



HALF-YEAR FINANCIAL REPORT 2020



Letter from the Chairwoman of the Managing Board

**Dear Shareholders,
Ladies and Gentlemen!**

Seldom in the history of VIG Insurance Group has such a profound change occurred in just a few months like the one that took place between the end of 2019 and the middle of 2020. After achieving excellent results in 2019 – for the first time more than 10 billion in premiums and more than half a billion in profits before taxes – the start of the COVID-19 pandemic at the beginning of the year dramatically changed all plans and the day-to-day reality of all our lives.



Nevertheless, we managed to handle this exceptional situation well as an insurance group. From one day to the next, we made it possible for thousands of employees to work from home and our advisors ensured that contact was maintained in spite of the closure of our customer offices. This allowed us to successfully maintain our business operations. We replaced physical contact with digital contact as far as possible and thus remained connected with our customers, employees, partners and each other. Especially in uncertain times like these we want to be a reliable partner and available to all our stakeholders.

In spite of this exceptional occurrence and the dampening effects on our operating business, we can report satisfying figures for the first half of the year. Premiums increased 2.4% year-on-year for the Group as a whole to EUR 5,577.4 million. Notwithstanding the special effects due to COVID-19, our result before taxes remains stable at EUR 201.2 million, leading to a result after taxes of EUR 132.6 million. Claims expenses decreased in the 1st half of 2020, due in part to a reduction in weather-related claims. This had a very positive effect on the combined ratio, which was 95.5% at the middle of the year. Based on these overall satisfying results and our solid capital resources, we are maintaining our proposed dividend of EUR 1.15 per share for the Annual General Meeting on 25 September 2020.

We currently feel that the effects of COVID-19 on the insurance group are operationally manageable. It is more difficult to assess the medium and long-term macroeconomic consequences and related reactions in capital markets. An outlook for 2020 as a whole would therefore be highly uncertain and is currently impossible to provide. We can, however, state the following: We, as a Group, continue to follow our successful business model with careful consideration. Our strong balance sheet provides a solid foundation and is helping us overcome our current challenges. Our broad diversification across countries, distribution channels and products allows us to continue to take optimal advantage of any opportunities that arise and pursue our long-term growth ambitions. We began to further improve our profitability and future viability in 2017 under our Agenda 2020 management programme and continue to systematically pursue these measures, such as promotion of the digital transformation. Our digitalisation investments also paid off during the COVID-19 pandemic. Online tools and digital services were in great demand and heavily used. In Poland, for example, the online sale of motor insurance was the fastest growing distribution channel in 1st half of 2020. We are therefore confident that we will also be able to handle any dampening effects of the COVID-19 pandemic in the best way possible in the second half of the year.

Yours sincerely,

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

Elisabeth Stadler

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Interim management report

Business development and economic position

ECONOMIC ENVIRONMENT

The 1st half of 2020 was dominated by the spread of the COVID-19 pandemic at the beginning of the year. Drastic economic and sociopolitical measures that greatly limited public life and economic activities were implemented worldwide to fight the COVID-19 pandemic. The effects on the global economy were enormous. Packages of monetary and fiscal policy measures were adopted to provide support for budgets and companies affected by the crisis.

Austria took measures to contain the COVID-19 pandemic starting in mid-March. The resulting supply restrictions and collapse in demand led to a massive reduction in economic output. According to the Austrian Institute for Economic Research (WIFO), gross domestic product (GDP) recorded a year-on-year decrease of 2.4% in the 1st quarter of 2020, followed by a sharp decline of 10.7% in the 2nd quarter of 2020 as compared to the 1st quarter of 2020. The measures taken to contain COVID-19 led to a massive drop in consumer demand that was reflected in the tourism, trade and personal services sectors, among others. The COVID-19 pandemic also affected the Austrian labour market, likely leading to an unemployment rate of 10.7% in July.

As the COVID-19 pandemic spread, economic growth in the EU member states of Central, Eastern and Southeastern Europe (CESEE) also fell in the 1st quarter of 2020 to a regional average of -1.1% compared to the previous quarter. The National Bank of Austria (OeNB) reported an especially large drop in GDP for the Czech Republic, Slovenia and Slovakia. This was likely due to their particularly strong economic integration with the outside world and comparatively rapid implementation of containment measures. Decreases in retail sales (average -13.3% year-on-year) and a 60% drop in new car registrations in April pointed towards another strong decrease in economic output in the 2nd quarter of 2020.

BUSINESS DEVELOPMENT AND FINANCIAL PERFORMANCE INDICATORS

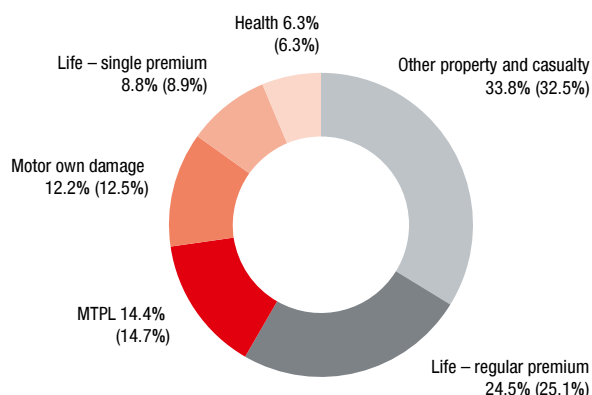
VIG Insurance Group wrote EUR 5,577.4 million in premiums in the 1st half of 2020, an increase of 2.4% compared

1st half of 2020 at a glance

- Premiums increased 2.4% to EUR 5,577.4 million
- Result before taxes stable at EUR 201.2 million in spite of special effects due to COVID-19
- The combined ratio is 95.5%

to the same period in the previous year (1st half of 2019: EUR 5,446.7 million). This increase was mainly due to the good performance in other property and casualty insurance.

PREMIUM SHARE BY LINES OF BUSINESS IN THE 1ST HALF OF 2020



Values for 1st half of 2019 in parentheses

Expenses for claims and insurance benefits less reinsurers' share were EUR 3,600.0 million in the first six months of 2020 (1st half of 2019: 3,539.2 million), 1.7% higher than the value for the same period in the previous year. The small increase was mainly due to the increase in premium volume.

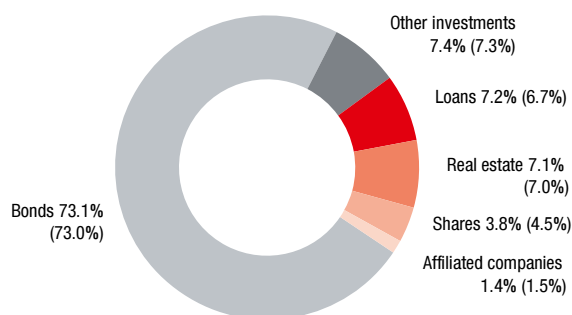
Acquisition and administrative expenses less reinsurance commissions rose to EUR 1,136.9 million (1st half of 2019: EUR 1,132.5 million).

The Group result before taxes decreased by 21.8% in the 1st half of 2020 to EUR 201.2 million (1st half of 2019: EUR 257.1 million). In addition to a change in the consolidation method for non-profit societies, the year-on-year decrease was mainly due to a goodwill impairment of EUR 118.1 million. This impairment was the result of an event-driven impairment test of goodwill in connection with COVID-19.

The Group combined ratio after reinsurance (not including investment income) improved compared to the same period in the previous year to 95.5%, mainly as a result of an improved claims development and lower weather-related claims (1st half of 2019: 96.4%).

Group investments including cash and cash equivalents were EUR 35,811.4 million as of 30 June 2020, which was slightly below the level of the comparison period (31 December 2019: EUR 35,899.1 million).

BREAKDOWN OF INVESTMENTS AS OF 30 JUNE 2020



Values as of 31 December 2019 in parentheses

VIG Insurance Group achieved a financial result of EUR 388.0 million in the 1st half of 2020 (1st half of 2019: EUR 423.2 million). This corresponds to a decrease of 8.3%, primarily due to the change in the consolidation method for non-profit societies on 31 July 2019.

BUSINESS DEVELOPMENT AND FINANCIAL PERFORMANCE INDICATORS BY SEGMENT

PREMIUMS WRITTEN BY SEGMENT

in EUR million	1.1.-30.6.20	1.1.-30.6.19	Δ in %	Δ absolute
Austria	2,316.2	2,216.2	4.5%	100.0
Czech Republic	879.5	893.1	-1.5%	-13.6
Slovakia	383.2	407.3	-5.9%	-24.1
Poland	590.5	544.1	8.5%	46.4
Romania	229.1	234.9	-2.5%	-5.8
Baltic states	251.0	257.1	-2.4%	-6.1
Hungary	153.7	143.2	7.3%	10.5
Bulgaria	111.7	124.8	-10.5%	-13.1
Turkey/Georgia	127.4	111.5	14.2%	15.9
Remaining CEE ¹	231.3	218.8	5.7%	12.6
Other Markets ²	142.0	164.1	-13.5%	-22.1
Central Functions ³	930.6	850.1	9.5%	80.5
Consolidation	-768.8	-718.5	7.0%	-50.3
Total	5,577.4	5,446.7	2.4%	130.7

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

² Other Markets: Germany, Liechtenstein

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

RESULT BEFORE TAXES BY SEGMENT

in EUR million	1.1.-30.6.20	1.1.-30.6.19	Δ in %	Δ absolute
Austria	104.0	87.9	18.3%	16.1
Czech Republic	108.0	77.5	39.4%	30.5
Slovakia	28.8	21.2	36.1%	7.6
Poland	35.5	23.1	53.8%	12.4
Romania	9.5	2.4	> 100%	7.1
Baltic states	8.4	4.0	> 100%	4.5
Hungary	4.8	4.4	9.9%	0.4
Bulgaria	-48.4	9.3	n/a	-57.7
Turkey/Georgia	-3.5	4.2	n/a	-7.7
Remaining CEE ¹	-24.9	13.9	n/a	-38.8
Other Markets ²	15.3	13.7	11.8%	1.6
Central Functions ³	-36.9	-3.3	> 100%	-33.5
Consolidation	0.5	-1.1	n/a	1.6
Total	201.2	257.1	-21.8%	-55.9

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

² Other Markets: Germany, Liechtenstein

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

Austria

In the first six months of 2020 the Austrian VIG insurance companies generated 2,316.2 million in premiums written, corresponding to a year-on-year increase of 4.5% (1st half of 2019: 2,216.2 million) that was mainly due to the positive performance achieved by single-premium life insurance and other property and casualty insurance.

The result before taxes increased by 18.3% year-on-year to EUR 104.0 million due to an improved combined ratio and a higher financial result in the property and casualty line of business (1st half of 2019: EUR 87.9 million).

The combined ratio improved to a very good 94.4% in the first six months of 2020, mainly due to a better claims development and lower weather-related claims (1st half of 2019: 95.3%).

Czech Republic

The VIG insurance companies in the Czech Republic segment wrote EUR 879.5 million in premiums in the 1st half of 2020, a decrease of 1.5% compared to the same period in the previous year (1st half of 2019: EUR 893.1 million). In addition to declines in the motor own damage and other property and casualty lines of business, this is primarily a consequence of the declining premium development in single-premium life insurance.

The result before taxes was EUR 108.0 million in the 1st half of the current year, corresponding to a year-on-year increase of 39.4% (1st half of 2019: EUR 77.5 million) that was primarily due to improvements in the life insurance underwriting result and the combined ratio.

The combined ratio improved year-on-year to 94.1% in the 1st half of 2020 as a result of an improved claims development, due in part to lower charges from major claims (1st half of 2019: 94.9%).

Slovakia

The VIG insurance companies in the Slovakia segment wrote EUR 383.2 million in premiums in the first six months

of the current year (1st half of 2019: EUR 407.3 million). This corresponds to a year-on-year decrease of 5.9%, which was primarily due to a decrease in premiums in the life insurance lines of business.

The result before taxes rose by 36.1% in the 1st half of 2020 to EUR 28.8 million (1st half of 2019: EUR 21.2 million). The positive development was due to an improvement in the combined ratio.

The combined ratio improved to an excellent 89.2% in the first six months of 2020 as a result of an improved claims development, due to a reduction in major claims for other property and casualty insurance (1st half of 2019: 99.6%).

Poland

The VIG insurance companies in the Poland segment wrote EUR 590.5 million in premiums in the 1st half of 2020, representing a year-on-year increase of 8.5% (1st half of 2019: EUR 544.1 million). This increase was mainly due to positive developments in other property and casualty insurance and motor third party liability insurance.

The result before taxes rose by 53.8% to EUR 35.5 million in the first six months of the current year due to a higher financial result from the sale of bonds in the category financial instruments available for sale and an improved combined ratio (1st half of 2019: EUR 23.1 million).

The combined ratio continued to be at a very good level of 94.1% in the 1st half of 2020 (1st half of 2019: 95.2%). This improvement resulted primarily from other property insurance in both direct and indirect business.

Romania

EUR 229.1 million in premiums were written by the VIG insurance companies in the Romania segment in the 1st half of 2020, which is a decrease of 2.5% (1st half of 2019: EUR 234.9 million). This decrease was mainly the result of a reduction in premiums in the single-premium life insurance line of business.

A result before taxes of EUR 9.5 million was recorded in the 1st half of 2020 (1st half of 2019: EUR 2.4 million). This improvement is primarily due to the good combined ratio.

The combined ratio improved to 96.4% as a result of the intentional reduction in the motor third party liability portfolio and an improved claims development (1st half of 2019: 102.6%).

Baltic states

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

The VIG insurance companies in the Baltic states wrote EUR 251.0 million in premiums in the first six months of 2020, representing a year-on-year decrease of 2.4% (1st half of 2019: EUR 257.1 million). The decrease in premiums was mainly due to the motor lines of business.

In the Baltic States segment, the result before taxes more than doubled year-on-year to EUR 8.4 million (1st half of 2019: EUR 4.0 million). The increase is primarily due to a strong improvement in the health insurance business and a better combined ratio.

The combined ratio improved year-on-year in the 1st half of 2020 to 94.8% as a result of an improved claims development, partly due to a decrease in major claims in other property and casualty insurance (1st half of 2019: 97.0%).

Hungary

Premiums written in the Hungary segment rose by 7.3% in the 1st half of 2020 to EUR 153.7 million (1st half of 2019: EUR 143.2 million). The increase was primarily the result of strong premium growth for single-premium life insurance.

The result before taxes increased 9.9% year-on-year to EUR 4.8 million due to the improvement in the combined ratio (1st half of 2019: EUR 4.4 million).

The combined ratio improved to 94.4% in the 1st half of 2020, mainly due to the positive development achieved in the motor lines of business (1st half of 2019: 98.2%).

Bulgaria

EUR 111.7 million in premiums were written in the Bulgaria segment in the 1st half of 2020. This year-on-year reduction of 10.5% (1st half of 2019: 124.8 million) was primarily due to a decrease in health insurance premiums.

The Bulgaria segment recorded a loss of EUR 48.4 million in the 1st half of 2020 due to a goodwill impairment of EUR 59.8 million (1st half of 2019: result before taxes of EUR 9.3 million).

The combined ratio improved year-on-year to 90.9% in the 1st half of 2020, mainly due to an improved claims development (1st half of 2019: 93.6%).

Turkey/Georgia

The VIG insurance companies in the Turkey/Georgia segment recorded written premiums of EUR 127.4 million in the first six months of 2020, corresponding to a strong year-on-year increase of 14.2% (1st half of 2019: EUR 111.5 million). The premium increase was primarily achieved in the other property and casualty line of business in Turkey.

As a result of a goodwill impairment of EUR 13.3 million in Georgia, the Turkey/Georgia segment recorded a loss of EUR 3.5 million in the 1st half of the current year (1st half of 2019: result before taxes of EUR 4.2 million).

The combined ratio improved year-on-year to 84.5% in the 1st half of 2020, mainly due to an improved claims development in Turkey (1st half of 2019: 100.6%).

Remaining CEE

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

The VIG insurance companies in the Remaining CEE countries wrote EUR 231.3 million in premiums in the 1st half of 2020. The year-on-year increase of 5.7% was mainly due to premium growth in single-premium life insurance and the good performance in other property and casualty insurance.

A loss of EUR 24.9 million was recorded in the Remaining CEE segment in the 1st half of 2020 (1st half of 2019: result before taxes of EUR 13.9 million). This was primarily the result of a goodwill impairment of EUR 45.0 million in Croatia.

