</b>	<b>109,554</b>	<b>89,286</b>	<b>21,703</b>	<b>220,543</b>	<b>72,180</b>	<b>110,299</b>	<b>18,811</b>	<b>201,290</b>
Tax expenses/income	-31,939	-12,244	-4,113	-48,296	-22,606	-20,730	-2,971	-46,307
<b>Result of the period</b>	<b>77,615</b>	<b>77,042</b>	<b>17,590</b>	<b>172,247</b>	<b>49,574</b>	<b>89,569</b>	<b>15,840</b>	<b>154,983</b>

<sup>1</sup> Includes commissions of EUR 604,376,000 (EUR 579,096,000) for direct insurance business.

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

## GROSS PREMIUMS WRITTEN BY BALANCE SHEET UNIT

Property and Casualty insurance*	1.1.-30.6.2017	1.1.-30.6.2016
in EUR '000		
<b>Direct business</b>	<b>2,811,794</b>	<b>2,662,653</b>
Casualty insurance	189,565	183,828
Health insurance	30,647	25,762
Land vehicle own-damage insurance	555,282	496,372
Rail vehicle own-damage	1,421	1,078
Aircraft own-damage insurance	3,861	3,769
Sea, lake and river shipping own-damage insurance	5,658	5,410
Transport insurance	31,426	28,883
Fire explosion and other natural risks	578,220	537,630
Other property	267,432	267,245
Liability insurance for land vehicles having their own drive train	716,850	696,891
Carrier insurance	9,160	8,178
Aircraft liability insurance	4,072	3,270
Sea, lake and river shipping liability insurance	1,618	1,243
General liability insurance	265,214	258,527
Credit insurance	2,779	3,509
Guarantee insurance	18,247	13,550
Insurance for miscellaneous financial losses	66,451	66,441
Legal expenses insurance	30,334	29,884
Assistance insurance, travel health insurance	33,557	31,183
<b>Indirect business</b>	<b>91,649</b>	<b>73,195</b>
Marine, aviation and transport insurance	5,276	5,652
Other insurance	76,635	56,537
Health insurance	9,738	11,006
<b>Total</b>	<b>2,903,443</b>	<b>2,735,848</b>

\* Including effects from consolidation

Life insurance*	1.1.-30.6.2017	1.1.-30.6.2016
in EUR '000		
Regular premium products – direct business	1,285,255	1,266,869
Single premium products – direct business	538,630	710,575
<b>Direct business</b>	<b>1,823,885</b>	<b>1,977,444</b>
thereof policies with profit participation	786,549	888,436
thereof policies without profit participation	222,668	244,877
thereof unit-linked life insurance portfolio	797,504	822,969
thereof index-linked life insurance portfolio	17,164	21,162
<b>Indirect business</b>	<b>8,702</b>	<b>7,912</b>
<b>Total</b>	<b>1,832,587</b>	<b>1,985,356</b>

\* Including effects from consolidation

Health insurance*	1.1.-30.6.2017	1.1.-30.6.2016
in EUR '000		
Direct business	236,359	206,854
Indirect business	50	50
<b>Total</b>	<b>236,409</b>	<b>206,904</b>

\* Including effects from consolidation

## GROSS PREMIUMS WRITTEN BY COUNTRY AND BALANCE SHEET UNIT

Composition	1.1.-30.6.2017	1.1.-30.6.2016
in EUR '000		
<b>Property and Casualty insurance</b>	<b>2,903,443</b>	<b>2,735,848</b>
Austria	1,114,903	1,111,958
Czech Republic	507,216	477,624
Slovakia	192,965	188,578
Poland	260,759	226,083
Romania	201,024	234,012
Turkey	86,354	89,635
Other states	540,222	407,958
<b>Life insurance</b>	<b>1,832,587</b>	<b>1,985,356</b>
Austria	814,211	938,913
Czech Republic	314,830	314,111
Slovakia	205,215	184,119
Poland	184,219	188,436
Hungary	62,017	66,097
Liechtenstein	39,692	108,860
Other states	212,403	184,820
<b>Health insurance</b>	<b>236,409</b>	<b>206,904</b>
Austria	201,748	196,926
Georgia	17,758	9,978
Other states	16,903	0
<b>Total</b>	<b>4,972,439</b>	<b>4,928,108</b>

