

CHANCEES

Letter from the Chair of the Managing Board

**Dear Shareholders,
Ladies and Gentlemen!**

Given the economic catch-up process in the CEE markets and the associated growth in demand for insurance products, we are firmly convinced of the enormous opportunities or “CHANCEES” offered by the Central and Eastern European region. The fact that we are focusing clearly on the CEE region is underscored once again by our acquisition of the Latvian company BTA Baltic with branches in Lithuania and Estonia, which has now been finalised, and signed purchase agreements for the AXA companies in Serbia and Romania.



In order to exploit the potential offered by the CEE region, we apply the principle of local entrepreneurship, since our local on-site managers and employees know their customers' needs the best. In this way, we ensure the best possible product design and distribution based on local circumstances – to the benefit of our customers. We are also focusing on digitalisation in our products and services to satisfy customer needs for modern, digital communication and distribution channels. Our Group has already developed many innovative products and services. We are examining how these innovations can be used across borders, and implemented in as many VIG markets as possible.

With regard to business development in the first three quarters of 2016, Vienna Insurance Group generated EUR 6,961.8 million in premiums. This corresponds to a small year-on-year increase of 0.7%, which is very noteworthy since we were still exercising great restraint in sales of single premium life insurance (-18.6%). When adjusted for single premium business, VIG recorded a 4.7% increase in premiums.

Group profit before taxes was EUR 301.3 million in the first three quarters of 2016, representing a year-on-year increase of 88.4%. It must be noted, however, that the result for the same period in 2015 was reduced by an impairment of IT systems. The profit for the current year was, however

decreased by an adjustment for non-profit housing societies. VIG is nevertheless on course to achieve its profit forecast for 2016 as a whole. This is once again due to good business development in the CEE region, where some markets have already recorded significant increases in profits in the first nine months of the year. The positive performance of the Group can also be seen in the combined ratio. Thanks to a solid technical result, the combined ratio was once again significantly below the 100% mark at 97.9% in the 1st-3rd quarters of 2016.

Based on the business development achieved to date, we aim to double our profit before taxes to up to EUR 400 million for 2016 as a whole.

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

Elisabeth Stadler

CONTENTS

03	Letter from the Chair of the Managing Board
04	Interim management report
12	Capital markets & investor relations & share
14	Consolidated interim financial statements in accordance with IFRS
57	Additional disclosures in accordance with the Austrian Insurance Supervision Act (VAG)

Interim management report

NEW SEGMENT REPORTING

Since the 1st quarter of 2016, regular reporting to the Group Managing Board in its capacity as the ultimate decision-making body has only taken place at the country level. Certain countries were combined based on size according to regional or product-specific factors (Turkey/Georgia, Remaining CEE and Other Markets).

The regular reports will no longer include separate reporting by lines of business (property and casualty, life and health insurance). This change took place in connection with the change in the composition of the Group Managing Board on 1 January 2016. Regular monitoring of goodwill impairment takes place solely at the country level starting as of the 1st quarter of 2016.

RETROSPECTIVE ADJUSTMENT

The adjustment is based on a notice of 2 August 2016 from the Austrian Financial Market Authority (FMA) in accordance with § 3(1) no. 3 of the Austrian Financial Reporting Enforcement Act (Rechnungslegungs-Kontrollgesetz – RL-KG), in which the FMA found that the participations in the non-profit housing societies were not reported in accordance with IFRS. The audit was based on the consolidated financial statements of 31 December 2014 and 31 December 2015 and the half-year reports of 30 June 2014 and 30 June 2015. According to this notice, statutory restrictions on payout and realisation of assets that apply to non-profit housing societies, and indirectly to their holding company, were not taken into account when determining the fair value of these companies at the time of loss of control or recognising the share of their profits.

CHANGE IN THE CONSOLIDATION METHOD USED FOR NON-PROFIT HOUSING SOCIETIES

Due to changes in contractual agreements, the non-profit housing societies are being included in the financial state-

VIG IN 1ST–3RD QUARTER 2016

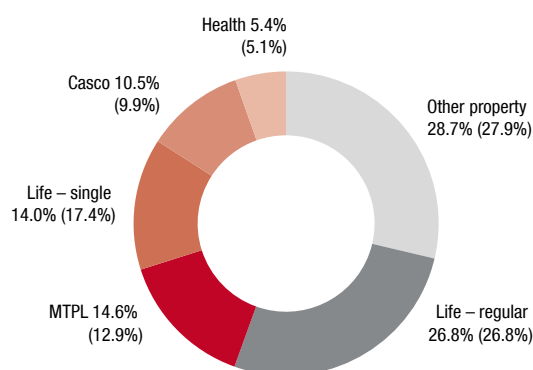
- Premium volume of EUR 6,961.8 million – not including single premium life products +4.7%
- Profit before taxes of EUR 301.3 million
- Combined ratio of 97.9%

ments using full consolidation starting September 2016. The effects of this change are shown on page 26f of this report.

BUSINESS DEVELOPMENT (IN ACCORDANCE WITH IFRS)

In the 1st–3rd quarters of 2016, Vienna Insurance Group wrote EUR 6,961.8 million in Group premiums written, an increase of 0.7% compared to the same period in the previous year. Excluding single premium life insurance business, the Group recorded a significant increase in premiums of 4.7%.

PREMIUM PERCENTAGE BY LINES OF BUSINESS 1ST–3RD QUARTER 2016



Values for 1st–3rd quarter 2015 in parentheses

Expenses for claims and insurance benefits less reinsurers' share were EUR 5,091.5 million in the first nine months of 2016, representing a year-on-year increase of 1.4%. When interpreting this value, one has to take account of the fact that 2015 was affected by positive currency effects in Liechtenstein due to the Swiss franc being unpegged from the euro. These currency effects had no effect on earnings in the first three quarters of 2015, since they were offset by a contrary effect in other expenses. Acquisition and administrative expenses less reinsurance commissions rose 1.9% in the 1st-3rd quarters of 2016 to EUR 1,422.4 million (1st-3rd quarters of 2015: EUR 1,395.5 million).

Group profit before taxes rose 88.4% to EUR 301.3 million in the 1st-3rd quarters of 2016, although it must be noted that the result in the previous year was negatively affected by EUR 195.0 million in impairment of IT systems.

The Group had a combined ratio after reinsurance (not including investment income) of 97.9% in the 1st-3rd quarters of 2016 (1st-3rd quarters of 2015: 96.9%), in spite of a higher claims ratio in Poland and increased commissions in the Czech Republic. This was once again significantly below the 100% mark, allowing Vienna Insurance Group to continue the good performance achieved in the 1st half of 2016.

Group investments including cash and cash equivalents were EUR 36.5 billion as of 30 September 2016.

Vienna Insurance Group generated a financial result of EUR 703.2 million in the 1st-3rd quarters of 2016. This represented a 10.0% year-on-year decrease that was mainly due to lower realised gains on the disposal of investments in bonds, loans and equities.

BUSINESS DEVELOPMENT BY SEGMENT

Development by segment

	Premiums written		Profit before taxes	
	1.1.-30.9.2016	1.1.-30.9.2015	1.1.-30.9.2016	1.1.-30.9.2015 restated
in EUR million				
Austria	3,107.4	3,154.2	103.4	116.9
Czech Republic	1,156.7	1,193.2	114.1	125.9
Slovakia	547.9	551.8	39.6	40.4
Poland	616.5	635.3	17.3	34.8
Romania	391.8	300.6	6.4	5.5
The Baltic	104.5	43.4	-7.8	1.7
Hungary	162.0	141.9	2.8	2.0
Bulgaria	107.8	101.7	5.3	5.1
Turkey/ Georgia	160.7	139.1	6.9	3.8
Remaining CEE ¹	240.4	229.9	11.6	15.1
Other Markets ²	269.4	299.3	16.7	15.1
Central Funktionen ³	1,019.0	968.6	-15.1	-205.8
Consolidation	-922.5	-846.4	0.0	-0.6
Total	6,961.8	6,912.4	301.3	160.0

¹ Remaining CEE: Albania, Bosnia-Herzegovina, Croatia, Macedonia, Moldova, Serbia, Ukraine

² Other Markets: Germany, Liechtenstein

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

Austria

The Austrian VIG Group companies recorded premiums written of EUR 3,107.4 million in the first nine months of 2016. This year-on-year decline of 1.5% was due to the reduction in single premium life insurance. Adjusted for this, the Austrian Group companies recorded an increase of 0.6%.

Profit before taxes fell 11.5% year-on-year to EUR 103.4 million in the 1st-3rd quarters of 2016 due to lower realised gains on the disposal of investments.

The combined ratio was 99.3% in the first three quarters of 2016, primarily owing to a change in the calculation of personnel provisions (1st–3rd quarters of 2015: 98.6%).

Czech Republic

The Czech Group companies recorded premiums written of EUR 1,156.7 million in the 1st–3rd quarters of 2016, representing a year-on-year decrease of 3.1%. When adjusted for single premium life insurance business, however, strong premium growth of 6.7% was achieved.