The combined ratio improved to 90.4% in Ukraine, Serbia, Bosnia-Herzegovina and Moldova, mainly due to an improved claims development (1st half of 2019: 94.3%).

Other Markets

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

The VIG insurance companies in the Other Markets segment wrote EUR 142.0 million in premiums in the first six months of 2020 (1st half of 2019: EUR 164.1 million). The year-on-year reduction of 13.5% was mainly due to the decrease in single-premium life insurance in Liechtenstein.

The result before taxes increased by 11.8% to EUR 15.3 million in the 1st half of 2020, primarily due to an improvement in the combined ratio (1st half of 2019: EUR 13.7 million).

The combined ratio was at very good 77.5% in the 1st half of 2020 due to positive performance in casualty insurance (1st half of 2019: 80.4%).

Central Functions

The Central Functions include VIG Holding (including the branches in Northern Europe), VIG Re (including the branches in Germany and France), Wiener Re, the VIG Fund, non-profit societies, corporate IT service providers and intermediate holding companies.

Premiums written in the Central Functions segment rose by 9.5% in the 1st half of 2020 to EUR 930.6 million (1st half of 2019: EUR 850.1 million). This was mainly the result of an increase in premiums generated by the VIG company VIG Re entering new business areas for active reinsurance (Western Europe), as well as a large increase in corporate and large customer business in VIG Holding.

The Central Functions reported a loss of EUR 36.9 million in the first six months of the current year (1st half of 2019: loss of EUR 3.3 million). The decrease was due to the change in consolidation method of the non-profit societies starting 31 July 2019.

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 56.

MATERIAL RELATED PARTY TRANSACTIONS

Information on related party transactions is provided in the notes to the consolidated financial statements starting on page 54.

Expected development and risks of the Group

SIGNIFICANT RISKS AND UNCERTAINTIES

The continuing spread of the COVID-19 pandemic since the beginning of 2020 has affected the business world worldwide. It has also exposed VIG Insurance Group to a number of risks that are being addressed and handled as part of our sustainable risk management. In addition to operational risks, mainly due to the change in working conditions and the possibility of employees becoming ill and subsequent quarantine measures, it is also having a negative impact on our insurance business and associated investments.

The high level of volatility exhibited by all financial asset classes and the downward potential that still exists due to the interest rate environment are working hand-in-hand with underwriting risks to adversely affect the solvency of the insurance companies and the Group. Some decreases in new business were also recorded, particularly in the second quarter. Additional information concerning the COVID-19 pandemic is provided on page 24 of the notes to the consolidated financial statements.

Due to the volatility of the current situation and the current inability to fully estimate the effects of the COVID-19 pandemic, business and financial market developments are being monitored closely and the additional control and analysis measures that were initiated are being continued so that any additional risk mitigation measures needed for the VIG Insurance Group can be implemented quickly and systematically.

Market risks and underwriting risks continue to be the most important risks for the VIG Insurance Group in the 2nd half of 2020. Vienna Insurance Group will continue to maintain its current investment policy of holding a conservative, security-oriented asset allocation. Further information on the significant business risks to which the VIG Insurance Group is exposed is available in the risk report section in the VIG Insurance Group Annual Report for 2019 and in the Solvency and Financial Condition Report for 2019.

The VIG Insurance Group solvency ratio was 209.7% on 31 December 2019. Bond and capital markets changes caused the VIG Insurance Group solvency ratio to decrease in the first half of the year to 183.1% as of 30 June 2020.

The VIG Insurance Group Risk Management unit will focus on current and potential future consequences of the COVID-19 pandemic in the second half of 2020. Risk Management will also focus more on the handling of sustainability risks.

The insurance group's continued excellent level of regulatory capital and A+ rating from Standard & Poor's demonstrate its high risk-bearing capacity.

EXPECTED DEVELOPMENT – OUTLOOK

ECONOMIC OUTLOOK

The economic effects of the COVID-19 pandemic depend on a number of factors that interact with each other in a manner that is complex and difficult to foresee, such as the length of the COVID-19 pandemic itself, the duration of containment measures, unemployment, weaker foreign demand and much more. Economic forecasts are therefore

currently subject to greater uncertainty than is usually the case.

The International Monetary Fund (IMF) updated its World Economic Outlook in its June 2020 forecast. As a result of the COVID-19 pandemic, the IMF is forecasting a 4.9% decrease in economic output for 2020. This is based on an assumption that global activity reaches a low point in the 2nd quarter of 2020 and then slowly recovers. The world economy is predicted to grow at a rate of 5.4% in 2021. According to the IMF, both consumption and investment are expected to firm up in 2021, but the latter remain subdued.

The COVID-19 pandemic is causing a rapid, large downward revision in GDP forecasts in the CESEE region. The National Bank of Austria (OeNB) expects GDP growth to decline 5.5% in the region in 2020. Due to the great importance of the tourism sector, economic growth is expected to slow the most in Croatia, while Poland, on the other hand, is expected to show noticeable above-average growth. GDP growth will recover in 2021, but due to the high level of uncertainty there is still a relatively large difference between the forecasts (between +3% to +5%).

According to the Austrian Institute of Economic Research (WIFO), Austrian economic output will fall significantly more (7%) in 2020 than the 2008/2009 financial crisis. The recession is essentially expected to be limited to the 1st half of 2020, and therefore be comparatively short, but extremely deep. Growth of 4.3% is expected for Austria in 2021. The labour market is also suffering from the economic collapse. WIFO is forecasting an unemployment rate of 9.7% for 2020 (2019: 7.4%). The economic recovery expected in 2021 should also ease the situation in the Austrian labour market in 2021.

OUTLOOK FOR THE VIG INSURANCE GROUP

As a market leader in Austria and the CEE region, the VIG Insurance Group and its more than 25,000 employees in around 50 insurance companies and 30 countries is in an excellent position to take advantage of the opportunities

available in this region and the long-term growth options they offer. It remains committed to its proven business strategy of profitable growth. Based on the values of diversity, customer proximity and responsibility, the VIG insurance companies plan to use their successful management principles to consolidate and further increase their market shares. This includes both organic growth and growth by acquisitions, particularly if an opportunity arises to strategically expand the existing portfolio or take advantage of economies of scale. The goal is to increase market share to a minimum of 10% in Poland, Hungary and Croatia in the medium term.

The measures taken to protect VIG Insurance Group employees during the COVID-19 pandemic and ensure the continuation of business operations are being continuously adjusted based on the current situation. Our extensive digitalisation activities in previous years have paid off in this regard and the VIG Insurance Group continues to systematically promote them. We are also continuously monitoring capital market developments.

Based on our strong balance sheet in 2019, solid capital base and the systematic pursuit of strategic measures and initiatives for optimising our business model, organisation and cooperation and ensuring future viability under Agenda 2020, the VIG Insurance Group is confident that it will handle the challenges presented by the COVID-19 pandemic in the best way possible.

Due to the ongoing uncertainty with respect to the COVID-19 pandemic, it is currently impossible to present an outlook for 2020. The Managing Board of VIG Holding continues to expect a dampening effect on the VIG Group's result for financial year 2020.

Under its dividend policy, which foresees a distribution in the range of 30 to 50% of Group net profits, the dividend per share will be aligned with the Company's performance. Due to the excellent result achieved in 2019, the proposed dividend for financial year 2019 that will be presented at the Annual General Meeting on 25 September 2020 remains unchanged at EUR 1.15 per share, subject to significant unforeseen health and economic developments.

Current topics

Changes in the Managing Board

Franz Fuchs left his Managing Board position for VIG Holding on 30 June 2020. He held Managing Board positions in the VIG Group for around 17 years, including his position on the Managing Board of VIG Holding starting in October 2009. In recognition of his services, he was appointed Deputy General Manager in October 2019. Franz Fuchs will continue to maintain a close relationship and provide advice to the VIG Group and will hold supervisory board positions in VIG insurance companies in the future.

The VIG Holding Managing Board had the following seven members as of 1 July 2020:

- Elisabeth Stadler (CEO)
- Liane Hirner (CFO)
- Peter Höfner
- Gerhard Lahner
- Gábor Lehel
- Harald Riener
- Peter Thirring

Weather-related claims in Austria and Central and Eastern Europe

In total, gross weather-related claims were around EUR 91 million in the 1st half of 2020 (1st half of 2019: gross EUR 103 million). VIG Insurance Group retained around EUR 76 million after reinsurance (1st half of 2019: EUR 90 million).

29th Annual General Meeting

Due to future uncertainties and the measures to contain the COVID-19 pandemic, the Managing Board of the VIG Insurance Group already decided in March 2020 to defer the Annual General Meeting that was planned for 15 May 2020. To protect shareholders and all participants, the new statutory provisions of the Austrian COVID-19 Company Law Act (Gesellschaftsrechtliches COVID-19-Gesetz – COVID-19-GesG) and COVID-19 Company Law Regulation (Gesellschaftsrechtliche COVID-19-Verordnung – COVID-19-GesV) will be used to hold the 29th Annual General Meeting of Vienna Insurance Group as a virtual

general meeting on 25 September 2020. Further information on the Annual General Meeting is available here: www.vig.com/annual-general-meeting

Investment in ViveLaCar start-up

The VIG Insurance Group has acquired an interest of around 20% in the German start-up ViveLaCar GmbH, thereby helping with the expansion of the innovative car subscription platform to Austria and Switzerland. The mobility start-up is aimed at target groups that want to be mobile as easily as possible for a specific period of time. Cars are subscribed directly online from authorised dealers for a monthly fixed price, picked up from the dealer and returned after the agreed subscription period. VIG Insurance Group felt this easy, transparent mobility option was attractive and that it conforms to the current spirit of the times for unbureaucratic mobility solutions.

VIG Holding helps in the battle against COVID-19 by investing in APEIRON Biologics

In June 2020, VIG Holding invested around EUR 7 million as part of a capital increase by APEIRON Biologics AG. VIG Holding's investment represents the largest share of the funding secured for a study to develop a medication for treating seriously ill COVID-19 patients and for immune-oncology projects. In this way, it can work together with APEIRON to help in the fight against COVID-19, thereby satisfying its corporate social responsibility as an insurance company. In addition, given its large life and health insurance portfolio, ensuring health and disease prevention is important to the VIG Insurance Group.

Polish VIG insurance companies and C-Quadrat form a joint venture for asset management

C-Quadrat Investment AG and the Polish VIG insurance companies have formed VIG C-Quadrat, a joint venture located in Warsaw. It plans to offer securities services and investment funds in Poland using a wide product range focused on open-ended funds and long-term savings products. C-Quadrat Investment AG holds 60% of the joint venture and the five Polish VIG insurance companies, Compensa Non-Life and Life, InterRisk, Vienna Life and Wiener TU, hold 40%. The highly positive economic development in recent years, the great potential offered

by one of the largest Member States of the EU with a population of 38 million and the dynamic growth in demand for investment products are some of the reasons for the joint venture in Poland. The introduction of employee pension funds under the reform of the Polish pension system in 2019 is another positive indicator of a promising long-term savings and investment market in Poland.

FTSE4Good sustainability index continues to list VIG shares in 2020

At the end of January 2020, FTSE Russell confirmed that VIG shares had been independently evaluated based on the FTSE4Good criteria and satisfied the requirements for inclusion in the FTSE4Good index series. VIG shares have been listed in this international sustainability index without interruption since they were first included in 2007. The FTSE4Good was brought to life to measure the performance of companies with strong environmental, social and governance practices (ESG). VIG Insurance Group is intentionally intensifying its measures in the ESG area. The introduction of its climate change strategy was an important step, providing for a gradual withdrawal from investments in the coal sector and an immediate halt to new insurance policies for coal power plants and coal mines. The share of environmentally-friendly investments – so-called “green bonds” – is also being increased. Non-profit housing also continues to be important for the insurance group's investment strategy.

VÖNIX sustainability index continues to include VIG shares

VIG shares continue to be listed in the VÖNIX sustainability index for 2020/2021. They have been included since the year the index was launched in 2005. VÖNIX is the sustainability benchmark of the Austrian stock market. It includes domestic companies listed on the Vienna Stock Exchange that are leaders with respect to environmental and social activities. The sustainability strategy of the VIG Insurance Group covers all of its business activities, with particular importance given to environmental effects. In addition to the climate change strategy, the two Austrian VIG insurance companies also provide current examples of sustainability: Wiener Städtische's “ECO SELECT INVEST” and DONAU Versicherung's “Green Selection” offer novel unit-linked life insurance that has been awarded the Austrian ecolabel.

Merger of Compensa Non-Life and Seesam in the Baltic states

The non-life companies Compensa Non-Life and Seesam have successfully concluded their merger. Since 1 July 2020, they have been operating as a single company, Compensa Non-Life, located in Lithuania, with branch offices in Latvia and Estonia. The company operates under the Compensa Non-Life brand in Lithuania and Latvia, and under the Seesam brand in Estonia. The merger expands the range of insurance services offered to both private and business customers. Private customers are offered comprehensive personal and property insurance, while corporate customers receive comprehensive corporate and employee insurance.

AWARDS

VIG Holding the most diverse company in Austria

VIG Holding received 1st place in the BCG Gender Diversity Index Austria for 2019 by the Boston Consulting Group (BCG), moving to the top of the ranking from 2nd place in 2018. The index analyses the gender balance and pay gaps in the Managing Boards and Supervisory Boards of the 50 largest listed companies in Austria. VIG Holding received 91 points of a possible maximum of 100. BCG developed the index with the business magazine trend to promote diversity in the business sector.

VIG CFO represented in EIOPA stakeholder group again

The EIOPA Board of Supervisors has confirmed Liane Hirner, CFO of Vienna Insurance Group (Wiener Versicherungs Gruppe), for a four-year position in the Insurance & Reinsurance Stakeholder Group (IRSG). Liane Hirner remains the only Austrian member of the group and as an industry member represents the interests of the insurance sector when taking part in decisions by the European Insurance and Occupational Pensions Authority (EIOPA) for planned regulations and measures on insurance matters.

VIG Insurance Group one of the three most important insurers in Austria

In March 2020, market Marktforschungs GmbH & Co. KG conducted a market test of Austrian insurance companies. The brand strength of 31 Austrian insurers was examined.

One of the questions in the main category “Corporate Social Responsibility” asked for an answer to how important these insurance companies were for Austria. According to the results, more than two thirds of Austrians – precisely 73% – felt that the umbrella brand Vienna Insurance Group was particularly important for the country, including 35% who felt it was very important. This placed the Vienna Insurance Group umbrella brand in 3rd place, closely followed by the VIG insurance company Wiener Städtische, which 67% of the respondents felt was an important insurer. In comparison, the industry average was 54%.

Wiener Städtische in Austria: Top-ranking occupational disability insurance

The analysis firm Morgen & Morgen carefully examined the rates for Austrian occupational disability insurance for the 14th time. 31 service questions were used to analyse and evaluate the insurance terms of 29 occupational disability policies for the rating. The main criteria were whether they were customer-friendly and understandable. Austrian VIG insurance company Wiener Städtische received the top five-star (excellent) rating for the third time in a row, making it one of the best Austrian occupational disability insurers again.

Ray Sigorta wins Customer Excellence Award

VIG insurance company Ray Sigorta received Turkey’s most renowned award for customer satisfaction in the “Insurance” category. This remarkable result was due to a variety of projects and a major level of commitment that put the focus on customers. For example, call centre functions were restructured from the ground up and all elements, from customer processes to organisational design, that were related to customer contact and the customer experience were revised. The esteemed award was given by Turkey’s biggest customer satisfaction platform, which has measured customer satisfaction across the country in various areas of life since 2001. Ray Sigorta received the award for the first time in the company’s history.

Hattrick for Croatian company Wiener Osiguranje

For the first time since the “Dani komunikacija” festival began in Croatia, VIG insurance company Wiener Osiguranje

did more than win awards in all of the nominated categories, it won first place for all three nominations. The high recognition awards were received in the Brand Awareness Campaign, Best Search 2019/2020 and Financial & Insurance Services categories for various projects and campaigns in the insurance industry. The British Association Excellence Awards recognises the “Dani komunikacija” festival as one of the best events in the world for its out-of-the-box approach, unique programme, provocative production and first-class organisation.

