

VIG Consolidated financial statements 2018 (page 76–212)

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|------------------------|------------|

**VIG CONSOLIDATED FINANCIAL STATEMENTS IN
ACCORDANCE WITH INTERNATIONAL FINANCIAL
REPORTING STANDARDS (IFRS) 31.12.2018**

| | |
|------------------|---------------------|
| Reporting period | 1.1.2018–31.12.2018 |
|------------------|---------------------|

| | |
|---|------------|
| Balance sheet as of previous reporting date | 31.12.2017 |
|---|------------|

| | |
|--|---------------------|
| Income statement as of previous reporting period | 1.1.2017–31.12.2017 |
|--|---------------------|

| | |
|----------|-----|
| Currency | EUR |
|----------|-----|

CONSOLIDATED BALANCE SHEET

| Assets | Notes | 31.12.2018 | 31.12.2017 |
|---|-------------|-------------------|-------------------|
| in EUR '000 | | | |
| Intangible assets | 1, A | 1,960,879 | 1,970,641 |
| Investments | 2, B | 36,288,326 | 35,932,907 |
| Land and buildings | | 5,965,666 | 5,684,598 |
| Self-used land and buildings | | 458,981 | 430,906 |
| Investment property | | 5,506,685 | 5,253,692 |
| Shares in at equity consolidated companies | | 221,312 | 298,149 |
| Financial instruments | | 30,101,348 | 29,950,160 |
| Investments for unit-linked and index-linked life insurance | 3, C | 8,048,622 | 9,061,073 |
| Reinsurers' share in underwriting provisions | 4, D | 1,135,626 | 1,066,320 |
| Receivables | 5, E | 1,562,549 | 1,475,862 |
| Tax receivables and advance payments out of income tax | F | 297,528 | 239,455 |
| Deferred tax assets | 6, F | 95,199 | 80,806 |
| Other assets | 7, G | 427,488 | 389,160 |
| Cash and cash equivalents | | 1,347,279 | 1,497,731 |
| Total | | 51,163,496 | 51,713,955 |

| Liabilities and shareholders' equity | Notes | 31.12.2018 | 31.12.2017 |
|---|----------|-------------------|-------------------|
| in EUR '000 | | | |
| Shareholders' equity | 8 | 5,835,696 | 6,043,949 |
| Share capital and reserves | | 4,547,473 | 4,832,011 |
| Other non-controlling interests | | 107,712 | 115,944 |
| Non-controlling interests in non-profit societies | | 1,180,511 | 1,095,994 |
| Subordinated liabilities | 9, K | 1,458,681 | 1,458,839 |
| Underwriting provisions | 10, H | 30,505,909 | 30,168,173 |
| Underwriting provisions for unit-linked and index-linked life insurance | 11, I | 7,609,406 | 8,612,749 |
| Non-underwriting provisions | 12, J | 867,493 | 793,792 |
| Liabilities | 13, K | 4,276,662 | 4,032,102 |
| Tax liabilities out of income tax | F | 268,712 | 202,050 |
| Deferred tax liabilities | 6, F | 203,834 | 255,064 |
| Other liabilities | | 137,103 | 147,237 |
| Total | | 51,163,496 | 51,713,955 |

The references (numbers and letters) shown for individual items in the consolidated balance sheet and consolidated income statement refer to detailed disclosures for those items in the notes to the consolidated financial statements. The numbers refer to the detailed disclosures in the "Notes to the consolidated balance sheet" section starting on page 143. The letters refer to the explanatory text in the "Principals of significant accounting policies" section starting on page 83.