Profit before taxes declined 9.3% year-on-year to EUR 114.1 million in the first nine months of the current year due to the drop in the financial result.

The combined ratio was an excellent 92.9%, in spite of the increase in commission rates (1st–3rd quarters of 2015: 89.4%).

Slovakia

EUR 547.9 million in premiums were written in Slovakia in the first nine months of 2016. The small year-on-year decrease of 0.7% was due to the drop in single premium life insurance business. When adjusted for this, the Slovakian Group companies recorded an increase in premiums of 4.5%.

Profit before taxes decreased 1.9% in the first three quarters of 2016 to EUR 39.6 million (1st–3rd quarters of 2015: EUR 40.4 million).

The combined ratio improved compared to the same period in the previous year to 95.3% (1st–3rd quarters of 2015: 96.6%).

Poland

The Polish VIG companies recorded EUR 616.5 million in premiums written in the 1st–3rd quarters of 2016, corresponding to a 3.0% year-on-year decrease. Nevertheless, after adjusting for the transfer of the Baltic non-life insurance

business and for negative exchange rate effects, significant growth of 6.4% was achieved.

Profit before taxes fell to EUR 17.3 million in the first nine months of 2016, a 50.3% drop compared to the same period in the previous year. The decrease was mainly caused by a lower financial result due to difficult market conditions, intensive price competition and the introduction of a new investment tax.

The ongoing difficult market environment had a negative effect on the combined ratio, which was slightly above the 100% mark at 100.7% in the 1st–3rd quarters of 2016 (1st–3rd quarters of 2015: 97.2%).

Romania

The Romanian Group companies wrote EUR 391.8 million in premiums written in the 1st–3rd quarters of 2016, representing a significant increase of 30.3%. This increase was mainly due to a sharp increase in new business and higher average premiums in motor third party liability insurance.

Profit before taxes increased 16.6% year-on-year to EUR 6.4 million (1st–3rd quarters of 2015: EUR 5.5 million).

The combined ratio also improved again compared to the previous year, although at a level of 101.6% it was still above the 100% mark (1st–3rd quarters of 2015: 102.2%).

The Baltics

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

VIG Group companies in the Baltics generated EUR 104.5 million in premiums written in the first nine months of 2016 (1st–3rd quarters of 2015: EUR 43.4 million). The striking year-on-year increase in premiums was

primarily due to the first-time consolidation of the newly founded insurance company Compensa Non-Life and of the acquired non-life insurance company Baltikums.

The loss of EUR 7.8 million reported in the 1st-3rd quarters of 2016 was primarily due to start-up losses for Compensa Non-Life resulting from a transfer of the Baltic non-life business from a Polish Group company (1st-3rd quarters of 2015: profit before taxes of EUR 1.7 million).

The resulting costs also affected the combined ratio, which was 133.4% in the 1st-3rd quarters of 2016.

Hungary

EUR 162.0 million in premiums were written by the Group companies in Hungary in the first three quarters of the current year. This significant increase of 14.2% was mainly the result of strong premium growth in single premium life insurance products.

Profit before taxes rose to EUR 2.8 million. Although this represents a 41.6% year-on-year increase, it must be noted that the result in the previous year was negatively affected by increased expenditure due to the rebranding of Vienna Life.

The combined ratio improved year-on-year to 104.3%, but still remains above the 100% mark due to the tax burden caused by insurance and trade tax (1st-3rd quarters of 2015: 106.4%).

Bulgaria

Premiums written rose 6.1% in Bulgaria to EUR 107.8 million in the 1st-3rd quarters of 2016. The drop in premiums from motor third party liability insurance due to strong price competition in the market was more than offset by strong growth in motor own damage insurance (+16.0%) and other property and casualty insurance (+9.7%).

Profit before taxes was EUR 5.3 million. This represents an increase of 4.4% compared to the same period in the previous year, which was primarily due to an improved result for Bulstrad Non-Life and the first-time consolidation of Nova.

The combined ratio improved significantly year-on-year to 98.4%, primarily due to portfolio adjustments in Bulstrad Non-Life's marine business. (1st-3rd quarters of 2015: 101.1%).

Turkey/Georgia

The VIG Group companies in the Turkey/Georgia segment wrote EUR 160.7 million in premiums written during the first nine months of 2016, representing a major year-on-year increase of 15.6%. This change was due to a sharp rise in new business in the areas of motor third party liability insurance in Turkey and other property and casualty insurance.

Profit before taxes rose to EUR 6.9 million in the 1st-3rd quarters of 2016. This significant year-on-year increase of 80.4% was due to the increases in motor third party liability insurance and, primarily in Turkey, the financial result.

The combined ratio was 97.6% in the 1st-3rd quarters of 2016 (1st-3rd quarters of 2015: 96.9%).

Remaining CEE

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

VIG Group companies in the Remaining CEE countries wrote EUR 240.4 million in premiums in the 1st-3rd quarters of 2016. The year-on-year increase of 4.6% was mainly the result of good development in Croatia and Serbia.

Profit before taxes declined 23.2% to EUR 11.6 million, primarily due to a lower result in Bosnia-Herzegovina and Ukraine.

This led to a combined ratio slightly above the 100% mark at 100.3% for the first three quarters of 2016 (1st–3rd quarters of 2015: 97.4%).

Other Markets

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

VIG Group companies in the Other Markets segment wrote EUR 269.4 million in premiums written in the first nine months of the current year. The 10.0% year-on-year drop was caused by a decrease in single premium life insurance business in Liechtenstein.

Profit before taxes rose significantly by 10.3% to EUR 16.7 million in the 1st–3rd quarters of 2016.

The combined ratio improved again to an excellent 80.2% in the 1st–3rd quarters of 2016 (1st–3rd quarters of 2015: 83.2%).

Central Functions

Premiums written in the Central Functions segment rose 5.2% in the 1st–3rd quarters of 2016 to EUR 1,019.0 million. This was mainly due to an increase in premiums under internal Group reinsurance contracts.

The Central Functions recorded a loss of EUR 15.1 million in the 1st–3rd quarters of 2016 due to the interest expenses for the subordinated capital of the Group.

EMPLOYEES

VIG had a total of 23,713 employees in the 1st–3rd quarters of the current year, which was 718 more than 2015 as a whole. The increase was due to the full consolidation of the non-profit housing societies.

GROUP BUSINESS DEVELOPMENT IN THE 3RD QUARTER OF 2016

VIG generated EUR 2,033.7 million in premiums written in the 3rd quarter of 2016. This increase of 1.5%, which was

achieved in spite of a decrease in single premium life insurance, was mainly due to growth in motor third party liability business and other property and casualty insurance.

Expenses for claims and insurance benefits less reinsurers' share fell 2.6% to EUR 1,624.4 million in the 3rd quarter of 2016.

Acquisition and administrative expenses less reinsurance commissions received rose 2.3% to EUR 449.1 million in the 3rd quarter of 2016, mainly due to an increase in commissions in the Czech Republic.

Profit before taxes rose significantly to EUR 100.0 million in the 3rd quarter of 2016. It must be noted, however, that a loss of EUR 84.1 million (adjusted) was recorded in the same period of the previous year due to the IT impairment.

The financial result was EUR 254.3 million in the 3rd quarter of the current year. The decrease of 3.6% in comparison to the 3rd quarter of the previous year, mainly resulted from significantly lower gains on the disposal of investments and from less current income.

RELATED PARTY TRANSACTIONS

Information on related party transactions is provided in the notes to the consolidated financial statements on page 55.

SIGNIFICANT EVENTS AFTER THE FINANCIAL STATEMENTS WERE PREPARED

Significant events after the financial statements were prepared are presented on page 55 in the notes to the consolidated financial statements.

RISK REPORT

The core business of VIG consists of assuming risk. A conscious and controlled handling of risks at all levels of the Group therefore forms the basis for sustainable business development. In order to ensure this sustainability, Vienna

Insurance Group follows a conservative risk policy that forms the foundation of an integrated risk management system that is an integral part of the structural and process organisation of the Company. Local risk departments and a central risk management department at the holding company level assist the Vienna Insurance Group operational departments with Group-wide risk management processes, while continuously promoting the risk awareness of each employee and the existing risk culture in the entire Group.

The risk management processes themselves ensure that all risks in the Group can be promptly and appropriately identified, assessed, analysed and controlled. The associated reporting and regular communications between the Managing Board, risk departments and operating departments also ensure transparency and form a framework for ensuring that the risk situation is appropriately taken into account in the decisions making at the individual company and Group levels.

The Vienna Insurance Group risk environment remained practically unchanged in the 1st–3rd quarters of 2016, so that information on the significant business risks to which Vienna Insurance Group is exposed can be obtained from the risk reporting in the Group Annual Report 2015.