ASIROM receives prestigious REBRAND 100 MERIT Award

The rebranding project of the Romanian VIG insurance company ASIROM received the REBRAND 100 MERIT Award from the REBRAND 100 Global Awards. The award is given for the most successful global rebrands and is recognition for the business-enhancing value of the transformation as well as for aesthetic value, creative originality and strategic appropriateness. Since 2004, REBRAND has been the world's most respected competition for effective brand transformation and outstanding achievements in brand repositioning. This year's international jury of experts consisted of CEOs and brand managers of Telekom, Google USA, Zurich Insurance, Air France and other well-known companies.

Bulstrad Non-Life insurer of the year again in 2019

Bulgarian VIG insurance company Bulstrad Non-Life was chosen as the “Insurer of the Year” in Bulgaria for the third time in a row. The award is organised by the Bulgarian Higher School for Insurance and Finance, the Association of Bulgarian Insurers and the Bulgarian Association of Insurance Brokers.

Capital markets & investor relations & share

CAPITAL MARKETS

International overview

The COVID-19 pandemic created an unusually turbulent 1st half of 2020 for stock market investors. After many international equity indices reached all-time highs at the beginning of the year, stock markets recorded a significant correction due to the spread of the COVID-19 pandemic and related containment measures. Following the sharp downward movement, particularly in March 2020, markets have now slowly stabilised again.

The MSCI World global equity index reached an interim all-time high in February 2020 before plunging to a loss of 6.6% for the 1st half of 2020. The MSCI Emerging Markets Index recorded even weaker performance of -10.7% in the first six months of the year. US stock exchanges were also confronted by price losses in the 1st half of 2020. The S&P 500 index recorded performance of -4.0%, which was better than the Dow Jones Industrial (-9.6%). The NASDAQ Composite Index, on the other hand, surprisingly moved in the opposite direction. After also reaching a low in March 2020, the index achieved an overall gain of 12.1% in the 1st half of 2020 and a new all-time high for the first six months of the year on 23 June 2020.

The pan-European Eurostoxx 50 Index followed the general downward stock market trend and lost 13.6% in the first half of 2020. The Eastern European CECE Index was hit even harder by the effects of the COVID-19 pandemic. The index already reached its interim high for the year on 2 January 2020, and primarily recorded price losses starting in March to end the first half of the year with a sharp decline of -25%. The MSCI Europe Insurance sector index also ended significantly lower on 30.06.2020 (-21.8%).

Stock market performance continues to be uncertain. Uncertainty about the course of the COVID-19 pandemic, fears that containment measures could renew the restrictions on economic activity and the fact that no effective medications for Covid-19 are available on the market yet are causing investors to be more cautious.

Vienna Stock Exchange

The Austrian index ATX Total Return fell 29.14% in the first six months of 2020. The ATX reached its highest daily closing price in the first half of 2020 of 6,208 points on 2 January 2020, and its lowest closing price of 3,135 points on 18 March 2020. After reaching this low and an appeal to investors by listed companies and important stakeholders not to turn away from Austrian shares, the ATX recorded a gain of 38.47%. Trading volume on the Vienna Stock Exchange rose to EUR 39.18 billion, a fifth more than the same period in the previous year.

INVESTOR RELATIONS

The goal of all IR activities is continuous, transparent communication with capital market participants. This is particularly important in times of great uncertainty. Many events were held virtually due to the spread of the COVID-19 pandemic and the management of VIG Holding was available to investors by telephone and video conference. Two presence bank conferences were attended in Frankfurt and Cologne at the beginning of the year before participating in the first virtual conference in March. Three other virtual conferences were attended starting in the 2nd quarter of 2020. The events and the presentation documents used there are available online at www.vig.com/events > Roadshows & Bank Conferences.

More investor service on VIG website

Since 1 July 2020, the VIG website has included newly designed tools with new features for VIG shares (primarily) in the Investor Relations section. The share price ticker and share price monitor, which includes important tools for investors, were optically improved and additional content was added. The ticker now offers a 3-month overview. The new share chart includes performance and trading data and integrates, for example, earnings releases, IR news and dividend information. In addition to the share chart, the share price monitor also offers an investment calculator. More useful tools will be gradually added to the website by the end of 2020.

VIG SHARE PERFORMANCE

In spite of achieving good operational performance, VIG shares were also affected by the COVID-19 pandemic during the 1st quarter of 2020. They reached their interim high for the year in the first half of 2020 at a closing price of EUR 26.35 on 10 January 2020 and then started their downward movement similar to international markets. After the large price reductions recorded in the 1st quarter of 2020, VIG shares are now moving upwards again. The share price rose around 16.1% in the second quarter, ending the 1st half of the year at EUR 19.90. That means VIG shares also significantly outperformed the ATX in the 2nd quarter of 2020. They also closed the gap to the MSCI Europe Insurance Index and STOXX® Europe 600 Insurance Index during the first half of the year. A loss of 21.7% since the beginning of the year placed them at the same level as the MSCI Europe Insurance Index and slightly higher than the corresponding STOXX® index on 30 June 2020. VIG shares then traded in a range of EUR 18.40 to EUR 20.50 until the end of July 2020. On the editorial deadline of 17 August 2020, VIG shares had a price of EUR 19.74.

Key share information for the 1st half of 2020

in EUR	
High	26.350
Low	13.900
End-of-period price	19.900
Market capitalisation (in EUR millions)	2,547.2
Planned dividend 2019	1.15
Book value per share*	33.79

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

Overview of VIG shares

Initial listing (Vienna)	17 October 1994
Initial listing (Prague)	5 February 2008
Number of common shares	128 million
Free float	around 28%
ISIN	AT0000908504
Securities symbol	VIG
Bloomberg	VIG AV / VIG CP
Reuters	VIGR.VI / VIGR.PR
Rating – Standard & Poor's	A+, stable outlook

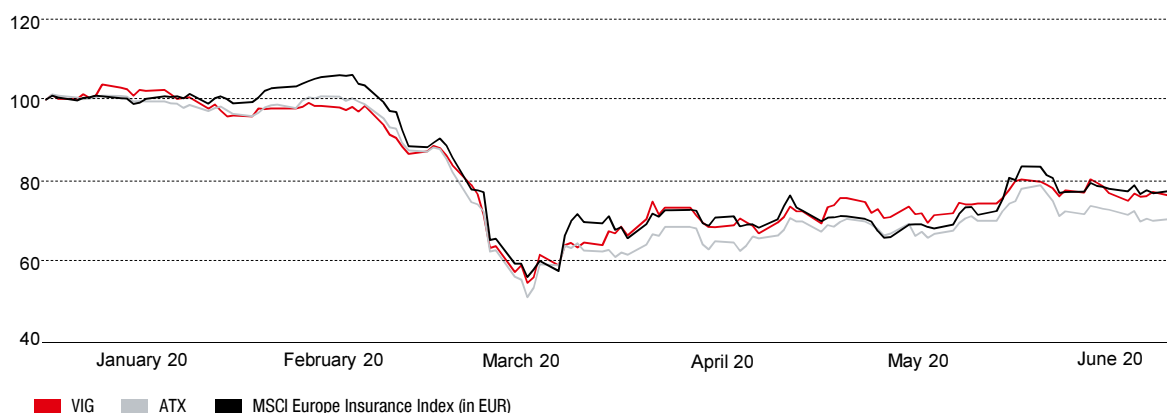
VIG financial calendar*

Annual General Meeting record date	15 September 2020
Annual General Meeting	25 September 2020
Ex-dividend day	28 September 2020
Dividend record date	29 September 2020
Dividend payment day	30 September 2020
Results for the 1 st -3 rd quarter 2020	26 November 2020

*Preliminary schedule

VIENNA INSURANCE GROUP (VIG) COMPARED TO THE ATX AND MSCI EUROPE INSURANCE INDEX (IN EUR) 1 JANUARY 2020 TO 30 JUNE 2020

Indexed (basis =100)



Consolidated interim financial statements in accordance with IFRS

CONSOLIDATED BALANCE SHEET

Assets	Notes	30.6.2020	31.12.2019
<i>in EUR '000</i>			
Intangible assets	1	1,791,131	1,939,579
Goodwill		1,233,482	1,382,535
Purchased insurance portfolios		32,483	38,191
Other intangible assets		525,166	518,853
Right-of-Use assets		181,613	197,656
Investments	2	34,253,217	34,455,740
Land and buildings		2,456,108	2,414,258
Self-used land and buildings		471,490	488,701
Investment property		1,984,618	1,925,557
Shares in at equity consolidated companies		299,040	321,276
Financial instruments		31,498,069	31,720,206
Investments for unit-linked and index-linked life insurance		7,714,858	8,620,327
Reinsurers' share in underwriting provisions	3	1,323,324	1,283,434
Receivables	4	1,746,695	1,717,349
Tax receivables and advance payments out of income tax		214,388	226,845
Deferred tax assets		152,860	68,725
Other assets		383,063	391,911
Cash and cash equivalents		1,558,138	1,443,358
Total		49,319,287	50,344,924

Liabilities and shareholders' equity	Notes	30.6.2020	31.12.2019
<i>in EUR '000</i>			
Shareholders' equity		5,090,977	5,190,693
Share capital and reserves		4,963,401	5,074,114
Other non-controlling interests		127,576	116,579
Subordinated liabilities		1,463,518	1,464,597
Underwriting provisions	6	31,902,023	31,886,076
Underwriting provisions for unit-linked and index-linked life insurance		7,295,920	8,115,999
Non-underwriting provisions	7	861,444	931,559
Liabilities	8	2,021,479	2,094,572
Tax liabilities out of income tax		310,154	250,889
Deferred tax liabilities		230,461	262,202
Other liabilities		143,311	148,337
Total		49,319,287	50,344,924

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 starting on page 39 of the notes to the consolidated financial statements.

CONSOLIDATED INCOME STATEMENT AND CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Consolidated income statement	Notes	1.1.-30.6.2020	1.1.-30.6.2019
in EUR '000			
Net earned premiums – retention		4,738,622	4,621,778
Premiums written – retention		4,947,004	4,907,283
Premiums written – gross	9	5,577,364	5,446,676
Premiums written – reinsurers' share		-630,360	-539,393
Change in unearned premiums – retention		-208,382	-285,505
Change in unearned premiums – gross		-332,273	-380,360
Change in unearned premiums – reinsurers' share		123,891	94,855
Financial result excluding at equity consolidated companies	10	389,491	409,229
Income from investments		691,936	769,144
Expenses for investments and interest expenses		-302,445	-359,915
Result from shares in at equity consolidated companies		-1,503	14,013
Other income	11	99,640	76,159
Expenses for claims and insurance benefits – retention	12	-3,599,957	-3,539,184
Acquisition and administrative expenses	13	-1,136,939	-1,132,478
Other expenses	11	-288,190	-192,412
Result before taxes		201,164	257,105
Taxes		-68,538	-69,115
Result of the period		132,626	187,990
thereof attributable to Vienna Insurance Group shareholders		126,350	150,990
thereof other non-controlling interests		6,276	3,996
thereof non-controlling interests in non-profit societies		0	33,004
Earnings per share (annualised)*	5	1.97	2.36
Result of the period (carryforward)		132,626	187,990

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

Consolidated statement of comprehensive income	1.1.-30.6.2020	1.1.-30.6.2019
in EUR '000		
Result of the period (carryforward)	132,626	187,990
Other comprehensive income (OCI)		
Items that will not be reclassified to profit and loss in subsequent periods	4,845	-53
+/- Underwriting gains and losses from provisions for employee benefits	8,445	131
+/- Deferred profit participation	-1,998	-158
+/- Deferred taxes	-1,602	-26
Items that will be reclassified to profit or loss in subsequent periods	-232,821	387,055
+/- Exchange rate changes through equity	-105,445	10,993
+/- Unrealised gains and losses from financial instruments available for sale	-410,128	1,092,854
+/- Cash flow hedge reserve	-11	-393
+/- Share of other reserves of associated companies	1,471	-897
+/- Deferred mathematical reserve	34,431	-170,631
+/- Deferred profit participation	204,499	-436,785
+/- Deferred taxes	42,362	-108,086
Total OCI	-227,976	387,002
Total profit	-95,350	574,992
thereof attributable to Vienna Insurance Group shareholders	-97,607	531,571
thereof other non-controlling interests	2,257	10,810
thereof non-controlling interests in non-profit societies	0	32,611

CONSOLIDATED SHAREHOLDERS' EQUITY

Development	Share capital	Capital reserves	Retained earnings	Other reserves		Subtotal*	Non-controlling interests		Shareholders' equity
				Currency reserve	Other		Others	Non-profit societies	
in EUR '000									
As of 1 January 2019	132,887	2,109,003	2,245,569	-142,711	202,725	4,547,473	107,712	1,180,511	5,835,696
Changes in scope of consolidation/ownership interests	0	0	-702	0	0	-702	153	0	-549
Other comprehensive income	0	0	150,990	11,007	369,574	531,571	10,810	32,611	574,992
Other comprehensive income excluding currency changes	0	0	0	0	369,574	369,574	6,828	-393	376,009
Currency change	0	0	0	11,007	0	11,007	-14	0	10,993
Result of the period	0	0	150,990	0	0	150,990	3,996	33,004	187,990
Dividend payment	0	0	-128,000	0	0	-128,000	-8,681	-5,732	-142,413
As of 30. June 2019	132,887	2,109,003	2,267,857	-131,704	572,299	4,950,342	109,994	1,207,390	6,267,726
As of 1 January 2020	132,887	2,109,003	2,426,765	-133,088	538,547	5,074,114	116,579	0	5,190,693
Changes in scope of consolidation/ownership interests	0	0	-13,106	0	0	-13,106	13,125	0	19
Other comprehensive income	0	0	126,350	-103,904	-120,053	-97,607	2,257	0	-95,350
Other comprehensive income excluding currency changes	0	0	0	0	-120,053	-120,053	-2,478	0	-122,531
Currency change	0	0	0	-103,904	0	-103,904	-1,541	0	-105,445
Result of the period	0	0	126,350	0	0	126,350	6,276	0	132,626
Dividend payment	0	0	0	0	0	0	-4,385	0	-4,385
As of 30. June 2020	132,887	2,109,003	2,540,009	-236,992	418,494	4,963,401	127,576	0	5,090,977

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

Composition of other reserves

30.6.2020

	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	2,404,041	26	-428,250	252	-239,712	1,736,357
+/- Exchange rate changes from financial instruments available for sale	12,415					12,415
+/- Deferred mathematical reserve	-699,051					-699,051
+/- Deferred profit participation	-886,673	0	131,913	0	0	-754,760
+/- Deferred taxes	-182,358	0	72,914	0	0	-109,444
+/- Other non-controlling interests	-10,347	0	3,594	18	2,720	-4,015
Net	638,027	26	-219,829	270	-236,992	181,502

Composition of other reserves

31.12.2019

	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	2,818,621	37	-436,695	-1,219	-134,267	2,246,477
+/- Exchange rate changes from financial instruments available for sale	7,963					7,963
+/- Deferred mathematical reserve	-733,482					-733,482
+/- Deferred profit participation	-1,091,172	0	133,911	0	0	-957,261
+/- Deferred taxes	-224,720	0	74,516	0	0	-150,204
+/- Other non-controlling interests	-12,889	0	3,630	46	1,179	-8,034
Net	764,321	37	-224,638	-1,173	-133,088	405,459

CONSOLIDATED CASH FLOW STATEMENT

	1.1.-30.6.2020	1.1.-30.6.2019
in EUR '000		
Result of the period	132,626	187,990
Change in underwriting provisions net	-170,263	652,672
Change in underwriting receivables and liabilities	-317,977	-287,347
Change in other receivables and other liabilities (excl. leases)	191,173	194,918
Change in financial instruments recognised at fair value through profit and loss (incl. held for trading)	34,007	-23,046
Gain/loss from disposal of investments	-108,627	-32,484
Appreciation/depreciation of investments	54,687	95,639
Change in provisions for pensions and similar obligations and other personnel provisions	-9,884	-1,503
Change in deferred taxes	-70,995	-1,767
Change in intangible assets	165,626	-54,414
Change in right-of-use assets and lease receivables and liabilities	-1,688	47,038
Change in other balance sheet items	-56,407	44,536
Other cash-neutral income and expenses ¹	333,728	-163,264
Cash flow from operating activities	176,006	658,968
Payments for the acquisition of subsidiaries	0	-61,532
Payments for the acquisition of associated companies	0	-153
Cash inflow from the sale of available for sale securities	1,595,223	1,334,103
Payments for the acquisition of available for sale securities	-2,053,814	-1,557,452
Cash inflow from disposals/repayments of held to maturity securities	117,638	180,113
Payments for the acquisition of held to maturity securities	-33,497	-42,814
Cash inflow from the sale of land and buildings	7,136	40,097
Payments for the acquisition of land and buildings	-72,525	-251,982
Cash inflow for the sale of intangible assets	951	4,474
Payments for the acquisition of intangible assets	-55,480	-66,903
Change in investments for unit-linked and index-linked life insurance	422,628	56,275
Change of loans	-106,280	-1,366
Change in other investments	46,081	-38,670
Cash flow from investing activities	-131,939	-405,810
Cash outflows from subordinated liabilities	-34,491	-32,577
Dividend payments	-4,385	-142,413
Cash inflow from other financing activities	121,239	107,649
Cash outflow from other financing activities	-14,585	-115,298
Cash outflows from lease liabilities	-15,338	-15,653
Cash flow from financing activities	52,440	-198,292
Change in cash and cash equivalents	96,507	54,866
Cash and cash equivalents at beginning of period ²	1,443,358	1,347,279
Change in cash and cash equivalents	96,507	54,866
Change in the scope of consolidation	30,277	0
Effects of foreign currency exchange differences on cash and cash equivalents	-12,004	660
Cash and cash equivalents at end of period²	1,558,138	1,402,805
thereof non-profit societies	0	103,601

¹ The non-cash income and expenses are primarily from 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 cash flow statement

	1.1.-30.6.2020	1.1.-30.6.2019
in EUR '000		
Received interest ¹	372,104	391,050
Received dividends ¹	58,768	66,726
Interest paid ²	36,904	50,433
Income taxes paid ¹	59,563	51,028

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.