CONSOLIDATED INCOME STATEMENT

| Consolidated income statement | Notes | 2018 | 2017 |
|--|-----------|------------------|------------------|
| in EUR '000 | | | |
| Net earned premiums – retention | L | 8,729,362 | 8,509,562 |
| Premiums written – retention | | 8,811,079 | 8,585,253 |
| Premiums written – gross | 15 | 9,657,319 | 9,386,040 |
| Premiums written – reinsurers' share | | -846,240 | -800,787 |
| Change in unearned premiums – retention | | -81,717 | -75,691 |
| Change in unearned premiums – gross | | -104,955 | -82,947 |
| Change in unearned premiums – reinsurers' share | | 23,238 | 7,256 |
| Financial result excl. result from at equity consolidated companies | 16 | 1,003,025 | 881,526 |
| Income from investments | | 1,638,418 | 1,586,950 |
| Expenses for investments and interest expenses | | -635,393 | -705,424 |
| Result from shares in at equity consolidated companies | 17 | 34,453 | 42,754 |
| Other income | 18 | 131,493 | 223,149 |
| Expenses for claims and insurance benefits – retention | 19, M | -6,947,007 | -6,872,588 |
| Acquisition and administrative expenses | 20, N | -2,140,693 | -2,040,282 |
| Other expenses | 18 | -325,204 | -301,572 |
| Result before taxes | | 485,429 | 442,549 |
| Taxes | 21 | -117,477 | -69,958 |
| Result of the period | | 367,952 | 372,591 |
| thereof attributable to Vienna Insurance Group shareholders | | 268,924 | 297,596 |
| thereof other non-controlling interests | | 7,560 | 7,052 |
| thereof non-controlling interests in non-profit societies | | 91,468 | 67,943 |
| Earnings Result per share* (in EUR) | 8 | 2.04 | 2.23 |
| Result of the period (carryforward) | | 367,952 | 372,591 |

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

| Consolidated statement of comprehensive income | 2018 | 2017 |
|---|----------|---------|
| in EUR '000 | | |
| Result of the period (carryforward) | 367,952 | 372,591 |
| Other comprehensive income (OCI) | | |
| Items that will not be reclassified to profit and loss in subsequent periods | -29,302 | 7,210 |
| +/- Underwriting gains and losses from provisions for employee benefits | -55,383 | 13,022 |
| +/- Deferred profit participation | 17,075 | -3,362 |
| +/- Deferred taxes | 9,006 | -2,450 |
| Items that will be reclassified to profit or loss in subsequent periods | -205,294 | 82,032 |
| +/- Exchange rate changes through equity | -20,986 | 60,172 |
| +/- Unrealised gains and losses from financial instruments available for sale | -887,641 | 24,119 |
| +/- Cash flow hedge reserve | 115 | 621 |
| +/- Share of other reserves of associated companies | -290 | 3,139 |
| +/- Deferred mathematical reserve | 290,637 | 17,698 |
| +/- Deferred profit participation | 364,034 | -19,723 |
| +/- Deferred taxes | 48,837 | -3,994 |
| Total OCI | -234,596 | 89,242 |
| Total profit | 133,356 | 461,833 |
| thereof attributable to Vienna Insurance Group shareholders | 40,607 | 385,487 |
| thereof other non-controlling interests | 3,007 | 7,903 |
| thereof non-controlling interests in non-profit societies | 89,742 | 68,443 |

CONSOLIDATED SHAREHOLDERS' EQUITY

| Development | Share capital | Capital reserves | | Retained earnings | Other reserves | | Subtotal* |
|---|---------------|------------------|----------------------------|-------------------|---------------------|----------|-----------|
| | | Others | payments hybrid capital | | Currency reserve | Others | |
| in EUR '000 | | | | | | | |
| 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 | -4,625 | 0 | 1,167 | -3,458 |
| Other comprehensive income | 0 | 0 | 0 | 297,596 | 59,757 | 28,134 | 385,487 |
| Other comprehensive income excluding currency changes | 0 | 0 | 0 | 0 | 0 | 28,134 | 28,134 |
| Currency change | 0 | 0 | 0 | 0 | 59,757 | 0 | 59,757 |
| Result of the period | 0 | 0 | 0 | 297,596 | 0 | 0 | 297,596 |
| Dividend payment | 0 | 0 | 0 | -114,281 | 0 | 0 | -114,281 |
| As of 31 December 2017 | 132,887 | 2,109,003 | 193,619 | 2,108,029 | -121,616 | 410,089 | 4,832,011 |
| As of 1 January 2018 | 132,887 | 2,109,003 | 193,619 | 2,108,029 | -121,616 | 410,089 | 4,832,011 |
| Changes in scope of consolidation/ownership interests | 0 | 0 | 0 | -3,209 | 0 | -142 | -3,351 |
| Other comprehensive income | 0 | 0 | 0 | 268,924 | -21,095 | -207,222 | 40,607 |
| Other comprehensive income excluding currency changes | 0 | 0 | 0 | 0 | 0 | -207,222 | -207,222 |
| Currency change | 0 | 0 | 0 | 0 | -21,095 | 0 | -21,095 |
| Result of the period | 0 | 0 | 0 | 268,924 | 0 | 0 | 268,924 |
| Repurchase of hybrid capital | 0 | 0 | -193,619 | -4,675 | 0 | 0 | -198,294 |
| Dividend payment | 0 | 0 | 0 | -123,500 | 0 | 0 | -123,500 |
| As of 31 December 2018 | 132,887 | 2,109,003 | 0 | 2,245,569 | -142,711 | 202,725 | 4,547,473 |

