

23 March 2017

## 2016 preliminary results for Vienna Insurance Group \*)

### Profit more than doubled

- **Premiums increased to around EUR 9.1 billion**
- **Profit (before taxes) more than doubled to around EUR 407 million**
- **Combined ratio at a good level of 97.3 percent**
- **Proposed dividend increased to EUR 0.80 per share**
- **Fit for the future with Agenda 2020**

Preliminary premium volume of EUR 9,051 million showed a stable development (+EUR 31 million compared to the previous year). Premiums increased significantly in all lines of business, with the exception of single-premium life insurance (- 19.2 percent). As in the previous year, a restrictive underwriting policy was followed in most markets in this area due to the low interest rate situation. Without single-premium products, premiums increased + 4.4 percent across all lines of business.

Premiums grew particularly strongly in the Remaining CEE segment (+ 7.9 percent), including contributions from Serbia (+ 18.5 percent) and Croatia (+ 9.4 percent), and in the segments Turkey/Georgia (+ 14.5 percent) and Hungary (+ 9.8 percent). Growth in Romania was exceptional, reaching the highest recorded level of 24.4 percent, in part due to market adjustments.

With respect to profit (before taxes), the target set in the previous year was to at least double the profit achieved in 2015 to up to EUR 400 million. *“At EUR 406.7 million, we achieved the top end of our target range, thereby far more than doubling our profit (before taxes),”* stated Elisabeth Stadler.

Compared to the combined ratio of 97.9 percent at the 3rd quarter 2016 a significant improvement of the combined ratio for the full year 2016 was achieved. With 97.3 percent VIG’s combined ratio remains at the level of the previous year and is once again clearly below the 100 percent mark. The cost ratio improved to 30.4 percent compared to 30.6 percent in 2015. In the same dimension the claims ratio increased from 66.7 percent to 66.9 percent.

Vienna Insurance Group generated a financial result of EUR 959 million in 2016. This represented a 7.8 percent year-on-year decrease that was mainly due to lower realised gains on the disposal of investments in bonds, loans and equities.

Due to the good results, the Managing Board will propose to the statutory bodies that the dividend for the financial year 2016 be increased from EUR 0.60 in the previous year to EUR 0.80 per share. This corresponds to an increase of 33 percent and maintains the dividend policy VIG has followed since 2005, which provides for a minimum distribution of 30 percent of net Group profits (after minority interests).

## **New “Agenda 2020” work programme**

The examination of VIG’s 25 markets for new potential as announced in the previous year was effected. This resulted in a strategic work programme. In addition to taking advantage of profitable market potential, VIG is also focusing on areas that will ensure future viability of the Group and optimise the business model to increase cost efficiency. This includes creating cost benefits by merging back-office functions and companies in the Group when the long-term benefits outweigh the benefits of a diversified market presence.

In addition to the growth opportunities in health and reinsurance VIG sees great potential in the bank insurance business. A project group is being formed with the bank insurance partner Erste Group. The goal of the project is to optimise products, distribution and profits for the bank and insurance companies in all countries where Erste Group and VIG cooperate. The focus is on customer needs and desires, easily understandable products and the 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.

## **Outlook for the period to 2019**

VIG plans to steadily increase its premium volume to EUR 9.5 billion by 2019. In spite of the low interest rate environment and the continued negative effect this is expected to have on the financial result, VIG aims to increase its profit (before taxes) to EUR 450 to 470 million by 2019. The medium-term target of 95 percent continues to apply for the combined ratio. Dividend per share development to follow results increase.

### **\*) Note**

The information in this press release for the financial year 2016 is based on preliminary unaudited data. The final audited information for the financial year 2016 will be published with the Group Annual Report 2016 on 19 April 2017.

### **Disclaimer**

This press release contains forward-looking statements that concern future developments in Vienna Insurance Group. These statements are based on current assumptions and forecasts by the management of Vienna Insurance Group. Changes in general economic developments, future market conditions, capital markets and other circumstances could result in actual events or results differing significantly from these forward-looking statements. Vienna Insurance Group assumes no obligation to update these forward-looking statements or modify them based on future events or developments.

## **The following securities of VIG are admitted for trading on a regulated market:**

Issue title	ISIN	Trading segment
Aktie	AT0000908504	Vienna and Prague Stock Exchange, Official Market
VIG nachrang. Anl. 15	AT0000A1D5E1	Luxembourg Stock Exchange, Second Regulated Market
VIG nachrang. Schuldv.13-43	AT0000A12GN0	Vienna Stock Exchange, Second Regulated Market
Wr.Staedt. Hybridkap-Anl. 08	AT0000A09SA8	Vienna Stock Exchange, Second Regulated Market

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