Development of liabilities from financing activities

	30.6.2020				
	Subordinated liabilities (incl. interest) ¹	Liabilities to financial institutions	Liabilities from public funding	Lease liabilities	Financing liabilities ²
in EUR '000					
Book value as of 31.12. of the previous year	1,496,971	215,418	0	199,332	74,539
Cash changes	-34,491	93,798	0	-15,338	12,856
Cash inflows	0	107,739	0	0	13,500
Payments	0	-12,425	0	-15,338	-55
Interest paid	-34,491	-1,516	0	0	-589
Non-cash changes	31,015	2,453	0	1,500	565
Additions	32,099	2,472	0	4,879	570
Disposals	0	-18	0	-207	0
Measurement changes	0	0	0	0	22
Exchange rate differences	-1,084	-1	0	-3,160	-27
Book value as of 30.6.	1,493,495	311,669	0	185,494	87,960

¹ The interest payable for subordinated liabilities is included in other liabilities.

² Contains derivative liabilities from financing liabilities and other financing liabilities

The lease liabilities column shows the lease liabilities reported in accordance with IFRS 16 starting as of 1 January 2019. Further information is available in the Group Annual Report 2019 in the sections titled “Changes in accounting policies” on page 84, “Estimates and discretionary decisions” starting on page 92, and under “Leases” in “Accounting policies” starting on page 98.

Development of liabilities from financing activities

	31.12.2019				
	Subordinated liabilities (incl. interest) ¹	Liabilities to financial institutions	Liabilities from public funding	Lease liabilities	Financing liabilities ²
in EUR '000					
Book value as of 31.12. of the previous year	1,490,839	1,230,601	105,143		1,520,242
Cash changes	-64,917	-10,602	2,695	-33,615	8,714
Cash inflows	0	81,663	4,344	0	45,135
Payments	-350	-81,766	-1,621	-33,615	-26,925
Interest paid	-64,567	-10,499	-28	0	-9,496
Non-cash changes	71,049	-1,004,581	-107,838		-1,454,417
Additions	64,490	10,628	218	317,485	13,526
Disposals	0	0	-180	-32	-16,432
Change in the scope of consolidation	6,000	-1,015,209	-107,876	-84,487	-1,420,785
Reclassifications	301	0	0	0	-31,077
Measurement changes	0	0	0	0	342
Exchange rate differences	258	0	0	-19	9
Book value as of 31.12.	1,496,971	215,418	0	199,332	74,539

¹ The interest payable for subordinated liabilities is included in other liabilities.

² Contains lease liabilities IAS 17, derivative liabilities from financing liabilities and other financing liabilities.

Notes to the consolidated financial statements

PRINCIPLES OF SIGNIFICANT ACCOUNTING POLICIES

The condensed consolidated interim financial statements for the 1st half of 2020 were prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the European Union, and the applicable commercial law provisions of § 245a(1) of the Austrian Commercial Code (Unternehmensgesetzbuch – UGB) and Chapter 7 of the Austrian Insurance Supervision Act (Versicherungsaufsichtsgesetz – VAG).

The same IFRS accounting policies were used as for the last financial statements for the previous financial year.

Similarly, the estimates and discretionary assessments needed to prepare the consolidated financial statements were made in the same way. This does not include newly applicable or amended standards.

Accounting for non-profit societies

Effective 1 August 2019, the portion of the profits of the non-profit societies not attributable to shareholders is no longer included in the financial result and, therefore, also not in the result before taxes. Deconsolidation of the non-profit societies had no effect on profit or loss. Due to the change to the at equity method to be applied under IAS 28, since 31 December 2019 the balance sheet shows no investments, financing liabilities, or the special “non-controlling interests in non-profit societies” item under shareholders’ equity for the non-profit societies.

Adoption of new standards and new interpretations

The IASB published an exposure draft on COVID-19-related rent reductions in April 2020. Due to the very high likelihood of it being adopted into EU law, the VIG Insurance Group decided to apply the change in these half-year financial statements before it was adopted. The amendment to IFRS 16 would require reductions in lease payments related to COVID-19 that do not lead to a repayment to the lessor to be recognised through profit and loss. COVID-19-related deferrals do not lead to an adjustment of lease liabilities or right-of-use assets in the form of a modification, but are instead treated only as a payment deferral. If the deferral is long-term (more than 12 months), the time value of money must be taken into account for the liability being recognised. The amendments to IAS 1, IAS 8, IFRS 9, IAS 39 and IFRS 7 that were applicable for the first time on 1 January 2020 had no or no material effect on these half-year financial statements.

New standards and amendments to existing reporting standards

New standards and changes to current reporting standards		Applicable as of ¹
Those already adopted by the EU		
IFRS 9	Financial instruments	1.1.2018 ²
Amendments to IFRS 9	Prepayment features with negative compensation	1.1.2019 ²
Those which are not or not yet adopted by the EU		
IFRS 14	Regulatory Deferral Accounts	EU decided this standard shall not be transferred into EU law
IFRS 17	Insurance contracts	1.1.2023
Amendments to IFRS 10 and IAS 28	Sale or contribution of assets between an investor and its associate or joint venture	First-time application deferred for an indefinite period
Amendments to IAS 1	Classification of liabilities as current or non-current	1.1.2022 ³
Amendments to IFRS 16	Rent reductions in connection with COVID-19	1.6.2020
Amendments to IFRS 3	Changes to the references to the framework concept in the IFRS standards	1.1.2022
IAS 37	Costs in connection with onerous contracts	1.1.2022
all IFRS	Annual improvements (2018–2020 cycle)	1.1.2022
IAS 16	Income before qualified use	1.1.2022
Amendments to IFRS 4	Deferral of first-time application of IFRS 9	1.1.2021

¹ VIG Insurance Group is not planning early adoption of the standards listed in the table.

² The first time adoption for insurance companies can be delayed to 1 January 2023.

³ The IASB has published an exposure draft that proposes a deferral to 1 January 2023.

UPDATE TO IFRS 9 – FINANCIAL INSTRUMENTS AND IFRS 17 – INSURANCE CONTRACTS

The IASB issued amendments and clarifications to IFRS 17 on 25 June 2020. This concluded the process of developing amendments to the standard that had been ongoing since 2018. The main changes concern the following areas, among others:

- The date of initial application of IFRS 17 was deferred by two years to 1 January 2023. The temporary exemption from initial application of IFRS 9 was also deferred to 1 January 2023 at the same time
- Expansion of the definition of insurance contract services so that investment services are also taken into account in addition to insurance coverage when determining the contractual service margin
- Acquisition costs for expected policy renewals are deferred as an asset until the actual policy renewal
- Loss-making insurance policies are offset against gains from reinsurance contracts
- Insurance policies are presented in assets and liabilities at the portfolio level instead of the group level

Foreign currency translation

Transactions and separate financial statements in foreign currencies were translated in the interim report for the 1st half of 2020 as indicated on page 92 of the Group Annual Report for 2019.

Currency		End-of-period exchange rate		Average exchange rate	
		30.6.2020	31.12.2019	1.1.-30.6.2020	1.1.-30.6.2019
1 EUR ₣					
Albanian lek	ALL	124.3400	121.7700	123.6714	123.8747
Bosnian convertible marka	BAM	1.9558	1.9558	1.9558	1.9558
Bulgarian lev	BGN	1.9558	1.9558	1.9558	1.9558
Georgian lari	GEL	3.4466	3.2095	3.3435	3.0568
Croatian kuna	HRK	7.5708	7.4395	7.5336	7.4200
Macedonian denar	MKD	61.6950	61.4855	61.6530	61.5117
Moldovan leu	MDL	19.4440	19.2605	19.4657	19.8156
Turkish new lira	TRY	7.6761	6.6843	7.1493	6.3562
Polish zloty	PLN	4.4560	4.2568	4.4120	4.2920
Romanian leu	RON	4.8397	4.7830	4.8173	4.7418
Swiss franc	CHF	1.0651	1.0854	1.0642	1.1295
Serbian dinar	RSD	117.5760	117.5931	117.5746	118.0961
Czech koruna	CZK	26.7400	25.4080	26.3333	25.6845
Ukraine hryvnia	UAH	29.9500	26.4220	28.6091	30.4535
Hungarian forint	HUF	356.5800	330.5348	345.2607	320.4198

INFORMATION CONCERNING THE COVID-19 PANDEMIC

On 20 May 2020, the European Securities and Markets Authority (ESMA) published a statement addressing the implications of the COVID-19 pandemic on IFRS interim reports. The statement focuses on transparency and consistent application of the European requirements for the information provided in consolidated interim financial statements in connection with COVID-19. Based on the ESMA recommendation, the VIG Insurance Group is providing all of the information on this topic in a single note, instead of dividing it among all the balance sheet and income statement items in the notes to the consolidated financial statements.

INSURANCE BUSINESS

The VIG Insurance Group is still not recording any significant effects on underwriting at the Group level. Some insurance lines of business were, however, affected by the COVID-19 pandemic.

Premium development

As discussed in the section titled “Disclosures on seasonal and economic influences” on page 33, most of the premiums are generated in the 1st half of the year, with new policies in the property lines of business in the eastern countries of the VIG Insurance Group mostly already concluded at the beginning of the year. A decrease in new business is being observed in the motor lines of business and travel insurance. This decrease is considered related to the lockdown and travel restrictions due to the COVID-19 pandemic.

An increased need for health insurance was identified in some countries and is assumed to have a connection to the COVID-19 pandemic. It is not assumed, however, that this level of new acquisitions can be maintained during the further course of financial year 2020.

A reduction in new business is being observed in the life lines of business in some countries. At the Group level, policy holders hardly made use of any deferrals or premium waivers.

Claims and cost development

The improvement in the claims ratio was mainly due to the lockdown and travel restrictions in connection with COVID-19 and the resulting positive effects in many countries. The decrease in claim payments from April to June 2020, mainly in the motor lines of business, was generally also supported by a disproportionately large increase in the reinsurance no-claims commission. The decrease in claim payments also led to a reduction in the included claims handling costs in the first half of the year.

Some sales promotion measures were cancelled or deferred due to the COVID-19 pandemic. Losses of field staff between April and June 2020 could not be fully compensated, as new hirings were avoided during the lockdown phase of the COVID-19 pandemic due to uncertainty about future developments.

Underwriting provisions

In the area of reserves for incurred but not reported (IBNR) claims, additional reserves were included due to the decrease in claim payments and uncertainty about future developments. Some countries in the VIG Insurance Group are assuming that claims incurred in the first half of the year will be increasingly reported during the second half of 2020.

The adequacy of the underwriting provisions is checked in detail each year as part of the liability adequacy test during preparation of the consolidated financial statements. During the year, a comparison of the best estimate (after reinsurance) calculated based on Solvency II principles and the IFRS provisions (after reinsurance) showed a significant buffer of EUR 3.4 billion. As before, the IFRS provisions can therefore be considered adequate.

GOVERNMENT GRANTS

There are many government initiatives in all of the countries where the VIG Insurance Group operates that are aimed at boosting their domestic economies again. The Group has only made use of government grants to a very small extent. These grants concern, among other things, compensation for short-time work for companies operating in the hotel industry, childcare allowance and reduced taxes on low salaries. Although applications have been submitted but not yet approved for some grants, the ones that have been received and requested have no material effect on net assets, financial position or results of operations.

INTANGIBLE ASSETS

The Group tests goodwill for impairment at least once a year in accordance with the method explained in the Group Annual Report 2019 on page 93 of the "Impairment of non-financial assets" section. Estimates in this area primarily concern the projected earnings of the CGUs that the calculations are based on, and specific parameters, in particular the growth rates and discount rates.

In connection with the global COVID-19 pandemic in the 1st half of 2020 several triggers emerged leading to an unscheduled impairment test of intangible assets. As a first step, the Group checked all CGU groups for a surplus of value in use over the carrying amounts. For CGU groups that include goodwill and show a surplus that is too small or a deficit, additional plan updates were performed at the local level. For all other CGU groups, a plan amendment was performed at the Group level.

The subsidiaries are combined into economic units (CGU groups) at the geographical country level for testing goodwill. The CGU groups used for impairment testing correspond to the Group's operating segments. The trademarks were also individually tested for impairment using the relief-from-royalty method.

As a rule, the value in use calculated using the discounted cash flow method is used as the recoverable amount for the CGU group. In cases where the value in use is less than book value, fair value less cost of disposal is also calculated. Fair value less cost of disposal is calculated using trailing stock exchange multipliers for the property and casualty and health lines of business in all regions and for the life business outside Austria. For the life business in Austria the Market Consistent Embedded Value is used.

To calculate value in use, the cash flows available to shareholders for five budget years and the following perpetual annuity are discounted. All subsidiaries prepare detailed budgets in local currency for three years that are submitted in supervisory board meetings and checked for plausibility on the Group level as part of the planning and control process. Currencies are translated to euros using the exchange rate at the end of the reporting period. Extrapolation of the budget projections for a further two years and the perpetual annuity is performed using key parameters (combined ratios, premium growth, financial income) based on their past values and expected future market changes. The predicted cash flows for the perpetual annuity are assumed to continue forever.

All of the underwriting business assets are assigned to the CGU groups. In addition to goodwill and trademarks, these also include all insurance portfolios and customer bases, investments, receivables and other assets. Underwriting provisions and current liabilities are deducted from the book values. Assets held at the Group level but used by the operating companies are allocated to the CGU groups in the form of corporate assets. The cash flows of the CGU groups are accordingly adjusted for amortisation of the allocated corporate assets.

To calculate the discount rates, the capital asset pricing model (CAPM) is used to calculate a cost of equity capital. The risk-free interest rate (equal to the yield on German government bonds on the reporting date calculated using the Svensson method), country-specific inflation differentials and risk premiums, and sector-specific market risk are added to this. The base rate before inflation differentials was -0.02% (0.34%). The market risk of 8.52% (7.66%) was multiplied by a beta factor of 0.90 (0.83) that was calculated based on a specified peer group. Due to the capital market distortions caused by the COVID-19 pandemic, the beta factor was not calculated for the reporting date, but instead as a rolling beta (quarterly, starting 31.12.2017).

The long-term growth rates are calculated during the financial year based on the compound annual growth rate (CAGR) assuming that insurance penetration in the countries concerned starting in 2013 will converge in 50–70 years with the current situation in Germany. An inflation adjustment equal to half of the inflation included in the cost of equity was added to the CAGR.

Impairment and recoverable amounts for CGU groups	30.6.2020		31.12.2019	
	Impairment	Recoverable amount	Impairment	Recoverable amount
<i>in EUR million</i>				
Romania			108.8	243.0
Bulgaria	59.8	194.9		
Georgia	13.3	13.2		
Croatia	45.0	70.2		

Impairment of non-financial assets is recognised in other non-underwriting expenses in the income statement.

