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Vienna Insurance Group with preliminary first half-year profit before taxes 2016 of about EUR 200mn and changed valuation approach and consolidation of non-profit housing societies

VIG announces preliminary consolidated profit before taxes of about EUR 200mn for the first half-year 2016. Thus, the result is in line with the given earnings outlook for the financial year 2016. Consolidated shareholders' equity will be adjusted due to the change in the valuation method from the currently at-equity consolidated non-profit housing societies.

This amendment is based on the official notification of the Austrian Financial Market Authority (FMA) under Section 3 (1) 3 of the Accounting Control Act dated 2 August 2016. According to this notification, the method of inclusion of the non-profit housing societies is seen as non IFRS-compliant. The examination included the consolidated financial statements for FY 2014 and FY 2015 as well as the half-year reports as of 30 June 2014 and 30 June 2015. According to this notification, the regulatory restrictions applied for non-profit housing societies in terms of profit distribution and liquidation have not adequately been considered neither for calculation of fair value nor for including the profit share of these entities. According to the FMA notification, this implies after a first and preliminary review a reduction of the profit before taxes by about EUR 45mn and of shareholders' equity (own shares and non-controlling interests) by about EUR 550 – 580mn for the financial year 2015.

In the meantime, the Supervisory Boards agreed upon Vienna Insurance Groups' regaining of controlling influence over the non-profit housing societies. Most likely from August 2016, participations in the nine companies will be fully consolidated and relevant assets, amongst others real estate with a book value of roughly EUR 3.5bn, will be included in the balance sheet. Based on preliminary half-year 2016 data, the share of non-profit housing societies in shareholders' equity increases by about EUR 1bn when fully consolidated. Going forward, this increase will be separately shown under 'non-controlling interests' in the consolidated balance sheet.

These accounting changes have no impact on the Solvency II ratio. So far, the own funds calculation for regulatory solvency reason out of non-profit housing societies was already based on future dividend payouts, in which the specific distribution restrictions for non-profit housing societies are fully taken into account.

Moreover, management confirms the earnings outlook for 2016. The Group aims to at least double its profit before taxes up to EUR 400mn in 2016.

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
Wr.Staedt.Vers. EK-Anl. 05-22	AT0000342696	Vienna Stock Exchange, Official Market
Wr.Staedt.Vers. var EK-Anl. 05	AT0000342704	Vienna Stock Exchange, Official Market

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