In addition to very good capital adequacy under Solvency II, with a solvency ratio of 196% as of 31 December 2015 at the level of the listed VIG Group, Standard and Poor's also confirmed its existing A+ rating with a stable outlook for Vienna Insurance Group, thereby confirming the large risk-bearing capacity of the Group.

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

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

VIG-OUTLOOK

Vienna Insurance Group aims to generate healthy, properly considered growth and, based on this principle, will continue in the future to follow a growth policy focusing on earnings. In doing so, the Group will continue to rely on targeted strengthening of high-margin business areas by deliberately driving forward property and casualty insurance and life insurance with regular premiums. In addition, VIG will pay attention to the potential for insurance in the small and medium-size company segment (SME) and place a stronger focus on the area of health insurance. Furthermore, on the product and service side, there will be a new focus on digitalisation.

VIG aims to strengthen its market share by organic growth and through further acquisitions aimed at improving its position in the markets and strategically supplementing the existing portfolio. Countries where VIG holds a top-market share will be secured. These include the Czech Republic and Slovakia, each with a market share of significantly more than 30%, and Austria with close to 24%. Vienna Insurance Group wants to increase its market share to a minimum of 10% in each of Poland, Hungary, Croatia, and Serbia over the medium term. VIG will reach this target in Serbia when official approval is received for the acquisition of AXA Non-Life and AXA Life in Belgrade. In spite of this aim, the focus will still be on cost-effectiveness. Checks will be made to determine where it makes sense to consolidate or combine services and processes.

With regard to the development of results of VIG, it is expected that the current low-interest rate environment will lead to another decline in the financial result in 2016. Investments continue to be made based on the objective of generating stable, secure cash flows. In spite of the change in the valuation method for the non-profit housing societies and the resulting change in consolidation method for these companies, the Group still aims to at least double profit before taxes to up to EUR 400 million. Vienna Insurance Group also aims to improve its combined ratio, with a medium-term target towards 95%.

CURRENT TOPICS

Rating confirmed

In mid-July 2016, the internationally recognised rating agency Standard & Poor's once again confirmed its A+ rating with a stable outlook for Vienna Insurance Group AG Wiener Versicherung Gruppe. This means that VIG continues to enjoy the best credit rating of all companies in the ATX Index.

Name of Polish life insurer Skandia changed to Vienna Life

The name of the Polish life insurance company Skandia, which was acquired in May 2014, was changed to "Vienna Life Towarzystwo Ubezpieczeń na Życie SA Vienna Insurance Group" in October of the current year.

Name of Ukrainian life insurer Jupiter changed to Kniazha Life

The name of the Ukrainian life insurance company Jupiter was changed to „Private Joint-Stock Company "Insurance Company "Kniazha Life Vienna Insurance Group“ in September of the current year.

Expansion

Purchase of the AXA company in Romania

At the beginning of August 2016, VIG signed an agreement to acquire the Romanian life insurance company AXA Life Insurance S.A. (AXA Life), thereby confirming its leading position in the Romanian insurance market. The buyers are the two Romanian VIG Group companies BCR Life and OmniaSig. The acquisition is subject to approval by the local authorities.

Purchase of the AXA company in Serbia

At the beginning of July 2016, VIG signed an agreement to acquire the non-life insurance company AXA Neživotno Osiguranje a.d.o. Beograd and the life insurance company AXA Životno Osiguranje a.d.o. Beograd (AXA Serbia). The acquisition is subject to approval by the local authorities. The acquisition increases VIGs' market share in Serbia to around 11.5%.

Acquisition of BTA Baltic concluded

Vienna Insurance Group has acquired a majority interest in BTA Baltic Insurance Company AAS (BTA Baltic), which has

its registered office in Latvia and branches in Lithuania and Estonia. The transaction was concluded on 24 August 2016 after final official approval was received for the sales agreement that was signed in December 2015. The acquisition of BTA Baltic makes Vienna Insurance Group one of the top three insurers in the Baltic non-life insurance market, with the largest distribution network in Latvia.

Awards

VIG receives TÜV award for quality management

TÜV Austria has awarded the VIG "International Processes and Methods" department, headed by Christian Walter, a certificate for quality management in accordance with EN ISO 9001:2015. This makes VIG the only insurance company in Austria that has received this current seal of quality. TÜV Austria presented the award for the results- and efficiency-oriented management of processes in Vienna Insurance Group.

VIG in the Czech Republic: Kooperativa receives the "Golden Crown"

As in previous years, the Czech Group company Kooperativa has once again succeeded in winning the Golden Crown award in this year's survey for the most successful insurance company in the Czech Republic. The Group company received awards in four categories: gold for "Industrial and Commercial Insurance", silver for household insurance and two bronze awards in the "Motor and Liability Insurance" category. This is the 14th time in a row the competition has been held to honour the best financial products of the year in the Czech market.

Czech Group companies are "Insurance Companies of the Year"

The well-known daily newspaper "Hospodářské noviny" publishes a ranking of the leading Czech financial services companies each year. In addition to being awarded first place in the "Best non-life insurance company in the market" category, Kooperativa was also named the "Most customer-friendly non-life insurance company". ČPP was also highly successful in the competition, being awarded third place in the "Best non-life insurance company in the market" category.

VIG in Austria: Donau Versicherung achieves excellent results in the AssCompact Awards 2016

Donau Versicherung received multiple awards in the AssCompact Awards 2016, including silver medals for its commercial combined policy and agricultural business products, and a bronze medal for commercial third party liability insurance. Donau Versicherung also rose in the overall rankings and is now one of the top five insurers in Austria.

VIG in Austria: s Versicherung celebrates its fifth “Recommender Award”

s Versicherung, Austria’s leading provider of life insurance, was awarded first place in the “Bank Insurance” category of the coveted Recommender Award, making this the fifth time it has received this special hallmark of excellence. A total of 9,000 customers of Austrian banks, insurance companies and home loan savings associations were surveyed for the award.

Capital markets & investor relations & share

CAPITAL MARKETS

International overview

The 3rd quarter of 2016 was practically unaffected by the economic and political uncertainties that depressed international stock market sentiment in the 1st half of 2016. This allowed the fundamentally positive situation to move to the foreground in stock markets, causing market prices to rise worldwide. The relatively cautious upward movement and comparatively low trading volume in many stock markets were, however, a reflection of the continuing cautious disposition of investors.

Central bank monetary policy continued to provide support to the market. The expected tightening of interest rate policy in the USA remains limited, so far, to a single interest rate increase in December 2015. Weak US economic data was consequently still accompanied by an extraordinary low level of interest rates. US stock markets performed well in this environment. The blue chip Dow Jones Industrial index (DJI) calculated in USD, S&P 500 index in USD and NASDAQ technology index, also calculated in USD, all reached new historical highs in the 3rd quarter of 2016 and ended the 3rd quarter of 2016 close to these highs. The growth rates were less spectacular compared to the price levels achieved, with the DJI rising 2.1% in the 3rd quarter and a total of 5.1% over the first three quarters.

The pan-European Eurostoxx 50 Index in EUR and Japanese Nikkei 225 leading index in JPY recorded growth rates of 4.8% and 5.6%, respectively, in the 3rd quarter of 2016. This was primarily due to the stabilisation of economic expectations, as well as to a technical reaction to a price level that appeared attractive following the significant price declines in the first half of 2016. In terms of year-to-date performance in 2016, both the Eurostoxx 50 in EUR (-8.1%) and Nikkei 225 in JPY (-13.6%) were in negative territory.

Helped by the ongoing low level of interest rates and prospects of an improved economic situation in 2017, emerging markets continued to record price gains after the 1st half of 2016, with the MSCI Emerging Markets Index calculated in USD rising 8.3% in the 3rd quarter of 2016 (year-to-date: +14.1%).

Emerging markets in the CEE region also performed well in the 3rd quarter of 2016, with the Eastern European CECE index in EUR climbing 5.0%. This increase was not, however, able to fully offset the price losses in the first two quarters of 2016.

Vienna Stock Exchange

The Vienna Stock Exchange has been highly volatile during the year to date. The market's overreaction to global economic concerns and the results of the Brexit vote have already pushed the ATX leading index below the 2,000-point mark twice this year. The losses in the 1st half of 2016 were eliminated thanks to a sharp upward movement in the 3rd quarter of 2016 (+14.8%), with the index even ending the quarter (2,405.28 points) at a level higher than at the end of 2015.

INVESTOR RELATIONS

Vienna Insurance Group made presentations at the following international investor conferences in the 3rd quarter of 2016:

- Emerging Europe Investment Conference by Kepler Cheuvreux in Warsaw
- KBW UK & European Financials Conference in London
- JP Morgan Small/Mid Cap Conference in London
- Baader Investment Conference in Munich
- Bank of America Merrill Lynch CEO Conference in London
- Erste Bank Investor Conference in Stegersbach

The effects of the current low interest rate environment on insurance companies and detailed information on Solvency II in the Group, which has been available since mid-2016, was extensively discussed in many individual and group meetings. Borrowing from the presentation available online, the meetings also discussed current developments in Austria and the CEE region.