Goodwill of CGU groups (book values)	30.6.2020	31.12.2019
in EUR '000		
Austria	301,716	301,716
Czech Republic	422,084	444,212
Slovakia	111,257	111,257
Poland	148,270	154,447
Baltic states	75,301	75,301
Hungary	14,407	15,543
Bulgaria	124,354	184,154
Georgia	0	13,879
Albania incl. Kosovo	13,030	13,307
Croatia	0	45,615
North Macedonia	12,538	12,579
Central Functions	10,525	10,525
Total	1,233,482	1,382,535

CGU groups	Discount rates		Country risks		Long-term growth rate	
	30.6.2020	31.12.2019	30.6.2020	31.12.2019	30.6.2020	31.12.2019
in %						
Austria	8.23	7.11	0.58	0.39	1.5	1.5
Czech Republic	9.2	7.38	0.89	0.6	4,31–5,22	4,01–4,92
Slovakia	8.9	7.56	1.25	0.84	5,16–5,17	5,16–5,17
Poland	10.1	8.77	1.25	0.84	5,47–6,52	5,48–6,52
Romania	11.48	9.68	3.23	2.17	5,61–7,54	5,71–7,64
Baltic states	9.16	7.74	1.52	1.02	4,87–5,92	4,87–5,92
Hungary	12.63	10.1	3.23	2.17	6,46–6,53	6,19–6,25
Bulgaria	11.51	8.86	2.8	1.88	6,57–7,22	6,17–6,83
Georgia	13.76	10.77	4.41	2.96	6.85	6.54
Turkey	24.92	20.62	6.61	4.44	10.42	9.83
Germany	7.65	6.72	0	0	1.5	1.5
Liechtenstein	7.65	6.72	0	0	1.5	1.5
Albania incl. Kosovo	15.82	11.22	6.61	4.44	7.16	6.41
Bosnia-Herzegovina	17.1	12.74	9.56	6.42	5,38–7,34	5,23–7,19
Croatia	11.94	9.09	4.41	2.96	5,1–6,49	4,86–6,25
North Macedonia	12.6	10.41	5.29	3.55	5.66	5.9
Moldova	21.87	16.2	9.56	6.42	10.11	9.31
Serbia	13.6	11.03	5.29	3.55	5,59–7,19	5,64–7,24
Ukraine	21.76	17.3	9.56	7.39	9,17–12,95	8,49–12,27
Central Functions	8,23–13,6	7,11–11,03	0,58–5,29	0,39–3,55	1,5–7,19	1,50–7,24

Sensitivities Additional impairment needed	Cash flows	Growth rate	Discount rate	Cash flows and discount rate
	-10%	-1%p	+1%p	-10% and +1%p
in EUR million				
Slovakia	18.2		15.2	58.2
Baltic states	37.6	34.3	56.2	88.0
Bulgaria	21.7	0.7	19.1	36.3
Albania incl. Kosovo	5.2	3.5	4.7	7.0

LEASES

Lease liabilities are measured by discounting the future lease payments by the interest rate implicit in the lease at the beginning of the lease term. If the discount rate cannot be determined, the incremental borrowing rate is used. The incremental borrowing rate consists of the country-specific benchmark rate and an individual credit spread. The country-specific benchmark rate is based on the currency, the credit spread is based on credit quality and country risks. Both parameters are determined for equivalent terms. Since the VIG Insurance Group has primarily concluded long-term leases in the area of real estate, the benchmark rates for periods up to 30 years were determined. Due to the effects of the COVID-19 pandemic on financial markets and classification of the COVID-19 pandemic as a triggering event, the incremental borrowing rate used for measuring newly concluded or modified lease liabilities was updated for 2020.

The Group decided in favour of early application of the amendment to IFRS 16 that had not yet been endorsed by the editorial deadline. For agreements where the Group is the lessee, non-repayable rent reductions had a positive effect on the income statement of EUR 202,000. For agreements in which the Group is the lessor for a finance lease, non-repayable reductions had a negative effect on the income statement of EUR 208,000.

In addition, around EUR 600,000 was waived for operating leases. Deferrals were only used to an insignificant extent in the Group, with around EUR 1.8 million granted. It is expected that payments for more than half of this amount will be recorded as received in the current financial year.

INVESTMENTS

Composition of investments (book values)	30.6.2020	31.12.2019
in EUR '000		
Land and buildings	2,456,108	2,414,258
Shares in at equity consolidated companies	299,040	321,276
Loans	2,569,515	2,416,108
Loans	1,625,455	1,461,846
Reclassified loans	135,524	139,584
Bonds classified as loans	808,536	814,678
Other securities	27,940,723	28,244,801
Financial instruments held to maturity - bonds	2,141,573	2,195,001
Financial instruments reclassified as held to maturity - bonds	475,998	568,700
Financial instruments available for sale	25,103,017	25,148,103
Bonds	22,433,675	22,300,441
Shares and other participations ¹	565,953	666,017
Investment funds	2,103,389	2,181,645
Financial instruments recognised at fair value through profit and loss ²	220,135	332,997
Bonds	134,911	203,477
Shares and other non-fixed-interest securities	16,113	21,955
Investment funds	39,576	72,768
Derivatives	29,535	34,797
Other investments	987,831	1,059,297
Bank deposits	902,055	973,247
Deposits on assumed reinsurance business	85,760	86,032
Other	16	18
Total	34,253,217	34,455,740

¹ Including shares in affiliated companies and other participations

² Including held for trading

The VIG Insurance Group has an interest of around 36.58% in the company Österreichisches Verkehrsbüro Aktiengesellschaft, which is consolidated at equity in these financial statements. Expected earnings were drastically reduced due to the current travel restrictions. An impairment test was also performed for this participation and led to an impairment loss due to the effects of the COVID-19 pandemic.

Market risk

Depending on the purpose of the application, VIG Holding performs value-at-risk calculations for different sub-portfolios for the VIG Insurance Group. Confidence levels vary between 95.0% and 99.5%, and the holding period varies from 20 to 250 days. Due to the nature of the portfolio, interest rate and spread components make the largest contributions to value-at-risk. As a plausibility check of the calculations, the value-at-risk for the most important sub-portfolios is determined using both the parametric method described above and the historical calculation method.

The following table shows the value-at-risk (at a 99% confidence level) for financial instruments that are measured as available for sale or recognised at fair value through profit or loss (incl. held for trading).

Value-at-Risk	30.6.2020	31.12.2019
<i>in EUR million</i>		
10-day holding period	838.63	256.25
20-day holding period	1,186.00	362.40
60-day holding period	2,054.22	627.69

Capital market scenario analysis

This analysis is carried out for all insurance companies in the VIG Insurance Group in order to check the risk-bearing capacity of the investments.

The sensitivity shocks for the individual asset classes show the ranges of market value reductions for the most important risk factors (credit risk, interest rate risk, liquidity risk) and the resulting effects on the net fair value of assets minus liabilities. The scenarios combine these individual shocks to illustrate different capital market possibilities.

Scenarios 1 and 2 strongly reduce the fair value of shares, bonds and real estate at the same time. They show two different combinations of market value reductions over the main asset classes. The fair value of the assets is still significantly higher than the value of the liabilities after the stress is applied.

Scenario 3 shows a credit shock affecting stock and bond markets, scenario 4 is based on a shock to equity securities (including real estate), and scenario 5 shows an interest rate shock that has a large effect on the value of bonds and real estate. All of the scenario calculations were performed using a ceteris paribus approach.

The following tables show the stress parameters and the effects on IFRS capital of each scenario on the respective dates (not including deferred taxes, deferred profit participation or deferred mathematical reserve).

Reduction in market value

	30.6.2020					
	Scenario 0	Scenario 1	Scenario 2	Scenario 3	Scenario 4	Scenario 5
of shares	0%	-20%	-10%	-20%	-20%	0%
of bonds	0%	-5%	-3%	-5%	0%	-5%
of real estate	0%	-5%	-10%	0%	-10%	-10%
Market value of assets less liabilities (in EUR millions)	7,344.5	5,270.6	5,845.8	5,476.4	6,597.1	5,400.9

Reduction in market value

	31.12.2019					
	Scenario 0	Scenario 1	Scenario 2	Scenario 3	Scenario 4	Scenario 5
of shares	0%	-20%	-10%	-20%	-20%	0%
of bonds	0%	-5%	-3%	-5%	0%	-5%
of real estate	0%	-5%	-10%	0%	-10%	-10%
Market value of assets less liabilities (in EUR millions)	7,301.5	5,204.4	5,802.4	5,402.1	6,546.8	5,366.1

Impairment needed for financial instruments available for sale

Impairments	30.6.2020			31.12.2019		
	Gross book value	Impairment	Net book value	Gross book value	Impairment	Net book value
Financial instruments available for sale						
in EUR '000						
Bonds	22,442,675	9,000	22,433,675	22,309,470	9,029	22,300,441
not adjusted	22,433,675	0	22,433,675	22,300,438	0	22,300,438
adjusted	9,000	9,000	0	9,032	9,029	3
Shares[*]	402,443	52,330	350,113	485,484	36,961	448,523
not adjusted	286,097	0	286,097	382,023	0	382,023
adjusted	116,346	52,330	64,016	103,461	36,961	66,500
Investment funds	2,152,921	49,532	2,103,389	2,230,276	48,631	2,181,645
not adjusted	2,059,900	0	2,059,900	2,135,880	0	2,135,880
adjusted	93,021	49,532	43,489	94,396	48,631	45,765
Total	24,998,039	110,862	24,887,177	25,025,230	94,621	24,930,609

*Not including impairment of shares in affiliated companies and other participations

Around EUR 23.1 million in impairment of financial instruments available for sale was recognised through profit and loss in financial year 2020, including around EUR 8.6 million due to the effects of the COVID-19 pandemic.

Financial result – current income

Based on the supervisory authority recommendations, financial service provider dividends can be either deferred or suspended in some countries. The effects on the financial result for financial year 2020 still cannot be reliably estimated.

GROUP SUBSIDIARY DIVIDENDS

Due to the COVID-19 pandemic and uncertainty about future economic developments, some countries where the VIG Insurance Group operates had restrictions on dividends or recommendations from regulators until the effects of the COVID-19 pandemic can be better estimated. This led to more than a 50% reduction in the dividends paid to VIG Holding in the 1st half of 2020. The dividend restrictions are having no effect on the cash and cash equivalents available to the VIG Insurance Group as a whole or the consolidated cash flow statement.

LOANS AND RECEIVABLES

Loans

Ageing analysis	30.6.2020				Total
	1–60 days overdue	61–90 days overdue	91–120 days overdue	more than 120 days overdue	
Overdue loans					
in EUR '000					
Loans	23	0	0	0	23
not adjusted	23	0	0	0	23

Ageing analysis	31.12.2019				Total
	1–60 days overdue	61–90 days overdue	91–120 days overdue	more than 120 days overdue	
Overdue loans					
in EUR '000					
Loans	43	7	2	60	112
not adjusted	43	7	2	60	112

Based on the figures provided for overdue loans, COVID-19 is having no observable effect compared to the annual financial statements for 2019.

Receivables

Maturity structure	30.6.2020			31.12.2019
	Premium receivables due	Non-underwriting	Total	Total
in EUR '000				
up to one year	268,599	540,444	809,043	858,338
more than one year up to five years	8,841	40,604	49,445	60,839
more than five years up to ten years	0	14,366	14,366	45,302
more than ten years	0	58,154	58,154	29,446
Subtotal	277,440	653,568	931,008	993,925
Premium receivables not yet due			487,849	418,698
Receivables from reinsurance business			217,440	212,830
Other underwriting receivables			110,398	91,896
Total			1,746,695	1,717,349

Ageing analysis		30.6.2020				
Overdue receivables	1–60 days overdue	61–90 days overdue	91–120 days overdue	more than 120 days overdue	Total	
in EUR '000						
Premium receivables	165,077	69,882	13,911	30,653		279,523
not adjusted	84,914	38,858	4,220	5,322		133,314
adjusted	80,163	31,024	9,691	25,331		146,209
Non-underwriting receivables	7,409	8,967	4,373	25,180		45,929
not adjusted	6,148	8,669	4,189	12,239		31,245
adjusted	1,261	298	184	12,941		14,684

Ageing analysis		31.12.2019				
Overdue receivables	1–60 days overdue	61–90 days overdue	91–120 days overdue	more than 120 days overdue	Total	
in EUR '000						
Premium receivables	145,271	58,831	19,582	64,446		288,130
not adjusted	76,190	30,728	6,512	39,732		153,162
adjusted	69,081	28,103	13,070	24,714		134,968
Non-underwriting receivables	5,305	8,737	2,216	26,023		42,281
not adjusted	4,380	8,557	2,147	14,502		29,586
adjusted	925	180	69	11,521		12,695

The simplified measurement methods used in the half-year financial statements were made more restrictive as a result of COVID-19. This led to an impairment of around EUR 16.5 million for underwriting receivables in the Group. The amounts that were deferred after consultation between the insurance companies and policy holders are not shown as overdue in the table above.

IMPAIRMENT OF DEFERRED TAXES

A test performed at the Group level in coordination with the local companies indicated that the deferred tax assets shown in the interim report continue to show no impairment.

NON-UNDERWRITING PROVISIONS

No significant amounts were recognised for provisions in connection with COVID-19 in the Group.

CONTINGENT RECEIVABLES AND LIABILITIES

No significant changes to contingent receivables and liabilities were found.

RELATED PARTIES

Dividend payments were deferred within the Group. The amount concerned is around EUR 4.2 million. The outstanding receivable is owed by at equity consolidated companies and payment is expected in 2020.

DISCLOSURES ON SEASONAL AND ECONOMIC INFLUENCES

Within VIG, seasonal fluctuations mainly occur in premiums, claims and the financial result. Due to the large number of insurance contracts beginning in January, the 1st half of the year is also normally the strongest in terms of premiums. In terms of claims, the 1st half also normally shows a higher level of charges, mainly due to adverse environmental influences (snow, snowmelt, storms, floods). Adverse weather events, such as storms, can also occur during the summer and autumn. With respect to the financial result, most of the dividend income occurs in the 1st half of the year.

The 1st half of financial year 2020 was affected by the COVID-19 pandemic and was not subject to the full normal seasonal and economic influences. Therefore, please also refer to the atypical developments discussed in the section titled "Information concerning the COVID-19 pandemic" starting on page 24.

CHANGES IN THE SCOPE OF CONSOLIDATION

Acquired companies are added to the scope of consolidation based on an internal Group guideline. The guideline includes quantitative thresholds and criteria. Detailed information is available in the Group Annual Report for 2019 starting on page 112.

Expansion of the scope of consolidation*	Acquisition/formation	Shares	First time consolidation	Method
	Date	in %	Date	
DV ImmoHolding GmbH	2019	100.00	1.1.2020	full consolidation
DVIB alpha GmbH	2019	100.00	1.1.2020	full consolidation
WSVA Liegenschaftbesitz GmbH	2019	100.00	1.1.2020	full consolidation
WSVB Liegenschaftbesitz GmbH	2019	100.00	1.1.2020	full consolidation

*Unless indicated otherwise, no goodwill exists.

Effect of the changes in the scope of consolidation

Balance sheet	Additions
in EUR '000	
Investments	18,821
Receivables (incl. tax receivables and advance payments out of income tax)	73
Cash and cash equivalents	30,277
Liabilities (incl. tax liabilities out of income tax)	1,555

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

Contribution to result before taxes in reporting period	Additions
in EUR '000	
Financial result excluding at equity consolidated companies	282
Result before taxes	282

SEGMENT REPORTING

The statements made in the Group Annual Report for 2019 are still valid and can be read starting on page 117 of that report.