| Development | Subtotal* | Non-controlling interests | | Shareholders' equity |
|---|-----------|---------------------------|----------------------|----------------------|
| | | Other | Non-profit societies | |
| in EUR '000 | | | | |
| As of 1 January 2017 | 4,564,263 | 114,219 | 1,032,775 | 5,711,257 |
| Changes in scope of consolidation/ownership interests | -3,458 | 447 | 0 | -3,011 |
| Other comprehensive income | 385,487 | 7,903 | 68,443 | 461,833 |
| Other comprehensive income excluding currency changes | 28,134 | 436 | 500 | 29,070 |
| Currency change | 59,757 | 415 | 0 | 60,172 |
| Result of the period | 297,596 | 7,052 | 67,943 | 372,591 |
| Dividend payment | -114,281 | -6,625 | -5,224 | -126,130 |
| As of 31 December 2017 | 4,832,011 | 115,944 | 1,095,994 | 6,043,949 |
| As of 1 January 2018 | 4,832,011 | 115,944 | 1,095,994 | 6,043,949 |
| Changes in scope of consolidation/ownership interests | -3,351 | -2,844 | -165 | -6,360 |
| Other comprehensive income | 40,607 | 3,007 | 89,742 | 133,356 |
| Other comprehensive income excluding currency changes | -207,222 | -4,662 | -1,726 | -213,610 |
| Currency change | -21,095 | 109 | 0 | -20,986 |
| Result of the period | 268,924 | 7,560 | 91,468 | 367,952 |
| Repurchase of hybrid capital | -198,294 | 0 | 0 | -198,294 |
| Dividend payment | -123,500 | -8,395 | -5,060 | -136,955 |
| As of 31 December 2018 | 4,547,473 | 107,712 | 1,180,511 | 5,835,696 |

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

Composition of dividend payments – retention

| | 31.12.2018 | 31.12.2017 |
|---|----------------|----------------|
| in EUR '000 | | |
| Dividends | 115,200 | 102,400 |
| Interest payments on the hybrid capital | 11,067 | 15,841 |
| Deferred taxes shown in equity | -2,767 | -3,960 |
| Total | 123,500 | 114,281 |

Composition of other reserves

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

Composition of other reserves

| | 31.12.2017 | | | | | |
|---|-----------------------------|-------------------------|---|---|------------------|----------------|
| | Unrealised gains and losses | Cash flow hedge reserve | Underwriting gains and losses from provisions for employee benefits | Share of other reserves of associated companies | Currency reserve | Total |
| in EUR '000 | | | | | | |
| Gross | 2,720,471 | -2,492 | -286,960 | 607 | -122,886 | 2,308,740 |
| +/- Exchange rate changes from financial instruments available for sale | 8,277 | | | | | 8,277 |
| +/- Deferred mathematical reserve | -911,167 | | | | | -911,167 |
| +/- Deferred profit participation | -1,093,592 | 0 | 86,975 | 0 | 0 | -1,006,617 |
| +/- Deferred taxes | -163,922 | 0 | 46,705 | 0 | 0 | -117,217 |
| +/- Other non-controlling interests | -9,184 | 0 | 1,474 | -9 | 1,270 | -6,449 |
| +/- Non-controlling interests in non-profit societies | 0 | 2,534 | 10,372 | 0 | 0 | 12,906 |
| Net | 550,883 | 42 | -141,434 | 598 | -121,616 | 288,473 |