VIG SHARE PERFORMANCE

The previously volatile price movements of VIG shares stabilised somewhat towards the end of the 3rd quarter of 2016. The unexpected Brexit vote led to a new low of

EUR 16.095 at the beginning of July 2016. Similar to international trends, however, VIG shares also gained some ground in the 3rd quarter of 2016, recording positive performance of 6.3%. With a closing price of EUR 18.070 for the quarter, however, the year-end value of EUR 25.290 was not achieved. VIG shares moved sideways in a band from EUR 17.50–18.60 up to the editorial deadline.

Key share information 1st–3rd quarter 2016

High	EUR	24.790
Low	EUR	16.095
Year-end price	EUR	18.070
Market capitalisation	EUR	2,3 bn.
Dividend 2015	EUR	0.60
Average daily stock exchange trading volume*	EUR	3.9 mn

* Using single counting

Overview of VIG shares

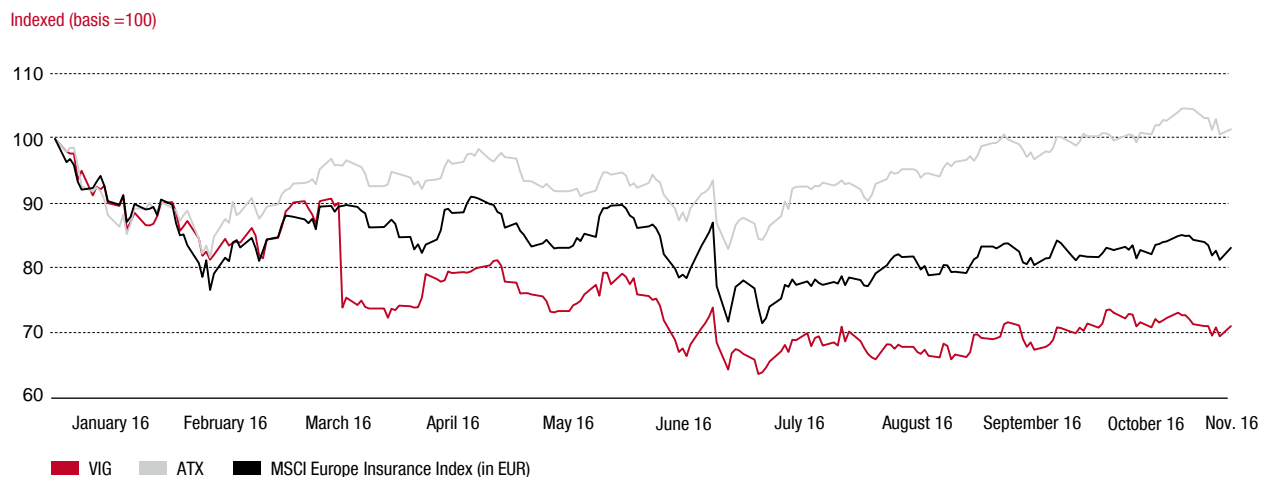
Initial listing (Vienna)	17 October 1994
Initial listing (Prague)	5 February 2008
Number of common shares	128 million
Free float	Approx. 30%
ISIN	AT0000908504
Securities symbol	VIG
Bloomberg	VIG AV / VIG CP
Reuters	VIGR.VI / VIGR.PR
Rating – Standard & Poor's	A+, stable outlook

VIG financial calendar*

Results and embedded value 2016	19 April 2017
General meeting record date	2 May 2017
Annual General Meeting	12 May 2017
Ex-dividend day	17 May 2017
General meeting record date	18 May 2017
Dividend payment day	19 May 2017
Results for 1 st quarter 2017	23 May 2017
Results for 1 st half of 2017	22 August 2017
Results for 1 st –3 rd quarter 2017	29 November 2017

* Preliminary schedule

VIENNA INSURANCE GROUP (VIG) COMPARED TO THE ATX AND MSCI EUROPE INSURANCE INDEX (IN EUR) 1 JANUARY 2016 TO 7 NOVEMBER 2016



Consolidated interim financial statements in accordance with IFRS

CONSOLIDATED BALANCE SHEET AS OF 30 SEPTEMBER 2016

ASSETS	Notes	30.9.2016	31.12.2015 restated
in EUR '000			
A. Intangible assets	1		
I. Goodwill		1,582,098	1,579,639
II. Purchased insurance portfolios		32,707	40,773
III. Other intangible assets		436,017	459,545
Total intangible assets		2,050,822	2,079,957
B. Investments			
I. Land and buildings		5,561,435	1,907,737
a) Self-used property		436,333	434,306
b) Investment property		5,125,102	1,473,431
II. Shares in at equity consolidated companies		253,050	319,636
III. Financial instruments		29,177,889	27,914,596
a) Loans and other investments		3,406,416	3,798,216
b) Other securities	2	25,771,473	24,116,380
Financial instruments held to maturity		3,040,954	3,066,115
Financial instruments available for sale		22,324,435	20,649,481
Financial instruments recognised at fair value through profit and loss*		406,084	400,784
Total investments		34,992,374	30,141,969
C. Investments of unit- and index-linked life insurance		8,483,067	8,144,135
D. Reinsurers' share in underwriting provisions	3	1,062,770	1,030,740
E. Receivables	4	1,471,595	1,391,980
F. Tax receivables and advance payments out of income tax		228,026	216,710
G. Deferred tax assets		56,709	123,692
H. Other assets		356,637	349,919
I. Cash and cash equivalents		1,500,790	1,101,212
Total ASSETS		50,202,790	44,580,314

* Including held for trading

The numbers for the individual items in the consolidated balance sheet and consolidated income statement refer to detailed disclosures for these items in the "Notes to the consolidated balance sheet" section in the Notes to the consolidated financial statements starting on page 36.

CONSOLIDATED BALANCE SHEET AS OF 30 SEPTEMBER 2016

LIABILITIES AND SHAREHOLDERS' EQUITY	Notes	30.9.2016	31.12.2015 restated
in EUR '000			
A. Shareholders' equity			
I. Share capital		132,887	132,887
II. Other capital reserves		2,109,003	2,109,003
III. Capital reserves from additional payments on hybrid capital		193,619	193,619
IV. Retained earnings		1,940,565	1,794,780
V. Other reserves		378,527	148,376
Subtotal		4,754,601	4,378,665
VI. Non-controlling interests in non-profit companies		1,016,671	0
VII. Other non-controlling interests		113,005	111,733
Total shareholders' equity		5,884,277	4,490,398
B. Subordinated liabilities		1,265,009	1,280,308
C. Underwriting provisions	6		
I. Provision for unearned premiums		1,399,440	1,181,269
II. Mathematical reserve		21,649,711	21,068,385
III. Provision for outstanding claims		4,760,203	4,603,648
IV. Provisions for profit-unrelated premium refunds		52,934	56,060
V. Provision for profit-related premium refunds		1,635,097	1,182,632
VI. Other underwriting provisions		48,597	53,129
Total underwriting provisions		29,545,982	28,145,123
D. Underwriting provisions for unit- and index-linked life insurance		8,105,056	7,776,602
E. Non-underwriting provisions			
I. Provisions for pensions and similar obligations		448,017	387,197
II. Other provisions		242,725	276,199
Total non-underwriting provisions		690,742	663,396
F. Liabilities	7	4,073,048	1,634,317
G. Tax liabilities out of income tax		175,994	121,801
H. Deferred tax liabilities		302,379	294,895
I. Other liabilities		160,303	173,474
Total LIABILITIES AND SHAREHOLDERS' EQUITY		50,202,790	44,580,314

CONSOLIDATED INCOME STATEMENT

for the period from 1 January 2016 to 30 September 2016 (including comparative period)	Notes	1.1.-30.9.2016	1.1.-30.9.2015 restated
in EUR '000			
Premiums			
Premiums written – gross	8	6,961,765	6,912,423
Premiums written – reinsurers' share		-664,906	-697,707
Premiums written – retention		6,296,859	6,214,716
Change in unearned premium – gross		-218,507	-145,998
Change in unearned premium – reinsurers' share		80,544	78,580
Net earned premiums – retention		6,158,896	6,147,298
Financial result excluding at equity consolidated companies	9		
Income from investments		986,895	1,038,785
Expenses for investments and interest expenses		-319,023	-292,775
Total financial result excluding at equity consolidated companies		667,872	746,010
Result from shares in at equity consolidated companies		35,348	35,679
Other income	12	122,761	78,270
Expenses for claims and insurance benefits	10		
Expenses for claims and insurance benefits – gross		-5,315,827	-5,278,221
Expenses for claims and insurance benefits – reinsurers' share		224,368	257,042
Total expenses for claims and insurance benefits		-5,091,459	-5,021,179
Acquisition and administrative expenses	11		
Acquisition expenses		-1,250,269	-1,229,579
Administrative expenses		-282,141	-259,465
Reinsurance commissions		110,057	93,535
Total acquisition and administrative expenses		-1,422,353	-1,395,509
Other expenses	12	-169,741	-430,598
Profit before taxes		301,324	159,971
Tax expenses		-70,325	-23,886
Profit for the period		230,999	136,085
<i>thereof attributable to shareholders of Vienna Insurance Group</i>		<i>219,751</i>	<i>130,988</i>
<i>thereof non-controlling interests of non-profit housing societies in net profit for the period</i>		<i>8,077</i>	<i>0</i>
<i>thereof other non-controlling interests in net profit for the period</i>		<i>3,171</i>	<i>5,097</i>
Earnings per share (annualised)*	5		
Undiluted = diluted earnings per share (in EUR)		2.17	1.23
Profit for the period (Carry-forward)		230,999	136,085