CONSOLIDATED BALANCE SHEET BY SEGMENT

Assets	Austria		Czech Republic		Slovakia	
	30.6.2020	31.12.2019	30.6.2020	31.12.2019	30.6.2020	31.12.2019
in EUR '000						
Intangible assets	478,322	455,579	479,714	505,065	124,308	123,905
Right-of-Use assets	73,020	80,466	58,953	63,343	6,770	7,372
Investments	23,267,802	23,572,424	3,028,818	3,088,224	1,515,060	1,455,389
Investments for unit-linked and index-linked life insurance	4,823,791	5,484,384	356,382	389,107	184,021	193,217
Reinsurers' share in underwriting provisions	467,907	400,137	121,275	134,935	38,498	31,904
Receivables	603,560	559,902	128,017	169,866	61,658	62,780
Tax receivables and advance payments out of income tax	17,826	18,451	1,271	9,548	55	103
Deferred tax assets	7,026	6,014	71,342	2,081	9,638	7,156
Other assets	101,851	111,248	147,240	158,364	9,303	11,149
Cash and cash equivalents	533,193	656,000	17,462	125,717	71,995	78,331
Total	30,374,298	31,344,605	4,410,474	4,646,250	2,021,306	1,971,306

Assets	Poland		Romania		Baltic states	
	30.6.2020	31.12.2019	30.6.2020	31.12.2019	30.6.2020	31.12.2019
in EUR '000						
Intangible assets	176,866	187,378	23,200	23,662	142,473	145,113
Right-of-Use assets	7,858	10,230	4,406	4,074	9,608	11,399
Investments	1,345,058	1,299,029	725,374	710,867	666,045	639,017
Investments for unit-linked and index-linked life insurance	649,559	726,043	114,143	137,358	83,228	80,617
Reinsurers' share in underwriting provisions	130,821	180,855	41,087	42,187	44,957	50,972
Receivables	209,128	240,505	164,334	178,100	98,857	85,109
Tax receivables and advance payments out of income tax	1,537	493	0	0	353	430
Deferred tax assets	3,523	920	7,596	10,304	788	544
Other assets	11,581	10,302	8,607	3,683	15,288	16,116
Cash and cash equivalents	42,644	24,949	19,305	14,889	53,716	50,291
Total	2,578,575	2,680,704	1,108,052	1,125,124	1,115,313	1,079,608

Assets	Hungary		Bulgaria		Turkey/Georgia	
	30.6.2020	31.12.2019	30.6.2020	31.12.2019	30.6.2020	31.12.2019
in EUR '000						
Intangible assets	26,076	26,013	126,303	185,830	2,525	16,707
Right-of-Use assets	3,281	4,023	2,811	2,801	805	741
Investments	137,743	172,437	223,896	208,984	103,490	102,883
Investments for unit-linked and index-linked life insurance	472,671	481,705	12,363	11,269	0	0
Reinsurers' share in underwriting provisions	13,015	13,061	29,642	22,459	84,974	86,928
Receivables	33,102	34,566	54,084	45,505	81,453	77,786
Tax receivables and advance payments out of income tax	36	27	442	20	3,285	2,266
Deferred tax assets	1,697	1,730	705	1,018	1,738	2,053
Other assets	12,280	11,754	6,622	6,049	1,199	1,511
Cash and cash equivalents	12,141	6,768	37,198	44,863	20,233	23,226
Total	712,042	752,084	494,066	528,798	299,702	314,101

Liabilities and shareholders' equity	Austria		Czech Republic		Slovakia	
	30.6.2020	31.12.2019	30.6.2020	31.12.2019	30.6.2020	31.12.2019
in EUR '000						
Subordinated liabilities	342,950	342,950	20,568	21,647	0	0
Underwriting provisions	22,470,799	22,552,573	2,670,192	2,828,728	1,272,815	1,230,371
Underwriting provisions for unit-linked and index-linked life insurance	4,593,969	5,194,598	183,744	202,422	193,826	202,686
Non-underwriting provisions	636,843	683,171	8,040	7,966	3,391	3,148
Liabilities	675,466	693,724	301,824	429,340	94,645	115,885
Tax liabilities out of income tax	209,659	205,976	76,195	32,908	303	127
Deferred tax liabilities	159,441	187,189	5,746	9,231	17,401	18,243
Other liabilities	79,097	85,413	3,021	2,469	6,314	4,283
Subtotal	29,168,224	29,945,594	3,269,330	3,534,711	1,588,695	1,574,743

Liabilities and shareholders' equity	Poland		Romania		Baltic states	
	30.6.2020	31.12.2019	30.6.2020	31.12.2019	30.6.2020	31.12.2019
in EUR '000						
Subordinated liabilities	0	0	0	0	0	0
Underwriting provisions	1,245,793	1,244,133	623,069	628,367	647,432	616,364
Underwriting provisions for unit-linked and index-linked life insurance	630,935	697,588	113,098	136,259	83,233	80,617
Non-underwriting provisions	6,060	6,683	40,759	40,847	730	1,212
Liabilities	137,194	194,663	94,122	83,160	81,557	77,136
Tax liabilities out of income tax	1,436	323	920	384	157	331
Deferred tax liabilities	24,749	23,658	168	0	2,950	2,924
Other liabilities	15,785	15,911	6,520	8,822	849	1,693
Subtotal	2,061,952	2,182,959	878,656	897,839	816,908	780,277

Liabilities and shareholders' equity	Hungary		Bulgaria		Turkey/Georgia	
	30.6.2020	31.12.2019	30.6.2020	31.12.2019	30.6.2020	31.12.2019
in EUR '000						
Subordinated liabilities	0	0	0	0	0	0
Underwriting provisions	169,840	171,265	249,401	229,538	235,744	224,138
Underwriting provisions for unit-linked and index-linked life insurance	469,590	477,765	11,705	10,761	0	0
Non-underwriting provisions	1,911	1,370	6,709	6,734	12,523	11,305
Liabilities	22,963	46,821	35,062	28,935	25,533	39,618
Tax liabilities out of income tax	169	304	710	356	3,974	2,273
Deferred tax liabilities	454	408	867	765	63	6
Other liabilities	4,676	2,313	18	198	723	771
Subtotal	669,603	700,246	304,472	277,287	278,560	278,111

Assets	Remaining CEE		Other Markets		Central Functions		Total	
	30.6.2020	31.12.2019	30.6.2020	31.12.2019	30.6.2020	31.12.2019	30.6.2020	31.12.2019
<i>in EUR '000</i>								
Intangible assets	44,571	89,630	1,536	1,583	165,237	179,114	1,791,131	1,939,579
Right-of-Use assets	10,628	9,505	46	47	3,427	3,655	181,613	197,656
Investments	1,042,403	1,067,904	707,667	694,777	1,489,861	1,443,805	34,253,217	34,455,740
Investments for unit-linked and index-linked life insurance	32,766	56,452	980,013	1,055,178	5,921	4,997	7,714,858	8,620,327
Reinsurers' share in underwriting provisions	20,361	18,677	4,290	5,391	326,497	295,928	1,323,324	1,283,434
Receivables	94,812	90,506	14,838	15,805	202,852	156,919	1,746,695	1,717,349
Tax receivables and advance payments out of income tax	277	226	598	385	188,708	194,896	214,388	226,845
Deferred tax assets	3,782	2,034	1,086	977	43,939	33,894	152,860	68,725
Other assets	16,023	15,910	4,875	5,238	48,194	40,587	383,063	391,911
Cash and cash equivalents	57,134	26,301	42,570	50,208	650,547	341,815	1,558,138	1,443,358
Total	1,322,757	1,377,145	1,757,519	1,829,589	3,125,183	2,695,610	49,319,287	50,344,924

Investments included shares in at equity consolidated companies of EUR 160,477,000 in Austria (EUR 183,232,000), EUR 26,574,000 in the Czech Republic (EUR 25,739,000), EUR 146,000 in Poland (EUR 153,000) and EUR 111,843,000 in the Central Functions segment (EUR 112,152,000).

Liabilities and shareholders' equity	Remaining CEE		Other Markets		Central Functions		Total	
	30.6.2020	31.12.2019	30.6.2020	31.12.2019	30.6.2020	31.12.2019	30.6.2020	31.12.2019
<i>in EUR '000</i>								
Subordinated liabilities	0	0	0	0	1,100,000	1,100,000	1,463,518	1,464,597
Underwriting provisions	1,005,603	969,551	673,554	663,264	637,781	527,784	31,902,023	31,886,076
Underwriting provisions for unit-linked and index-linked life insurance	32,766	56,452	977,133	1,051,854	5,921	4,997	7,295,920	8,115,999
Non-underwriting provisions	7,248	7,351	11,671	12,686	125,559	149,086	861,444	931,559
Liabilities	43,196	47,712	32,897	33,806	477,020	303,772	2,021,479	2,094,572
Tax liabilities out of income tax	1,157	1,132	643	636	14,831	6,139	310,154	250,889
Deferred tax liabilities	3,646	5,361	282	377	14,694	14,040	230,461	262,202
Other liabilities	19,037	19,383	2	2	7,269	7,079	143,311	148,337
Subtotal	1,112,653	1,106,942	1,696,182	1,762,625	2,383,075	2,112,897	44,228,310	45,154,231
Shareholders' equity							5,090,977	5,190,693
Total							49,319,287	50,344,924

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.-30.6.20	1.1.-30.6.19	1.1.-30.6.20	1.1.-30.6.19	1.1.-30.6.20	1.1.-30.6.19	1.1.-30.6.20	1.1.-30.6.19
in EUR '000								
Premiums written – gross	2,316,169	2,216,159	879,534	893,090	383,232	407,324	590,520	544,110
Net earned premiums – retention	1,712,068	1,644,484	656,555	665,960	300,357	333,444	453,491	419,058
Financial result excluding at equity consolidated companies	304,725	294,497	35,452	32,781	20,485	25,956	22,014	17,731
Income from investments	445,490	399,450	80,377	59,870	22,854	28,098	31,956	26,006
Expenses for investments and interest expenses	-140,765	-104,953	-44,925	-27,089	-2,369	-2,142	-9,942	-8,275
Result from shares in at equity consolidated companies	-2,819	10,830	560	1,040	0	0	0	1,152
Other income	10,740	23,940	13,645	19,387	2,282	4,793	4,615	3,307
Expenses for claims and insurance benefits – retention	-1,556,516	-1,520,995	-406,610	-401,031	-224,734	-266,748	-323,722	-297,705
Acquisition and administrative expenses	-335,372	-347,129	-159,237	-181,031	-58,230	-64,524	-100,117	-96,336
Other expenses	-28,855	-17,718	-32,354	-59,610	-11,343	-11,748	-20,776	-24,118
Result before taxes	103,971	87,909	108,011	77,496	28,817	21,173	35,505	23,089
Taxes	-16,315	-33,181	-23,216	-17,672	-7,355	-7,015	-7,421	-4,994
Result of the period	87,656	54,728	84,795	59,824	21,462	14,158	28,084	18,095

	Romania		Baltic states		Hungary		Bulgaria	
	1.1.-30.6.20	1.1.-30.6.19	1.1.-30.6.20	1.1.-30.6.19	1.1.-30.6.20	1.1.-30.6.19	1.1.-30.6.20	1.1.-30.6.19
in EUR '000								
Premiums written – gross	229,062	234,879	250,997	257,097	153,702	143,231	111,660	124,806
Net earned premiums – retention	173,491	174,395	190,877	189,305	109,055	95,929	76,223	71,399
Financial result excluding at equity consolidated companies	7,966	7,707	2,816	5,085	4,293	2,881	6,546	6,120
Income from investments	11,436	11,356	5,358	6,337	5,237	3,788	14,229	13,248
Expenses for investments and interest expenses	-3,470	-3,649	-2,542	-1,252	-944	-907	-7,683	-7,128
Result from shares in at equity consolidated companies	0	0	0	0	0	0	0	0
Other income	5,860	7,047	2,163	1,882	5,944	4,042	1,189	604
Expenses for claims and insurance benefits – retention	-112,403	-123,371	-132,582	-133,034	-83,582	-70,140	-41,555	-40,640
Acquisition and administrative expenses	-53,839	-53,332	-46,391	-50,190	-18,732	-20,883	-25,528	-24,034
Other expenses	-11,591	-10,070	-8,436	-9,076	-12,161	-7,444	-65,264	-4,158
Result before taxes	9,484	2,376	8,447	3,972	4,817	4,385	-48,389	9,291
Taxes	-3,812	-2,317	-1,036	-1,115	-1,333	-1,240	-1,598	-979
Result of the period	5,672	59	7,411	2,857	3,484	3,145	-49,987	8,312

	Turkey/Georgia		Remaining CEE		Other Markets	
	1.1.-30.6.20	1.1.-30.6.19	1.1.-30.6.20	1.1.-30.6.19	1.1.-30.6.20	1.1.-30.6.19
in EUR '000						
Premiums written – gross	127,365	111,510	231,335	218,774	141,957	164,096
Net earned premiums – retention	59,979	52,995	165,253	157,503	117,116	140,386
Financial result excluding at equity consolidated companies	4,302	5,937	27,485	18,297	8,427	9,406
Income from investments	5,296	7,946	23,659	22,551	10,114	10,669
Expenses for investments and interest expenses	-994	-2,009	3,826	-4,254	-1,687	-1,263
Result from shares in at equity consolidated companies	0	0	0	0	0	0
Other income	4,372	4,458	3,409	3,416	17,697	1,257
Expenses for claims and insurance benefits – retention	-38,788	-42,441	-120,122	-106,569	-92,949	-93,499
Acquisition and administrative expenses	-13,777	-11,687	-47,984	-50,887	-9,029	-13,151
Other expenses	-19,597	-5,043	-52,931	-7,824	-25,942	-30,702
Result before taxes	-3,509	4,219	-24,890	13,936	15,320	13,697
Taxes	-2,582	-783	-3,270	-3,176	-4,136	-3,452
Result of the period	-6,091	3,436	-28,160	10,760	11,184	10,245

	Central Functions		Consolidation		Total	
	1.1.-30.6.20	1.1.-30.6.19	1.1.-30.6.20	1.1.-30.6.19	1.1.-30.6.20	1.1.-30.6.19
in EUR '000						
Premiums written – gross	930,581	850,066	-768,750	-718,466	5,577,364	5,446,676
Net earned premiums – retention	715,014	674,561	9,143	2,359	4,738,622	4,621,778
Financial result excluding at equity consolidated companies	-53,958	-15,503	-1,062	-1,666	389,491	409,229
Income from investments	69,129	218,368	-33,199	-38,543	691,936	769,144
Expenses for investments and interest expenses	-123,087	-233,871	32,137	36,877	-302,445	-359,915
Result from shares in at equity consolidated companies	756	991	0	0	-1,503	14,013
Other income	28,680	2,026	-956	0	99,640	76,159
Expenses for claims and insurance benefits – retention	-458,222	-442,853	-8,172	-158	-3,599,957	-3,539,184
Acquisition and administrative expenses	-264,596	-217,490	-4,107	-1,804	-1,136,939	-1,132,478
Other expenses	-4,557	-5,076	5,617	175	-288,190	-192,412
Result before taxes	-36,883	-3,344	463	-1,094	201,164	257,105
Taxes	3,536	6,809	0	0	-68,538	-69,115
Result of the period	-33,347	3,465	463	-1,094	132,626	187,990

NOTES TO THE CONSOLIDATED BALANCE SHEET

1. INTANGIBLE ASSETS

Composition	30.6.2020	31.12.2019
<i>in EUR '000</i>		
Goodwill	1,233,482	1,382,535
Purchased insurance portfolios	32,483	38,191
Other intangible assets	525,166	518,853
Purchased software	434,813	423,377
Other	90,353	95,476
Total	1,791,131	1,939,579

1.1. Goodwill

Development of goodwill	30.6.2020	31.12.2019
<i>in EUR '000</i>		
Acquisition costs	1,906,993	1,899,957
Cumulative impairment as of 31.12. of previous years	-524,458	-424,751
Book value as of 31.12. of the previous year	1,382,535	1,475,206
Exchange rate differences	-31,399	3,667
Book value as of 1.1.	1,351,136	1,478,873
Additions	1,628	12,483
Impairments	-119,282	-108,821
Book value as of 30.6. and 31.12. respectively	1,233,482	1,382,535
Cumulative impairment as of 30.6. and 31.12. respectively	634,257	524,458
Acquisition costs	1,867,739	1,906,993

The additions are the result of a change in the opening balance sheet of Wiener TU.

In connection with the global COVID-19 pandemic in the 1st half of 2020 several triggers emerged leading to an unscheduled impairment test of intangible assets. The resulting impairments mainly affect the CGU groups Bulgaria (EUR 59,800,000), Croatia (EUR 45,045,000) and Georgia (EUR 13,323,000) and are primarily the result of a higher cost of equity due to the increase in uncertainty caused by the COVID-19 pandemic and the underlying scenario analyses that simulated the potential effects of COVID-19 on macroeconomic data.

The impairments in the previous year concern the Romania CGU group.