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

	1.1.-30.6.2017	1.1.-30.6.2016
in EUR '000		
<b>Property and Casualty insurance</b>	<b>133,443</b>	<b>53,563</b>
Austria	54,421	40,372
Czech Republic	55,472	56,521
Slovakia	19,937	17,219
Poland	20,840	10,798
Romania	8,414	6,607
Turkey	7,417	1,917
Other states	-33,058	-79,871
<b>Life insurance</b>	<b>164,962</b>	<b>130,557</b>
Austria	74,850	48,305
Czech Republic	52,489	48,723
Slovakia	14,299	16,099
Poland	8,358	19
Hungary	2,089	2,760
Liechtenstein	164	167
Other states	12,713	14,484
<b>Health insurance</b>	<b>21,744</b>	<b>17,183</b>
Austria	21,773	17,695
Georgia	105	-512
Other states	-134	0
<b>Total</b>	<b>320,149</b>	<b>201,303</b>

## KEY FIGURES BY BALANCE SHEET UNIT

	1.1.-30.6.2017				1.1.-30.6.2016			
	Property/ Casualty	Life	Health	Total	Property/ Casualty	Life	Health	Total
in %								
Cost ratio	31.3%	19.4%	14.3%	25.4%	31.4%	17.0%	14.5%	23.9%
Claims ratio	65.6%				66.5%			
<b>Combined Ratio</b>	<b>96.9%</b>				<b>97.9%</b>			

# Declaration by the Managing Board

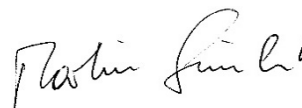
We declare to the best of our knowledge that the consolidated interim financial statements prepared in accordance with applicable accounting standards give a true and fair view of the net assets, financial position and results of operations of the Group and that the interim Group management report gives a true and fair view of the net assets, financial position and results of operations of the Group with respect to 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 of material related party transactions to be disclosed. The interim report was not fully audited or reviewed by an auditor.

Vienna, 11 August 2017

The Managing Board:



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



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



**Peter Höfner**  
Member of the Managing Board



**Judit Havasi**  
Member of the Managing Board



**Franz Fuchs**  
Member of the Managing Board

## **Managing Board areas of responsibility:**

**Elisabeth Stadler:** Management of the VIG Group, Strategic questions, European Affairs, Group Communication & Marketing, Sponsoring, Human Resources, Group Development & Strategy; Country responsibilities: Austria, Czech Republic

**Martin Simhandl:** Asset Management, Affiliated companies department, Finance and Accounting, Treasury/Capital market; Country responsibilities: Germany, Georgia, Liechtenstein, Turkey

**Peter Höfner:** Corporate and large customer business, Vienna International Underwriters (VIU), Reinsurance; Country responsibilities: Albania (incl. Kosovo), Belarus, Bosnia-Herzegovina, Bulgaria, Croatia, Hungary, Macedonia, Montenegro, Serbia

**Judit Havasi:** Solvency II, Planning & Controlling, Law, Group IT, International processes and methods; Country responsibilities: Slovakia, Romania

**Franz Fuchs:** Performance management personal insurance, Performance management motor vehicle insurance, Asset Risk Management; Country responsibilities: Baltic states, Moldova, Poland, Ukraine

The **Managing Board as a whole** is responsible for Enterprise Risk Management (Solvency II), General Secretariat, the Group Actuary, Group Compliance, Internal Audit and Investor Relations.

# General information

## NOTICE

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

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

The interim report was prepared with the greatest possible care in order to ensure that the information provided in all parts is correct and complete. The possibility of rounding, type-setting or printing errors, however, cannot be ruled out completely.

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

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

Editorial deadline: 11 August 2017

In case of doubt, the German version is authoritative.

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