* The calculation of EPS includes accrued interest expenses for hybrid capital.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the period from 1 January 2016 to 30 September 2016 (including comparative period)	1.1.-30.9.2016	1.1.-30.9.2015 restated
in EUR '000		
Profit for the period (Carry-forward)	230,999	136,085
Other comprehensive income (OCI)		
Items that will not be reclassified to profit or loss in subsequent periods		
+/- Underwriting gains and losses from provisions for employee benefits	-26,697	-235
<i>thereof deferred profit participation</i>	8,168	0
<i>thereof deferred taxes</i>	4,541	28
Subtotal	-13,988	-207
Items that will be reclassified to profit or loss in subsequent periods		
+/- Exchange rates through equity	-2,154	11,958
+/- Unrealised gains and losses from financial instruments available for sale	1,020,640	-494,691
+/- Cash flow hedge reserve	2,659	2,587
+/- Share of other reserves of associated companies	27	872
<i>thereof deferred actuarial reserve</i>	-269,543	162,783
<i>thereof deferred profit participation</i>	-428,459	165,011
<i>thereof deferred taxes</i>	-74,395	37,417
Subtotal	248,775	-114,063
Total other comprehensive income	234,787	-114,270
Total profit for the period incl. other comprehensive income after taxes	465,786	21,815
<i>thereof attributable to shareholders of Vienna Insurance Group</i>	449,902	19,244
<i>thereof non-controlling interests in non-profit companies</i>	8,085	0
<i>thereof other non-controlling interests</i>	7,799	2,571

CONSOLIDATED INCOME STATEMENT

for the period from 1 July 2016 to 30 September 2016 (including comparative period)	1.7.-30.9.2016	1.7.-30.9.2015 restated
in EUR '000		
Premiums		
Premiums written – gross	2,033,657	2,004,373
Premiums written – reinsurers' share	-151,623	-173,363
Premiums written – retention	1,882,034	1,831,010
Change in unearned premium – gross	130,380	131,150
Change in unearned premium – reinsurers' share	-45,130	-23,716
Net earned premiums – retention	1,967,284	1,938,444
Financial result excluding at equity consolidated companies		
Income from investments	347,179	335,180
Expenses for investments and interest expenses	-103,892	-79,171
Total financial result excluding at equity consolidated companies	243,287	256,009
Result from shares in at equity consolidated companies	10,480	7,776
Other income	18,877	28,089
Expenses for claims and insurance benefits		
Expenses for claims and insurance benefits – gross	-1,639,172	-1,774,462
Expenses for claims and insurance benefits – reinsurers' share	14,752	105,882
Total expenses for claims and insurance benefits	-1,624,420	-1,668,580
Acquisition and administrative expenses		
Acquisition expenses	-399,028	-380,622
Administrative expenses	-89,194	-86,100
Reinsurance commissions	39,134	27,710
Total acquisition and administrative expenses	-449,088	-439,012
Other expenses	-66,386	-206,857
Profit before taxes	100,034	-84,131
Tax expenses	-24,018	29,495
Profit for the period	76,016	-54,636
<i>thereof attributable to shareholders of Vienna Insurance Group</i>	<i>67,071</i>	<i>-56,935</i>
<i>thereof non-controlling interests of non-profit housing societies in net profit for the period</i>	<i>8,077</i>	<i>0</i>
<i>thereof other non-controlling interests in net profit for the period</i>	<i>868</i>	<i>2,299</i>
Earnings per share (annualised)*		
Undiluted = diluted earnings per share (in EUR)	1.97	-1.90
Profit for the period (Carry-forward)	76,016	-54,636

* The calculation of EPS includes accrued interest expenses for hybrid capital.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the period from 1 July 2016 to 30 September 2016 (including comparative period)	1.7.-30.9.2016	1.7.-30.9.2015 restated
in EUR '000		
Profit for the period (Carry-forward)	76,016	-54,636
Other comprehensive income (OCI)		
Items that will not be reclassified to profit or loss in subsequent periods		
+/- Underwriting gains and losses from provisions for employee benefits	-10,045	-52
<i>thereof deferred profit participation</i>	2,928	0
<i>thereof deferred taxes</i>	1,720	-3
Subtotal	-5,397	-55
Items that will be reclassified to profit or loss in subsequent periods		
+/- Exchange rates through equity	21,505	-6,674
+/- Unrealised gains and losses from financial instruments available for sale	350,010	-26,093
+/- Cash flow hedge reserve	901	827
+/- Share of other reserves of associated companies	56	530
<i>thereof deferred actuarial reserve</i>	-86,038	-4,539
<i>thereof deferred profit participation</i>	-135,246	27,388
<i>thereof deferred taxes</i>	-28,387	2,313
Subtotal	122,801	-6,248
Total other comprehensive income	117,404	-6,303
Total profit for the period incl. other comprehensive income after taxes	193,420	-60,939
<i>thereof attributable to shareholders of Vienna Insurance Group</i>	182,578	-62,716
<i>thereof non-controlling interests in non-profit companies</i>	8,085	0
<i>thereof other non-controlling interests</i>	2,757	1,777

CONSOLIDATED SHAREHOLDERS' EQUITY

CHANGE IN CONSOLIDATED SHAREHOLDERS' EQUITY IN FINANCIAL YEARS 2016 AND 2015

	Share capital	Other capital reserves	Capital reserves from additional payments on hybrid capital	Retained earnings	Other reserves	Subtotal	Non-controlling interests in non-profit companies	Other non-controlling interests	Shareholders' equity
in EUR '000									
As of 1 January 2015	132,887	2,109,003	245,602	2,378,849	244,063	5,110,404	0	173,023	5,283,427
Retrospective restatement	0	0	0	-450,566	5,910	-444,656	0	-57,101	-501,757
As of 1 January 2015 restated	132,887	2,109,003	245,602	1,928,283	249,973	4,665,748	0	115,922	4,781,670
Changes in scope of consolidation/ownership interests	0	0	0	565	0	565	0	-907	-342
Total profit for the period incl. other comprehensive income after taxes	0	0	0	130,988	-111,744	19,244	0	2,571	21,815
Repurchase of hybrid capital	0	0	-51,983	-8,536	0	-60,519	0	0	-60,519
Dividend payment*	0	0	0	-192,545	0	-192,545	0	-7,750	-200,295
As of 30 September 2015	132,887	2,109,003	193,619	1,858,755	138,229	4,432,493	0	109,836	4,542,329
As of 1 January 2016	132,887	2,109,003	193,619	1,794,780	148,376	4,378,665	0	111,733	4,490,398
Changes in scope of consolidation/ownership interests	0	0	0	14,715	0	14,715	1,008,586	189	1,023,490
Total profit for the period incl. other comprehensive income after taxes	0	0	0	219,751	230,151	449,902	8,085	7,799	465,786
Dividend payment*	0	0	0	-88,681	0	-88,681	0	-6,716	-95,397
As of 30 September 2016	132,887	2,109,003	193,619	1,940,565	378,527	4,754,601	1,016,671	113,005	5,884,277

* Including payment for servicing the hybrid capital.

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

The shareholders' share of changes recognised directly in the shareholders' equity of the at equity consolidated companies is EUR 32,621,000 (EUR 23,380,000).