2. INVESTMENTS

Composition	30.6.2020	31.12.2019
<i>in EUR '000</i>		
Land and buildings	2,456,108	2,414,258
Self-used land and buildings	471,490	488,701
Investment property incl. RoU-asset for building-rights	1,984,618	1,925,557
Shares in at equity consolidated companies	299,040	321,276
Financial instruments	31,498,069	31,720,206
Loans and other investments	3,557,346	3,475,405
Other securities	27,940,723	28,244,801
Total	34,253,217	34,455,740

2.1. Other securities

Development	Held to maturity (incl. reclassified)		Available for sale		Recognised at fair value through profit and loss*	
	30.6.2020	31.12.2019	30.6.2020	31.12.2019	30.6.2020	31.12.2019
in EUR '000						
Acquisition costs	2,766,187	2,937,383				
Cumulative depreciation as of 31.12. of the previous years	-2,486	-1,382				
Book value as of 31.12. of the previous year	2,763,701	2,936,001	25,148,103	23,481,693	332,997	327,585
Exchange rate differences	-105,926	27,618	-99,687	-1,509	-5,935	525
Book value as of 1.1.	2,657,775	2,963,619	25,048,416	23,480,184	327,062	328,110
Reclassifications	0	0	0	-5,646	-15,468	-20,528
Additions	32,281	60,613	2,058,244	3,424,353	71,088	313,741
Disposals/repayments	-117,637	-260,531	-1,596,549	-2,848,101	-111,021	-303,948
Change in the scope of consolidation	45,152	0	-47,634	31,218	-47,157	128
Changes in value recognised in profit and loss	0	0	6,688	195	-4,369	15,494
Changes recognised directly in equity	0	0	-343,014	1,087,225	0	0
Impairments	0	0	-23,134	-21,325	0	0
Book value as of 30.6. and 31.12. respectively	2,617,571	2,763,701	25,103,017	25,148,103	220,135	332,997
Cumulative appreciation/depreciation as of 30.6. and 31.12. respectively	1,855	2,486				
Acquisition costs	2,619,426	2,766,187				

*Including held for trading

The values shown for change in the scope of consolidation in the categories held to maturity and recognised at fair value through profit and loss (incl. held for trading) are primarily due to finalisation of a purchase price allocation.

3. REINSURERS' SHARE IN UNDERWRITING PROVISIONS

Composition	30.6.2020	31.12.2019
in EUR '000		
Provision for unearned premiums	293,022	207,809
Mathematical reserve	29,199	31,603
Provision for outstanding claims	985,049	1,026,005
Provision for profit-unrelated premium refunds	13,624	14,857
Other underwriting provisions	2,430	3,160
Total	1,323,324	1,283,434

4. RECEIVABLES

Composition	30.6.2020	31.12.2019
in EUR '000		
Underwriting	1,093,127	1,003,123
Receivables from direct insurance business	875,687	790,293
from policyholders	701,844	624,956
from insurance intermediaries	112,752	127,731
from insurance companies	61,091	37,606
Receivables from reinsurance business	217,440	212,830
Non-underwriting	653,568	714,226
Other receivables	653,568	714,226
Total	1,746,695	1,717,349

5. EARNINGS PER SHARE (ANNUALISED)

		1.1.-30.6.2020	1.1.-30.6.2019
Result of the period	in EUR '000	132,626	187,990
Other non-controlling interests in net result of the period	in EUR '000	-6,276	-3,996
Non-controlling interests in the result of the period of non-profit societies	in EUR '000	0	-33,004
Result of the period less non-controlling interests	in EUR '000	126,350	150,990
Number of shares at closing date	units	128,000,000	128,000,000
Earnings per share (annualised)*	EUR	1.97	2.36

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

6. UNDERWRITING PROVISIONS – GROSS

Composition	30.6.2020	31.12.2019
in EUR '000		
Provision for unearned premiums	1,986,783	1,707,175
Mathematical reserve	22,204,763	22,497,943
Guaranteed policy benefits	20,794,220	21,034,685
Allocated and committed profit shares	711,492	729,776
Deferred mathematical reserve	699,051	733,482
Provision for outstanding claims	6,061,341	5,839,838
Provision for premium refunds	1,592,099	1,792,151
Profit-related premium refunds	336,973	351,412
Profit-unrelated premium refunds	62,512	71,105
Deferred profit participation recognised through profit and loss*	437,855	412,373
Deferred profit participation recognised directly in equity*	754,759	957,261
Other underwriting provisions	57,037	48,969
Total	31,902,023	31,886,076

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

7. NON-UNDERWRITING PROVISIONS

Composition	30.6.2020	31.12.2019
in EUR '000		
Provisions for pensions and similar obligations	602,286	611,114
Provision for pension obligations	497,302	506,360
Provision for severance obligations	104,984	104,754
Provisions for other employee benefits	59,160	69,515
Other non-underwriting provisions	199,998	250,930
Total	861,444	931,559

8. LIABILITIES

Composition	30.6.2020	31.12.2019
in EUR '000		
Underwriting	881,525	1,108,477
Liabilities from direct business	631,064	836,074
to policyholders	341,526	538,894
to insurance intermediaries	215,508	232,177
to insurance companies	72,834	63,776
arising from financial insurance policies	1,196	1,227
Liabilities from reinsurance business	201,477	208,747
Deposits from ceded reinsurance business	48,984	63,656
Non-underwriting	1,139,954	986,095
Liabilities to financial institutions	311,669	215,418
Other liabilities	828,285	770,677
Total	2,021,479	2,094,572

NOTES TO THE CONSOLIDATED INCOME STATEMENT

9. PREMIUMS WRITTEN

Premiums written	1.1.-30.6.2020						
Gross	Motor own damage insurance (Casco)	Motor third party liability insurance	Other property and casualty insurance	Life insurance – regular premium	Life insurance – single premium	Health insurance	Total
<i>in EUR '000</i>							
Austria	172,395	191,789	901,069	638,073	187,832	225,011	2,316,169
Czech Republic	122,469	157,596	255,320	318,632	16,840	8,677	879,534
Slovakia	53,017	77,227	65,881	85,528	93,371	8,208	383,232
Poland	95,800	145,168	210,217	84,326	48,056	6,953	590,520
Romania	84,300	42,044	57,723	24,278	14,119	6,598	229,062
Baltic states	45,120	60,091	64,086	33,010	12,663	36,027	250,997
Hungary	10,721	23,130	40,988	42,847	30,596	5,420	153,702
Bulgaria	31,047	15,977	33,539	17,759	3,754	9,584	111,660
Turkey/Georgia	20,221	18,808	67,749	0	0	20,587	127,365
Remaining CEE	25,586	49,351	65,441	37,304	38,269	15,384	231,335
Other Markets	0	0	67,698	42,161	32,098	0	141,957
Central Functions	0	0	904,067	12,869	0	13,645	930,581
Consolidation							-768,750
Total	660,676	781,181	2,733,778	1,336,787	477,598	356,094	5,577,364
Premiums written	1.1.-30.6.2019						
Gross	Motor own damage insurance (Casco)	Motor third party liability insurance	Other property and casualty insurance	Life insurance – regular premium	Life insurance – single premium	Health insurance	Total
<i>in EUR '000</i>							
Austria	169,753	188,700	859,020	646,538	136,769	215,379	2,216,159
Czech Republic	125,835	156,759	258,290	319,707	24,573	7,926	893,090
Slovakia	53,618	78,234	62,419	90,477	116,368	6,208	407,324
Poland	97,301	128,856	180,621	86,960	43,899	6,473	544,110
Romania	77,714	46,772	51,345	24,893	29,767	4,388	234,879
Baltic states	52,104	66,726	64,302	29,886	10,987	33,092	257,097
Hungary	9,477	24,695	40,217	41,409	18,149	9,284	143,231
Bulgaria	31,493	17,376	29,887	16,848	6,178	23,024	124,806
Turkey/Georgia	19,809	22,597	53,824	0	0	15,280	111,510
Remaining CEE	25,545	50,350	60,984	37,530	29,900	14,465	218,774
Other Markets	0	0	65,429	41,096	57,571	0	164,096
Central Functions	0	0	827,423	10,933	0	11,710	850,066
Consolidation							-718,466
Total	662,649	781,065	2,553,761	1,346,277	474,161	347,229	5,446,676

10. FINANCIAL RESULT EXCLUDING AT EQUITY CONSOLIDATED COMPANIES

Composition	1.1.-30.6.2020						
	Austria	Czech Republic	Slovakia	Poland	Romania	Baltic states	Hungary
in EUR '000							
Current income	328,425	43,084	20,293	13,046	10,414	4,662	4,427
Income from appreciation	23	977	258	3,125	75	374	0
thereof reduction in impairment	0	0	0	0	0	0	0
Gains from disposal of investments	91,931	16,790	1,656	11,887	712	238	633
Other income	25,111	19,526	647	3,898	235	84	177
Total income	445,490	80,377	22,854	31,956	11,436	5,358	5,237
Depreciation of investment	39,493	2,486	1,120	4,352	896	1,341	118
thereof impairment	15,538	0	0	0	0	0	88
Exchange rate differences	-532	-4,612	9	-1,789	-616	6	188
Losses from disposal of investments	3,107	22,713	286	1,597	204	190	202
Interest expenses	27,537	3,368	64	1,972	2,201	482	101
Personnel provisions	2,000	0	0	0	0	0	0
Interest expenses for liabilities to financial institutions	1,066	0	0	0	0	0	0
Interest expenses for financing liabilities	192	0	0	0	0	1	0
Interest expenses for subordinate liabilities	17,979	525	0	268	54	383	0
Interest expenses for lease liabilities	689	595	25	108	34	65	38
Other interest expenses	5,611	2,248	39	1,596	2,113	33	63
Other expenses	71,160	20,970	890	3,810	785	523	335
Managed Portfolio Fees	2,304	407	66	1,132	329	21	79
Asset management expenses	27,345	1,218	809	2,070	456	367	256
Other expenses	41,511	19,345	15	608	0	135	0
Total expenses	140,765	44,925	2,369	9,942	3,470	2,542	944

Composition

1.1.-30.6.2020

	Bulgaria	Turkey/ Georgia	Remaining CEE	Other Markets	Central Functions	Consolidation	Total
in EUR '000							
Current income	1,909	5,281	18,998	9,692	49,072	-33,199	476,104
Income from appreciation	798	0	7	37	6,710	0	12,384
thereof reduction in impairment	0	0	5	37	6,689	0	6,731
Gains from disposal of investments	629	0	4,368	88	11,793	0	140,725
Other income	10,893	15	286	297	1,554	0	62,723
Total income	14,229	5,296	23,659	10,114	69,129	-33,199	691,936
Depreciation of investment	1,596	42	1,180	873	13,574	0	67,071
thereof impairment	0	0	391	648	6,860	0	23,525
Exchange rate differences	-22	-552	-6,673	23	26,943	-316	12,057
Losses from disposal of investments	248	0	141	198	3,212	0	32,098
Interest expenses	213	1,013	401	144	40,729	-31,821	46,404
Personnel provisions	0	0	0	0	261	0	2,261
Interest expenses for liabilities to financial institutions	0	0	0	0	1,557	0	2,623
Interest expenses for financing liabilities	69	30	0	0	13,215	-12,927	580
Interest expenses for subordinate liabilities	80	0	0	0	24,881	-11,519	32,651
Interest expenses for lease liabilities	24	51	223	0	85	-225	1,712
Other interest expenses	40	932	178	144	730	-7,150	6,577
Other expenses	5,648	491	1,125	449	38,629	0	144,815
Managed Portfolio Fees	124	0	8	0	0	0	4,470
Asset management expenses	5,507	347	873	415	36,936	0	76,599
Other expenses	17	144	244	34	1,693	0	63,746
Total expenses	7,683	994	-3,826	1,687	123,087	-32,137	302,445

Composition

1.1.-30.6.2019

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

Composition

1.1.-30.6.2019

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

11. OTHER INCOME AND EXPENSES

Composition	1.1.-30.6.2020	1.1.-30.6.2019
in EUR '000		
Other income	99,640	76,159
Underwriting	53,814	49,299
Non-underwriting	45,826	26,860
Other expenses	288,190	192,412
Underwriting	126,404	157,311
Non-underwriting	161,786	35,101

The increase in non-underwriting expenses was mainly caused by impairments due to the effects of the COVID-19 pandemic. Further information is provided in Note 1. Intangible assets on page 39.

12. EXPENSES FOR CLAIMS AND INSURANCE BENEFITS

Composition	1.1.-30.6.2020	1.1.-30.6.2019
in EUR '000		
Expenses for claims and insurance benefits – gross	3,828,643	3,783,465
Payments for claims and insurance benefits	3,911,976	3,597,613
Changes in the provision for outstanding claims	293,387	158,141
Change in mathematical reserve	-462,803	-43,453
Change in other underwriting provisions	8,478	-3,937
Expenses for profit-related and profit-unrelated premium refunds	77,605	75,101
Expenses for claims and insurance benefits – reinsurers' share	-228,686	-244,281
Payments for claims and insurance benefits	-247,389	-238,573
Changes in the provision for outstanding claims	26,433	-3,481
Change in mathematical reserve	2,402	1,015
Change in other underwriting provisions	523	-1,176
Expenses for profit-unrelated premium refunds	-10,655	-2,066
Expenses for claims and insurance benefits – retention	3,599,957	3,539,184
Payments for claims and insurance benefits	3,664,587	3,359,040
Changes in the provision for outstanding claims	319,820	154,660
Change in mathematical reserve	-460,401	-42,438
Change in other underwriting provisions	9,001	-5,113
Expenses for profit-related and profit-unrelated premium refunds	66,950	73,035

13. ACQUISITION AND ADMINISTRATIVE EXPENSES

Composition	1.1.-30.6.2020	1.1.-30.6.2019
in EUR '000		
Acquisition expenses	1,003,900	1,015,734
Commission expenses*	706,161	719,958
Pro rata personnel expenses	180,835	172,498
Pro rata material expenses	116,904	123,278
Administrative expenses	224,346	203,135
Pro rata personnel expenses	112,335	102,131
Pro rata material expenses	112,011	101,004
Reinsurance commissions	-91,307	-86,391
Total	1,136,939	1,132,478

*Includes commissions of EUR 663,548,000 (EUR 671,562,000) for direct insurance business.

ADDITIONAL DISCLOSURES

14. FINANCIAL INSTRUMENTS AND FAIR VALUE MEASUREMENT HIERARCHY

Information on the nature and extent of risks arising from financial instruments is provided in the section titled “Financial instruments and risk management” in the Group Annual Report for 2019 starting on page 124.

Fair values and book values of financial instruments and other investments

Fair values and book values of financial instruments and other investments	30.6.2020				Fair value
	Book value	Level 1	Level 2	Level 3	
<i>in EUR '000</i>					
Land and buildings¹	2,456,108	0	60,391	3,954,753	4,015,144
Self-used land and buildings	471,490	0	24,369	756,728	781,097
Investment property excl. RoU-asset for building-rights	1,984,618	0	36,022	3,198,025	3,234,047
Shares in at equity consolidated companies	299,040				299,040
Loans	2,569,515	198,980	2,534,596	86,549	2,820,125
Loans	1,625,455	124,533	1,511,417	74,554	1,710,504
Reclassified loans	135,524	59,331	101,898	0	161,229
Bonds classified as loans	808,536	15,116	921,281	11,995	948,392
Other securities	27,940,723	23,436,494	4,233,093	711,585	28,381,172
Financial instruments held to maturity	2,141,573	1,951,929	530,115	10,248	2,492,292
Financial instruments reclassified as held to maturity	475,998	548,716	17,012	0	565,728
Financial instruments available for sale	25,103,017	20,828,008	3,637,141	637,868	25,103,017
Financial instruments recognised at fair value through profit and loss ²	220,135	107,841	48,825	63,469	220,135
Other investments	987,831				987,831
Investments for unit-linked and index-linked life insurance	7,714,858	7,714,858			7,714,858
Subordinated liabilities	1,463,518	0	1,568,694	20,739	1,589,433
Liabilities to financial institutions	311,669				311,669

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

² Including held for trading

Fair values and book values of financial instruments

31.12.2019

and other investments	Book value	Level 1	Level 2	Level 3	Fair value
in EUR '000					
Land and buildings¹	2,414,258	0	62,027	3,801,084	3,863,111
Self-used land and buildings	488,701	0	25,815	771,602	797,417
Investment property excl. RoU-asset for building-rights	1,925,557	0	36,212	3,029,482	3,065,694
Shares in at equity consolidated companies	321,276				
Loans	2,416,108	157,229	2,504,730	60,170	2,722,129
Loans	1,461,846	0	1,520,534	49,716	1,570,250
Reclassified loans	139,584	61,764	108,264	0	170,028
Bonds classified as loans	814,678	95,465	875,932	10,454	981,851
Other securities	28,244,801	23,908,755	3,947,383	745,954	28,602,092
Financial instruments held to maturity	2,195,001	2,065,196	384,538	22,623	2,472,357
Financial instruments reclassified as held to maturity	568,700	631,230	17,405	0	648,635
Financial instruments available for sale	25,148,103	21,011,483	3,476,413	660,207	25,148,103
Financial instruments recognised at fair value through profit and loss ²	332,997	200,846	69,027	63,124	332,997
Other investments	1,059,297				1,059,297
Investments for unit-linked and index-linked life insurance	8,620,327	8,620,327			8,620,327
Subordinated liabilities	1,464,597	0	1,663,318	21,317	1,684,635
Liabilities to financial institutions	215,418				215,418

¹ The market values are derived from internal and external expert reports.² Including held for trading**Measurement process**

For information on the measurement process, please see Note 22. Financial instruments and fair value measurement hierarchy in the Group Annual Report for 2019 starting on page 187.