CONSOLIDATION CASH FLOW STATEMENT

| | 2018 | 2017 |
|---|------------------|-------------------|
| in EUR '000 | | |
| Result of the period | 367,952 | 372,591 |
| Change in underwriting provisions net | 111,856 | 806,992 |
| Change in underwriting receivables and liabilities | -12,873 | -14,829 |
| Change in deposit receivables and liabilities as well as in reinsurance receivables and liabilities | 32,651 | -31,105 |
| Change in other receivables and liabilities | 78,313 | -6,185 |
| Change in financial instruments recognised at fair value through profit and loss (incl. held for trading) | 7,008 | 144,389 |
| Gain/loss from disposal of investments | -111,379 | -98,818 |
| Depreciation/appreciation of all other investments | 177,991 | 207,821 |
| Change in pension, severance and other personnel provisions | 56,736 | -36,438 |
| Change in deferred tax asset/liability excl. tax liabilities | -33,573 | -15,872 |
| Change in other balance sheet items | -29,076 | -36,988 |
| Change in goodwill and other intangible assets | 106,661 | 165,715 |
| Other cash-neutral income and expenses and adjustments to the result of the period ¹ | 215,573 | -187,394 |
| Cash flow from operating activities | 967,840 | 1,269,879 |
| Cash inflow from the sale of associated companies | 110,392 | 0 |
| Payments for the acquisition of subsidiaries | -11,061 | -37,610 |
| Cash inflow from the sale of available for sale securities | 2,248,144 | 2,975,505 |
| Payments for the acquisition of available for sale securities | -3,388,440 | -4,181,627 |
| Cash inflow from disposals/repayments of held to maturity securities | 280,454 | 224,339 |
| Payments for the addition of held to maturity securities | -102,939 | -154,812 |
| Cash inflow from the sale of land and buildings | 93,521 | 68,693 |
| Payments for the acquisition of land and buildings | -432,587 | -278,323 |
| Cash inflow for the sale of intangible assets | 4,241 | 4,313 |
| Payments for the acquisition of intangible assets | -81,690 | -61,746 |
| Change in investments for unit-linked and index-linked life insurance | 489,786 | -713 |
| Change in loans and other investments | -60,315 | 113,124 |
| Cash flow from investing activities | -850,494 | -1,328,857 |
| Corporate actions, incl. hybrid capital | -198,017 | 0 |
| Cash inflow from subordinated liabilities | 0 | 450,000 |
| Cash outflow from subordinated liabilities | 0 | -257,355 |
| Dividend payments | -139,722 | -130,090 |
| Cash inflow from other financing activities | 292,815 | 172,358 |
| Cash outflow from other financing activities | -219,372 | -272,786 |
| Cash flow from financing activities | -264,296 | -37,873 |
| Change in cash and cash equivalents | -146,950 | -96,851 |
| Cash and cash equivalents at beginning of period ² | 1,497,731 | 1,589,941 |
| Change in cash and cash equivalents | -146,950 | -96,851 |
| Additions/disposals from change in consolidation method | 2,574 | 0 |
| Effects of foreign currency exchange differences on cash and cash equivalents | -6,076 | 4,641 |
| Cash and cash equivalents at end of period² | 1,347,279 | 1,497,731 |
| thereof non-profit societies | 122,341 | 118,731 |

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

² The amount of cash and cash equivalents at the beginning and the end of period correlates with position cash and cash equivalents on the asset side and consists of cash on hand and overnight deposits.

Additional information on the statement of cash flows

| | 2018 | 2017 |
|--|---------|---------|
| in EUR '000 | | |
| Received interest ¹ | 767,633 | 751,197 |
| Received dividends ¹ | 106,740 | 145,965 |
| Interest paid ² | 97,409 | 94,610 |
| Income taxes paid ¹ | 79,085 | 49,590 |
| Expected cash flow from reclassified securities | 10,539 | 16,323 |
| Effective interest rate of reclassified securities | 4.22% | 4.24% |

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

² Interest paid result primarily from financing activities.

Reconciliation of liabilities from financing activities

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

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

Reconciliation of liabilities from financing activities

| | 31.12.2017 | | | |
|--|---|--|------------------------------------|------------------------|
| | Subordinated liabilities (including interests) | Liabilities to financial institutions | Liabilities from public funding | Financing liabilities* |
| in EUR '000 | | | | |
| Book value as of 31.12. of the previous year | 1,265,009 | 1,304,900 | 91,049 | 1,528,828 |
| Cash changes | 131,660 | -113,179 | 4,274 | -23,327 |
| Cash inflows | 450,000 | 106,595 | 7,742 | 57,808 |
| Payments | -257,355 | -205,190 | -3,418 | -64,020 |
| Interest paid | -60,985 | -14,584 | -50 | -17,115 |
| Non-cash changes | 94,330 | 9,310 | 4,695 | -25,084 |
| Additions | 59,852 | 12,352 | 5,210 | 17,579 |
| Disposals | 0 | -11 | -522 | -10,436 |
| Change in the scope of consolidation | 0 | 0 | 0 | -14 |
| Reclassifications | 33,326 | 341 | 0 | -33,326 |
| Measurement changes | 0 | -3,373 | 0 | 1,120 |
| Exchange rate differences | 1,152 | 1 | 7 | -7 |
| Book value as of 31.12. | 1,490,999 | 1,201,031 | 100,018 | 1,480,417 |

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