Composition Other reserves	30.9.2016	31.12.2015
in EUR '000		
Unrealised gains and losses	655,339	411,271
Cash flow hedge reserve	-782	-2,836
Underwriting gains and losses from provisions for employee benefits	-114,056	-100,192
Share of Other reserves of associated companies	-2,136	-2,156
Currency reserve	-159,838	-157,711
Total	378,527	148,376

Unrealised gains and losses	30.9.2016	31.12.2015
<i>in EUR '000</i>		
Bonds	3,051,165	2,062,146
Shares and other participations	132,875	124,898
Investment funds	20,260	-3,465
	3,204,300	2,183,579
+/- Exchange rate changes from securities Available for sale	10,027	10,108
+/- Policyholder claims		
<i>thereof deferred actuarial reserve</i>	<i>-1,100,703</i>	<i>-831,160</i>
<i>thereof deferred profit participation</i>	<i>-1,249,137</i>	<i>-820,678</i>
+/- Deferred taxes	-198,191	-124,393
+/- Other non-controlling interests	-10,957	-6,185
Total	655,339	411,271

Cash flow hedge reserve	30.9.2016	31.12.2015
<i>in EUR '000</i>		
Cash flow hedge	-5,023	-3,660
+/- Deferred taxes	227	824
+/- Non-controlling interests in non-profit companies	4,014	0
Total	-782	-2,836

Underwriting gains and losses from provisions for employee benefits	30.9.2016	31.12.2015
<i>in EUR '000</i>		
Pension provision and severance provision	-228,398	-194,684
+/- Deferred profit participation	68,672	60,504
+/- Deferred taxes	37,571	33,030
+/- Non-controlling interests in non-profit companies	7,017	0
+/- Other non-controlling interests	1,082	958
Total	-114,056	-100,192

Share of Other reserves of associated companies	30.9.2016	31.12.2015 <i>restated</i>
<i>in EUR '000</i>		
Share of Other reserves of associated companies	-2,310	-2,337
+/- Other non-controlling interests	174	181
Total	-2,136	-2,156

Currency reserve	30.9.2016	31.12.2015
<i>in EUR '000</i>		
Currency reserve	-161,379	-159,225
+/- Other non-controlling interests	1,541	1,514
Total	-159,838	-157,711

CONSOLIDATED CASH FLOW STATEMENT

for the period from 1 January 2016 to 30 September 2016 (including comparative period)	1.1.-30.9.2016	1.1.-30.9.2015 restated
in EUR '000		
Profit for the period	230,999	136,085
Change in underwriting provisions net	764,608	727,442
Change in underwriting receivables and liabilities	-277,483	-158,225
Change in deposit receivables and liabilities as well as in reinsurance receivables and liabilities	15,315	123,476
Change in other receivables and liabilities	26,759	-15,329
Change in securities held for trading	49,067	49,868
Gain/loss from disposal of investments	-69,716	-100,989
Depreciation/appreciation of all other investments	47,967	39,011
Change in pension, severance and other personnel provisions	25,512	-37,301
Change in deferred tax asset/liability excl. tax liabilities	4,504	10,816
Change in other balance sheet items	-56,919	-54,165
Change in goodwill and other intangible assets	54,812	203,640
Other cash-neutral income and expenses and adjustments to the result of the period ¹	80,051	-74,655
Cash flow from operating activities	895,476	849,674
Payments for the acquisition of fully consolidated companies	-3,057	0
Cash inflow from the sale of at equity consolidated companies	6,840	0
Cash inflow from the sale of available for sale securities	2,476,936	3,199,323
Payments for the acquisition of available for sale securities	-3,064,267	-3,852,142
Cash inflow from the disposals/repayments of held to maturity securities	132,514	224,288
Payments for the addition of held to maturity securities	-113,356	-182,464
Cash inflow from the sale of land and buildings	2,216	5,418
Payments for the acquisition of land and buildings	-179,494	-96,138
Cash inflow for the sale of intangible assets	234	0
Payments for the acquisition of intangible assets	-24,179	0
Change in unit- and index-linked life insurance items	-113,884	-153,150
Change in other investments	328,983	335,730
Cash flow from investing activities	-550,514	-519,135
Corporate actions, incl. hybrid capital	0	-60,519
Increase subordinated liabilities	0	364,178
Decrease of subordinated liabilities	-9,300	-2,270
Dividend payments	-95,397	-200,294
Cash outflow from other financing activities	-1,299	-1,299
Cash flow from financing activities	-105,996	99,796
Change in cash and cash equivalents	238,966	430,335
Cash and cash equivalents at beginning of period	1,101,212	781,987
Change in cash and cash equivalents	238,966	430,335
Additions/disposals from change in consolidation method	162,233	0
Effects of foreign currency exchange differences in cash and cash equivalents	-1,621	-3,072
Cash and cash equivalents at the end of period²	1,500,790	1,209,250
<i>thereof non-profit housing societies</i>	<i>160,094</i>	<i>0</i>
Additional information		
Received interest ⁴	626,683	614,263
Received dividends ⁴	119,802	121,865
Interest paid ³	37,701	20,018
Income taxes paid ⁴	26,128	56,591

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

² The amount of Cash and cash equivalents at end of period correlates with position I. on the Asset side „Cash and cash equivalents“.

³ Interest paid result primarily from financing activities.

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

Notes to the consolidated interim financial statements

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These consolidated interim financial statements for the 1st–3rd quarter of 2016 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 of the Austrian Commercial Code (Unternehmensgesetzbuch – UGB) and § 138(8) of the Austrian Insurance Supervision Act (Versicherungsaufsichtsgesetz – VAG) and are in compliance with IAS 34 "Interim Financial Reporting". The same IFRS accounting policies were used as for the last financial statements for the previous financial year. Similarly, the estimates and discretionary assessments needed to prepare the consolidated financial statements were made in the same way. This does not include newly applicable or amended standards.

Adoption of new standards and the new interpretation

Vienna Insurance Group has applied the IFRS annual improvements (2010–2012 cycle), IAS 19 "Employee benefits", amendments to IAS 27 "Consolidated financial statements", IAS 1 "Presentation of financial statements", IFRS annual improvements (2012–2014 cycle), amendments to IAS 16 "Property, plant and equipment", amendments to IAS 41 "Agriculture" and amendments to IFRS 10, IFRS 12 and IAS 28 "Investment Entities" since 1 January 2016. Application of the amended standards that were relevant for Vienna Insurance Group had either no effect, or no material effect on the condensed consolidated interim financial statements.

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

		Applicable as of
New Standards		
IFRS 14	Regulatory Deferral Accounts	EU decided this standard shall not be transferred into EU law
IFRS 16	Leases	1.1.2019
IFRS 9	Financial instruments	1.1.2018
Amendments to existing standards		
IFRS 10 and IAS 28	Sale or contribution of assets between an investor and is associate or joint venture	still open
IAS 12	Recognition of deferred tax assets for unrealised losses	1.1.2017
IAS 7	Changes to the statement of cash flows	1.1.2017
IFRS 15	Clarifications concerning revenue from contracts with customers	1.1.2018
IFRS 2	Clarifications and measurement of share-based payments	1.1.2018
IFRS 4	Application of IFRS 9 Financial Instruments in conjunction with IFRS 4 Insurance Contracts	1.1.2018

The new IFRS 15 Revenue from Contracts with Customers, including the change in the date of first application to 1 January 2018, was endorsed on 22 September 2016 and published in the Official Journal of the European Journal on 29 October 2016.

Vienna Insurance Group is not planning early adoption of the revised provisions. With the exception of the amendments to IAS 7 and IFRS 9, these amendments are expected to have no effect, or no material effect on the consolidated financial statements.

With respect to the amendments to IAS 7, VIG will adjust the consolidated financial statements in 2017 in accordance with the new presentation and notes disclosure requirements.

The amendment to IFRS 9 can, however, be expected to lead to considerably higher volatility of profit for the period. Further amendments which are likely to have greater effects on VIG primarily concern the treatment of interest clauses in debt instruments and the treatment of impairment. It must be noted that there is a draft of an amendment to IFRS 4 that has been submitted to EFRAG for endorsement that would allow insurance companies to apply IFRS 9 at the same time as the forthcoming IFRS 17 for insurance contracts. In this case, IFRS 9 is likely to be applicable by no later than 2021.

Foreign currency translation

FOREIGN CURRENCY TRANSACTIONS

The individual Group companies recognise transactions in foreign currency using the mean rate of exchange on the date of each transaction. Monetary assets and liabilities in foreign currency existing on the balance sheet date are translated to euros using the mean rate of exchange on the balance sheet date. Any resulting foreign currency gains and losses are recognised through profit or loss during the reporting period.

TRANSLATION OF SEPARATE FINANCIAL STATEMENTS IN FOREIGN CURRENCIES

For purposes of the IFRS, the functional currency of Vienna Insurance Group subsidiaries located outside the Eurozone is generally the currency of their respective country. All assets and liabilities reported in the separate financial statements are translated to euros using the mean rate of exchange on the balance sheet date. Items in the income statement are translated using the average month-end mean rate of exchange during the reporting period. In the statement of cashflows, the mean rate of exchange on the balance sheet date is used for changes in balance sheet items, and the mean exchange rate at the end of the month is used for income statement items. Foreign exchange gains and losses have been recognised directly in other comprehensive income since 1 January 2004.