Reclassification of financial instruments

Reclassifications were performed based on the criteria and time points indicated in Note 22. Financial instruments and fair value measurement hierarchy in the Group Annual Report for 2019 starting on page 189.

Reclassification of financial instruments

30.6.2020

	Between Level 1 and Level 2	Level 3 to Level 1	Level 1 to Level 3	Level 3 to Level 2	Level 2 to Level 3
Number					
Financial instruments available for sale	48	6	8	1	4
Financial instruments recognised at fair value through profit and loss [*]	17	0	1	0	3
Total	65	6	9	1	7

^{*}Including held for trading

The reclassifications between Level 1 and Level 2 are primarily due to changes in liquidity, trading frequency and trading activity. The reclassifications from Level 3 to Level 1 were performed due to the availability of daily market prices and an adjustment in the classification of the same bonds as of 31.12.2019. The reclassifications from Level 1 to Level 3 are based on the change in the liquidity estimate. The reclassification from Level 3 to Level 2 was due to improvements in measurement methods and greater use of market-related parameters. Financial instruments whose unobservable input factors now have a greater influence on fair value than the observable factors were reclassified from Level 2 to Level 3.

Reclassification of financial instruments

	31.12.2019				
	Between Level 1 and Level 2	Level 3 to Level 1	Level 1 to Level 3	Level 3 to Level 2	Level 2 to Level 3
Number					
Financial instruments recognised at fair value through profit and loss	0	0	2	1	0

*Including held for trading

The reclassifications from level 1 to level 3 are based on the change in liquidity estimates. The reclassifications were due to improvements in measurement methods and greater use of market-related parameters.

Hierarchy for financial instruments measured at fair value

Measurement hierarchy	Level 1		Level 2		Level 3	
	30.6.2020	31.12.2019	30.6.2020	31.12.2019	30.6.2020	31.12.2019
Financial instruments recognised at fair value						
in EUR '000						
Financial assets						
Financial instruments available for sale	20,828,008	21,011,483	3,637,141	3,476,413	637,868	660,207
Bonds	18,571,841	18,569,199	3,552,708	3,387,820	309,126	343,422
Shares and other participations	300,091	391,778	3,474	4,507	262,388	269,732
Investment funds	1,956,076	2,050,506	80,959	84,086	66,354	47,053
Financial instruments recognised at fair value through profit and loss	107,841	200,846	48,825	69,027	63,469	63,124
Bonds	67,558	122,119	39,326	53,159	28,026	28,199
Shares and other non-fixed-interest securities	15,722	19,176	0	404	391	2,375
Investment funds	24,561	59,551	8,021	10,749	6,995	2,468
Derivatives	0	0	1,478	4,715	28,057	30,082
Investments for unit-linked and index-linked life insurance	7,714,858	8,620,327				

*Including held for trading

The unrealised effect on the result (net profit or loss) from Level 3 financial instruments that are still in the portfolio and whose fair value is recognised in the income statement was EUR -1,537,000 during the reporting year (EUR -13,435,000).

Unobservable input factors

Asset class	Measurement methods	Unobservable input factors	Range
Real estate	Market value	Capitalisation rate	0.00%–7.50%
		Rental income	3,000 EUR–3,765,000 EUR
		Land prices	0 EUR–6,500 EUR
	Discounted Cash flow	Capitalisation rate	3.41%–8.50%
		Rental income	EUR 108,000–EUR 6,893,000
		Building rights	
	Building rights	Capitalisation rate	4.00%–4.00%
		Rental income	EUR 77,000–EUR 1,653,000
		Land prices	EUR 250,000–EUR 500,000
		Construction interest actually paid	2.40%–3.52%
Financial instruments available for sale – loans	Hull-White present value method	Rating-dependent spreads	-0.035%–5.38%

Sensitivities

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

The spread assumption is the critical factor for the changes in value of Level 3 measured bonds in the financial instruments available for sale category and the sensitivity to this factor is of particular interest as a result. Due to the COVID-19 crisis, the spreads have increased up to 120 basis points compared to the measurement for 31.12.2019.

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

Financial instruments available for sale - loans	Fair value
in EUR '000	
Fair value at 30.6.2020	308,927
Rating-dependent spread +50bp	-3,745
Effect on the income statement	0
Effect on the statement of comprehensive income	-3,745

Rental income, the capitalisation rate and land prices per square meter are the main factors affecting the calculation of real estate values, and this is why the sensitivities for these factors are presented. No conclusions can be drawn at present with respect to a change in these parameters based on the COVID-19 crisis.

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

Real estate	Fair value
in EUR '000	
Fair value at 30.6.2020	3,610,335
Rental income -5%	3,490,894
Rental income +5%	3,746,823
Capitalisation rate -50bp	3,836,022
Capitalisation rate +50bp	3,429,343
Land prices -5%	3,582,950
Land prices +5%	3,653,811

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

Reconciliation of financial assets and liabilities

Please refer to Note 10. Financial result excluding at equity consolidated companies starting on page 44 for information on the effects of changes in value recognised in profit and loss.

Development	30.6.2020			31.12.2019		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Financial instruments available for sale						
<i>in EUR '000</i>						
Fair value at 31.12. of the previous year	21,011,483	3,476,413	660,207	19,451,543	3,396,763	633,387
Exchange rate differences	-89,920	-7,066	-2,701	-3,260	1,707	44
Fair value at 1.1.	20,921,563	3,469,347	657,506	19,448,283	3,398,470	633,431
Reclassification between securities categories	0	0	0	-5,646	0	0
Reclassification to Level	18,157	138,972	40,052	14,698	56,361	7,855
Reclassification from Level	-154,051	-24,607	-18,523	-46,430	-15,374	-17,110
Additions	1,805,222	195,573	57,449	2,947,006	282,522	194,825
Disposals	-1,451,575	-89,663	-55,311	-2,456,288	-343,821	-47,992
Change in the scope of consolidation	0	0	-47,634	135,562	0	-104,344
Changes in value recognised in profit and loss	6,688	0	0	195	0	0
Changes recognised directly in equity	-295,989	-52,342	5,317	986,115	98,422	2,688
Impairments	-22,007	-139	-988	-12,012	-167	-9,146
Fair value at 30.6. or 31.12. respectively	20,828,008	3,637,141	637,868	21,011,483	3,476,413	660,207

Development	30.6.2020			31.12.2019		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Financial instruments recognised at fair value through profit and loss*						
<i>in EUR '000</i>						
Fair value at 31.12. of the previous year	200,846	69,027	63,124	127,799	85,578	114,208
Exchange rate differences	-6,262	414	-87	490	277	-242
Fair value at 1.1.	194,584	69,441	63,037	128,289	85,855	113,966
Reclassification between securities categories	-13,920	-1,548	0	-4,418	-20,002	3,892
Reclassification to Level	0	410	4,070	0	3,573	0
Reclassification from Level	-598	-3,798	-84	-178	0	-3,395
Additions	63,753	4,525	2,810	262,278	31,243	20,220
Disposals	-86,561	-19,138	-5,322	-219,784	-27,454	-56,710
Change in the scope of consolidation	-47,157	0	0	28,274	-10,501	-17,645
Changes in value recognised in profit and loss	-2,260	-1,067	-1,042	6,385	6,313	2,796
Changes recognised directly in equity	0	0	0	0	0	0
Fair value at 30.6. or 31.12. respectively	107,841	48,825	63,469	200,846	69,027	63,124

*Including held for trading

Development of financial instruments assigned to Level 3 – Subordinated liabilities	30.6.2020	31.12.2019
in EUR '000		
Fair value at 31.12. of the previous year	21,317	21,119
Exchange rate differences	-1,070	262
Fair value at 1.1.	20,247	21,381
Reclassification to Level 3	0	0
Reclassification from Level 3	0	0
Changes in value recognised in profit and loss	492	-64
Changes recognised directly in equity	0	0
Fair value at 30.6. or 31.12.	20,739	21,317

15. NUMBER OF EMPLOYEES

Employee statistics	30.6.2020	31.12.2019
Number		
Field staff	13,598	13,667
Office staff	12,237	12,069
Total	25,835	25,736

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

16. RELATED PARTY TRANSACTIONS

Related parties

Related parties are the affiliated companies, joint ventures and associated companies listed in Note 26. Affiliated companies and participations starting on page 195 in the Group Annual Report for 2019. In addition, the members of the Managing Board and Supervisory Board of VIG Holding also qualify as related parties. Wiener Städtische Versicherungsverein directly and indirectly holds around 71.83% (around 71.54%), and therefore a majority of the voting rights of VIG Holding. Based on this controlling interest, it and the members of its Managing Board and Supervisory Board are therefore also related parties.

Information on the compensation plan for Managing Board members is provided in Note 23. Number of employees and personnel expenses starting on page 192 of the Group Annual Report for 2019.

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

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

Transactions with Wiener Städtische Versicherungsverein

Wiener Städtische Versicherungsverein is VIG Holding's principal shareholder. It has the legal form of a mutual insurance association that has spun off its insurance operations under the Austrian Insurance Supervision Act (VAG) and consequently has no insurance business operations. Due to the outsourcing to Wiener Städtische Versicherung AG that took place at that time, its only responsibilities are those as a majority shareholder of VIG Holding, so that intercompany charges within the VIG Insurance Group are of minor importance. They are based on service agreements between VIG Insurance Group and Wiener Städtische Versicherungsverein for intercompany charges for internal audit services, finance and accounting, provision of staff and office leases based on the arm's length principle.

Transactions with related companies

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

Open items with related companies	30.6.2020	31.12.2019
in EUR '000		
Loans	165,914	156,210
Associated companies	118,111	95,057
Subsidiaries not included in the consolidated financial statements	47,803	61,153
Receivables	208,788	211,134
Parent company	188,777	195,433
Associated companies	7,464	3,931
Subsidiaries not included in the consolidated financial statements	12,547	11,770
Liabilities	225,969	230,544
Parent company	210,259	206,347
Associated companies	1,780	2,548
Subsidiaries not included in the consolidated financial statements	13,930	21,649

Transactions with related companies	30.6.2020	31.12.2019
in EUR '000		
Loans	10,497	21,233
Associated companies	8,467	14,660
Subsidiaries not included in the consolidated financial statements	2,030	6,573
Receivables	25,380	70,372
Parent company	9,044	26,344
Associated companies	9,218	3,410
Subsidiaries not included in the consolidated financial statements	7,118	40,618
Liabilities	97,355	183,006
Parent company	8,608	21,623
Associated companies	22,473	47,167
Subsidiaries not included in the consolidated financial statements	66,274	114,216

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

Transactions with related parties

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

17. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

There were no significant events after the balance sheet date.

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

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

Property and casualty insurance	1.1.-30.6.2020	1.1.-30.6.2019
in EUR '000		
Direct business	3,290,847	3,168,061
Casualty insurance	217,150	215,029
Health insurance	53,939	53,529
Motor own damage insurance (Casco)	660,676	662,649
Rail vehicle own-damage	1,712	1,524
Aircraft own-damage insurance	3,040	3,536
Sea, lake and river shipping own-damage insurance	7,852	7,663
Transport insurance	34,207	31,175
Fire and natural hazards insurance	678,885	616,010
Other property	332,141	293,793
Third party liability insurance for self-propelled land vehicles	781,181	781,065
Carrier insurance	13,913	11,672
Aircraft liability insurance	3,105	3,923
Sea, lake and river shipping liability insurance	1,887	1,922
General liability insurance	316,418	299,287
Credit insurance	2,440	1,453
Guarantee insurance	24,244	21,998
Insurance for miscellaneous financial losses	78,729	75,658
Legal expenses insurance	33,357	32,554
Assistance insurance, travel health insurance	45,971	53,621
Indirect business	189,555	180,744
Marine, aviation and transport insurance	8,560	7,426
Other insurance	167,265	161,608
Health insurance	13,730	11,710
Total	3,480,402	3,348,805
Life insurance	1.1.-30.6.2020	1.1.-30.6.2019
in EUR '000		
Regular premium - direct business	1,320,166	1,334,467
Single-premium - direct business	475,946	471,498
Direct business	1,796,112	1,805,965
thereof policies with profit participation	742,583	755,565
thereof policies without profit participation	233,804	228,242
thereof unit-linked life insurance portfolio	817,657	789,070
thereof index-linked life insurance portfolio	2,068	33,088
Indirect business	12,847	12,561
Total	1,808,959	1,818,526
Health insurance	1.1.-30.6.2020	1.1.-30.6.2019
in EUR '000		
Direct business	288,003	279,295
Indirect business	0	50
Total	288,003	279,345

KEY FIGURES PER BALANCE SHEET UNIT

	1.1.-30.6.2020				1.1.-30.6.2019			
	Property/ Casualty	Life	Health	Total	Property/ Casualty	Life	Health	Total
in %								
Cost ratio	31.68	17.73	15.41	25.52	31.46	21.84	14.70	26.84
Claims ratio	63.82				64.91			
Combined Ratio	95.50				96.38			

Declaration by the Managing Board

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

Vienna, 17 August 2020

The Managing Board:



Elisabeth Stadler
General Manager (CEO),
Chairwoman of the Managing Board



Liane Hirner
CFO,
Member of the Managing Board



Peter Höfinger
Member of the Managing Board



Gerhard Lahner
Member of the Managing Board



Gábor Lehel
Member of the Managing Board



Harald Riener
Member of the Managing Board



Peter Thirring
Member of the Managing Board

Managing Board areas of responsibility:

Elisabeth Stadler:	Management and Strategic Questions, Group Development and Strategy, Planning and Controlling, General Secretariat and Legal, Corporate Social Responsibility, Affiliated companies department, European Affairs, Group Communications & Marketing, Group Sponsoring, Bancassurance and international partnerships, Human Resources; Country responsibilities: Austria, Czech Republic
Liane Hirner:	Finance and accounting, Enterprise Risk Management, Asset-Risk Management, Data Management and Processes; Country responsibilities: Germany, Liechtenstein, Belarus
Peter Höfinger:	Corporate and large customer business, Vienna International Underwriters (VIU), Group Reinsurance; Country responsibilities: Albania, Baltic states, Bulgaria, Kosovo, Montenegro, Nordics, Serbia
Gerhard Lahner:	Asset Management, Asset Liability Management, Treasury/Capital market
Gábor Lehel:	Actuarial Department, Personal Insurance; Country responsibilities: Bosnia-Herzegovina, Croatia, North Macedonia, Hungary
Harald Riener:	Sales Initiatives Customers & SME, Assistance; Country responsibilities: Moldova, Poland, Romania, Ukraine
Peter Thirring:	Motor and Property Insurance, External Incoming Reinsurance, Group IT, Business Organisation; Country responsibilities: Georgia, Slovakia, Turkey

The **Managing Board as a whole** is responsible for Group Compliance, Internal Audit and Investor Relations.

General information

NOTICE

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

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

The condensed half-year financial report was prepared with great care to ensure that all information is complete and accurate. The possibility of rounding, type-setting or printing errors, however, cannot be ruled out completely.

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

The condensed half-year financial report can be downloaded as a PDF file in German or English from our website at: www.vig.com/en/downloads.

Editorial deadline: 17 August 2020

In case of doubt, the German version is authoritative.

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