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

Name	Currency	Period-end exchange rate 30.9.2016	Period-end exchange rate 30.9.2015	Average exchange rate 1.1.-30.9.2016	Average exchange rate 1.1.-30.9.2015
		1 EUR ≙	1 EUR ≙	1 EUR ≙	1 EUR ≙
Albanian lek	ALL	137.3300	139.3900	137.7784	140.1712
Bosnian Convertible Marka	BAM	1.9558	1.9558	1.9558	1.9558
Bulgarian lev	BGN	1.9558	1.9558	1.9558	1.9558
Georgian lari	GEL	2.6132	2.6736	2.5925	2.4870
Croatian kuna	HRK	7.5220	7.6445	7.5368	7.6106
Macedonian denar	MKD	61.4940	61.6947	61.6287	61.5973
Moldovan leu	MDL	22.1611	22.5926	22.1929	20.5908
Turkish new lira	TRY	3.3576	3.3903	3.2766	2.9708
Polish zloty	PLN	4.3192	4.2448	4.3582	4.1571
Romanian leu	RON	4.4537	4.4176	4.4850	4.4414
Swiss franc	CHF	1.0876	1.0915	1.0936	1.0621
Serbian dinar	RSD	123.2929	119.7491	123.0463	120.7087
Czech koruna	CZK	27.0210	27.1870	27.0361	27.3547
Ukraine hryvnia	UAH	29.0757	24.1195	28.4398	23.8871
Hungarian forint	HUF	309.7900	313.4500	312.1330	309.0916
Belarusian rubel	BYN	2.1610	19,908.0000	2.2360	17,027.4249

DISCLOSURES ON SEASONAL AND ECONOMIC INFLUENCES

Within VIG, seasonal fluctuations mainly affect the areas of premiums, losses and the financial result. Due to the large number of insurance contracts beginning in January, the 1st quarter is also normally the strongest quarter of the year in terms of premiums. In terms of losses, the 1st quarter (or 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, the majority of dividend income occurs in the 2nd quarter.

CHANGES TO 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 quantitative criteria that take into account IFRS 10.

The following company was deconsolidated during the reporting period from 1 January 2016 to 30 September 2016:

Deconsolidations	Reason for deconsolidation	Deconsolidation date	Region
TECH GATE	Sale	30.6.2016	Austria

The following changes took place in the scope of consolidation during the reporting period:

Retrospective change of consolidation method to at equity consolidation	% share	Date of change
Neue Heimat Holding	87.07	1.1.2014

The reasons for retrospective adjustments to the consolidation methods are presented on page 34.

During the reporting period from 1 January 2016 to 30 September 2016, Vienna Insurance Group acquired control of the following companies and included the following companies in the consolidated financial statements:

Inclusion in the scope of consolidation	% share	Date of first consolidation	Goodwill in EUR million
VIG Services Ukraine	100.00	1.1.2016	0.00

Companies acquired during the reporting period	Shares acquired (%)	Date of first consolidation	Goodwill in EUR million
Nova	100.00	1.1.2016	0.56

Companies acquired during the reporting period (subject to closing)	Shares acquired (%)
AXA Nezivotna, Serbia	100.00
AXA Zivotno, Serbia	100.00
AXA Life, Romania	100.00

Companies acquired during the reporting period	Shares acquired (%)
BTA	90.00

VIG has acquired a majority interest (90%) in BTA Baltic Insurance Company AAS (BTA Baltic), which has its registered office in Latvia and branches in Lithuania and Estonia. The sales agreement was signed in December 2015 and received final official approval on 24 August 2016.

The company was not yet included in the scope of consolidation in the 3rd quarter of 2016, as integration of the company into the Group-wide control system was not yet fully completed.

Founded companies	% share	Date of foundation
UIG Consulting	100.00	25.4.2016

Due to changes in contractual agreements, the societies in the list below were included in the financial statements using full consolidation as of 1 September 2016.

Change of consolidation method to full consolidation	% share	Date of change
Neue Heimat Holding	87.07	1.9.2016
WNH Liegenschaftsbesitz GmbH	100.00	1.9.2016
Alpenländische Heimstätte GmbH	94.84	1.9.2016
Gemeinnützige Mürz-Ybbs Siedlungsanlagen-GmbH	99.92	1.9.2016
Gemeinnützige Industrie-Wohnungsaktiengesellschaft	55.00	1.9.2016
Neuland GmbH	61.00	1.9.2016
Erste Heimstätte GmbH	99.77	1.9.2016
Neue Heimat Oberösterreich GmbH	99.82	1.9.2016
Schwarzatal GmbH	100.00	1.9.2016
Sozialbau AG	54.17	1.9.2016
Urbanbau GmbH	51.46	1.9.2016

The changeover to full consolidation as the consolidation method for the above-mentioned companies results in the following changes in assets and liabilities.

Balance sheet	Additions
<i>in EUR '000</i>	
Intangible assets	1,169
Investments	3,909,887
<i>Thereof Investment property</i>	<i>3,538,428</i>
Receivables (incl. tax receivables and advance payments out of income tax)	56,217
Other assets (incl. deferred tax assets)	5,490
Cash and cash equivalents	163,067
Non-underwriting provisions	-44,132
Liabilities (incl. tax liabilities out of income tax)	-2,691,349
Other liabilities (incl. deferred tax liabilities)	-92
Contribution to profit before taxes in financial year 2016	Additions
<i>in EUR '000</i>	
Financial result	8,091
Other expenses	-18
Profit before taxes	8,073

SEGMENT REPORTING

The new composition of the Vienna Insurance Group Managing Board took effect on 1 January 2016. The resulting changes to areas of responsibility also led to a stronger focus on countries in the management of the Group. This was used as a reason to review the accounting business segments and, therefore, also the cash generating units and to adjust them to match the country focus.

In accordance with IFRS, the management focus on countries led to a change in the accounting for Group assets (e.g. insurance portfolios, brands, goodwill, etc.) based on cash generating units. As a result, Group assets are no longer recognised based on balance sheet units of the parent company concerned, but at the country level. This makes it necessary to make retrospective adjustments to previous regional result shown for comparative periods in the interim report.

Segment reporting also had to be adjusted and has provided a breakdown by markets since 1 January 2016. with certain countries combined based on size according to their regional or product-specific factors (Turkey/Georgia, Remaining CEE and Other Markets). The quantitative thresholds in IFRS 8 were used to determine the segments that should be published separately.

CONSOLIDATED BALANCE SHEET BY SEGMENT

ASSETS	Austria		Czech Republic		Slovakia	
	30.9.2016	31.12.2015 restated	30.9.2016	31.12.2015	30.9.2016	31.12.2015
in EUR '000						
A. Intangible assets	357,131	359,795	432,674	433,355	115,238	114,671
B. Investments	22,238,461	21,245,626	3,171,687	3,231,555	1,226,318	1,226,063
C. Investments of unit- and index-linked life insurance	5,507,041	5,393,111	328,725	312,243	199,703	197,708
D. Reinsurers' share in underwriting provisions	435,759	451,567	99,212	109,362	45,012	48,167
E. Receivables	625,659	657,931	130,304	127,758	65,143	64,811
F. Tax receivables and advance payments out of income tax	17,860	24,961	7,328	9,733	6,255	0
G. Deferred tax assets	3,081	51,105	3,663	4,201	1,495	3,268
H. Other assets	149,002	167,232	137,472	123,591	7,605	6,908
I. Cash and cash equivalents	666,724	539,512	59,726	53,494	67,686	50,232
Total ASSETS	30,000,718	28,890,840	4,370,791	4,405,292	1,734,455	1,711,828

ASSETS	Poland		Romania		The Baltic	
	30.9.2016	31.12.2015	30.9.2016	31.12.2015	30.9.2016	31.12.2015
in EUR '000						
A. Intangible assets	142,269	144,534	250,676	246,194	23,313	24,893
B. Investments	858,116	925,750	536,090	412,853	241,141	196,268
C. Investments of unit- and index-linked life insurance	749,523	671,470	216,367	206,011	38,928	34,352
D. Reinsurers' share in underwriting provisions	56,977	22,701	36,147	30,559	8,903	14,371
E. Receivables	145,586	110,719	139,972	150,406	20,448	12,893
F. Tax receivables and advance payments out of income tax	8,040	7,563	2,217	2,183	169	179
G. Deferred tax assets	3,536	3,500	9,897	12,448	1,408	632
H. Other assets	10,597	8,028	12,182	9,559	1,389	533
I. Cash and cash equivalents	20,359	12,092	43,492	42,309	11,750	17,970
Total ASSETS	1,995,003	1,906,357	1,247,040	1,112,522	347,449	302,091

ASSETS	Hungary		Bulgaria		Turkey/Georgia	
	30.9.2016	31.12.2015	30.9.2016	31.12.2015	30.9.2016	31.12.2015
in EUR '000						
A. Intangible assets	43,400	43,461	191,156	194,237	27,356	27,654
B. Investments	151,954	148,428	155,699	131,453	105,200	80,095
C. Investments of unit- and index-linked life insurance	380,678	361,849	0	0	0	0
D. Reinsurers' share in underwriting provisions	6,492	8,077	21,099	16,165	62,490	65,707
E. Receivables	19,031	18,395	42,552	38,902	60,821	54,440
F. Tax receivables and advance payments out of income tax	29	11	73	427	352	651
G. Deferred tax assets	183	197	1,865	1,824	2,843	4,521
H. Other assets	6,685	5,222	2,202	2,130	1,270	1,315
I. Cash and cash equivalents	7,028	6,083	11,056	12,002	21,214	22,041
Total ASSETS	615,480	591,723	425,702	397,140	281,546	256,424

ASSETS	Remaining CEE		Other Markets		Central Functions		Total	
	30.9.2016	31.12.2015	30.9.2016	31.12.2015	30.9.2016	31.12.2015 restated	30.9.2016	31.12.2015 restated
in EUR '000								
A. Intangible assets	131,941	133,693	1,354	1,762	334,314	355,708	2,050,822	2,079,957
B. Investments	731,008	699,581	611,919	599,339	4,964,781	1,244,958	34,992,374	30,141,969
C. Investments of unit- and index-linked life insurance	67,165	48,371	994,937	919,020	0	0	8,483,067	8,144,135
D. Reinsurers' share in underwriting provisions	29,254	26,738	7,088	7,782	254,337	229,544	1,062,770	1,030,740
E. Receivables	67,795	67,717	13,691	17,795	140,593	70,213	1,471,595	1,391,980
F. Tax receivables and advance payments out of income tax	2,280	1,265	1,310	0	182,113	169,737	228,026	216,710
G. Deferred tax assets	4,228	4,054	1,297	2,801	23,213	35,141	56,709	123,692
H. Other assets	9,299	9,745	4,124	4,649	14,810	11,007	356,637	349,919
I. Cash and cash equivalents	23,137	16,793	102,714	143,289	465,904	185,395	1,500,790	1,101,212
Total ASSETS	1,066,107	1,007,957	1,738,434	1,696,437	6,380,065	2,301,703	50,202,790	44,580,314

The investments included shares in at equity consolidated companies of EUR 220,287,000 in Austria (EUR 209,636,000), EUR 28,046,000 in the Czech Republic (EUR 27,471,000), and EUR 4,717,000 in the Central Functions (EUR 82,529,000).

LIABILITIES AND SHAREHOLDERS' EQUITY	Austria		Czech Republic		Slovakia	
	30.9.2016	31.12.2015	30.9.2016	31.12.2015	30.9.2016	31.12.2015
in EUR '000						
B. Subordinated liabilities	97,020	112,320	20,354	20,353	0	0
C. Underwriting provisions	22,031,291	20,989,146	2,971,759	2,961,668	1,029,300	994,516
D. Underwriting provisions for unit- and index-linked life insurance	5,287,924	5,185,236	199,301	185,717	213,638	212,097
E. Non-underwriting provisions	471,751	457,698	4,929	7,271	2,074	3,069
F. Liabilities	703,992	739,517	173,903	201,819	65,086	98,179
G. Tax liabilities out of income tax	157,719	104,272	8,906	7,099	2,966	1,982
H. Deferred tax liabilities	216,439	220,958	24,125	23,839	16,988	12,557
I. Other liabilities	93,879	103,616	13,225	12,188	7,035	6,228
Subtotal	29,060,015	27,912,763	3,416,502	3,419,954	1,337,087	1,328,628

LIABILITIES AND SHAREHOLDERS' EQUITY	Poland		Romania		The Baltic	
	30.9.2016	31.12.2015	30.9.2016	31.12.2015	30.9.2016	31.12.2015
in EUR '000						
B. Subordinated liabilities	0	0	0	0	0	0
C. Underwriting provisions	756,558	741,332	487,698	396,331	210,647	165,487
D. Underwriting provisions for unit- and index-linked life insurance	720,321	638,569	211,676	201,260	38,928	34,353
E. Non-underwriting provisions	13,435	17,838	3,122	4,061	419	367
F. Liabilities	87,217	65,223	65,245	81,756	14,894	21,806
G. Tax liabilities out of income tax	111	576	0	0	78	150
H. Deferred tax liabilities	19,773	17,602	265	0	120	409
I. Other liabilities	21,826	21,261	3,489	10,992	1,196	845
Subtotal	1,619,241	1,502,401	771,495	694,400	266,282	223,417

LIABILITIES AND SHAREHOLDERS' EQUITY	Hungary		Bulgaria		Turkey/Georgia	
	30.9.2016	31.12.2015	30.9.2016	31.12.2015	30.9.2016	31.12.2015
in EUR '000						
B. Subordinated liabilities	0	0	0	0	0	0
C. Underwriting provisions	139,066	114,042	151,455	134,329	195,542	165,110
D. Underwriting provisions for unit- and index-linked life insurance	372,832	353,808	0	0	0	0
E. Non-underwriting provisions	5,923	6,578	16,099	14,855	1,546	1,123
F. Liabilities	14,255	21,271	17,713	15,883	27,163	20,693
G. Tax liabilities out of income tax	36	0	126	109	602	0
H. Deferred tax liabilities	1,228	1,176	1,998	1,893	6	75
I. Other liabilities	4,425	3,089	250	591	2,042	1,948
Subtotal	537,765	499,964	187,641	167,660	226,901	188,949

LIABILITIES AND SHAREHOLDERS' EQUITY	Remaining CEE		Other Markets		Central Functions		Total	
	30.9.2016	31.12.2015	30.9.2016	31.12.2015	30.9.2016	31.12.2015 restated	30.9.2016	31.12.2015 restated
in EUR '000								
B. Subordinated liabilities	0	0	0	0	1,147,635	1,147,635	1,265,009	1,280,308
C. Underwriting provisions	671,908	652,197	586,302	556,799	314,456	274,166	29,545,982	28,145,123
D. Underwriting provisions for unit- and index-linked life insurance	67,165	48,372	993,271	917,190	0	0	8,105,056	7,776,602
E. Non-underwriting provisions	5,115	5,505	6,312	7,003	160,017	138,028	690,742	663,396
F. Liabilities	35,849	34,094	31,123	100,976	2,836,608	233,100	4,073,048	1,634,317
G. Tax liabilities out of income tax	2,014	2,541	12	455	3,424	4,617	175,994	121,801
H. Deferred tax liabilities	2,603	1,649	746	321	18,088	14,416	302,379	294,895
I. Other liabilities	9,570	9,077	3	548	3,363	3,091	160,303	173,474
Subtotal	794,224	753,435	1,617,769	1,583,292	4,483,591	1,815,053	44,318,513	40,089,916
Shareholders' equity							5,884,277	4,490,398
Total LIABILITIES AND SHAREHOLDERS' EQUITY							50,202,790	44,580,314

The amounts indicated for each segment have been adjusted for internal segment transactions. As a result, the segment asset and liability balances cannot be used to infer the shareholders' equity allocated to each region.

CONSOLIDATED INCOME STATEMENT BY SEGMENT

REGIONS	Austria		Czech Republic		Slovakia		Poland	
	1.1.-30.9.16	1.1.-30.9.15 restated	1.1.-30.9.16	1.1.-30.9.15	1.1.-30.9.16	1.1.-30.9.15	1.1.-30.9.16	1.1.-30.9.15
in EUR '000								
Premiums written – gross	3,107,440	3,154,198	1,156,739	1,193,204	547,921	551,827	616,527	635,274
Net earned premiums	2,481,264	2,519,986	861,469	927,110	444,520	449,878	502,661	545,401
Financial result excluding at equity consolidated companies	525,797	569,691	64,333	75,979	40,595	40,710	26,767	35,586
Income from investments	660,973	696,756	95,307	116,904	43,262	43,263	34,373	47,034
Expenses for investments and interest expenses	-135,176	-127,065	-30,974	-40,925	-2,667	-2,553	-7,606	-11,448
Result from shares in at equity consolidated companies	30,470	16,949	1,670	2,452	0	0	0	0
Other income	13,262	11,197	43,880	23,371	9,164	11,278	13,462	5,793
Expenses for claims and insurance benefits	-2,448,189	-2,494,899	-556,243	-644,427	-363,795	-366,945	-396,776	-373,529
Acquisition and administrative expenses	-478,024	-460,739	-267,360	-235,370	-70,091	-72,377	-117,323	-167,756
Other expenses	-21,161	-45,318	-33,600	-23,199	-20,763	-22,132	-11,477	-10,673
Profit before taxes	103,419	116,867	114,149	125,916	39,630	40,412	17,314	34,822
Tax expenses	-37,845	-13,678	-23,245	-25,479	-10,562	-10,836	-4,486	-7,277
Profit for the period	65,574	103,189	90,904	100,437	29,068	29,576	12,828	27,545

REGIONS	Romania		The Baltic		Hungary		Bulgaria	
	1.1.-30.9.16	1.1.-30.9.15	1.1.-30.9.16	1.1.-30.9.15	1.1.-30.9.16	1.1.-30.9.15	1.1.-30.9.16	1.1.-30.9.15
in EUR '000								
Premiums written – gross	391,779	300,587	104,517	43,428	161,994	141,867	107,839	101,666
Net earned premiums	253,371	192,263	80,838	42,289	117,278	102,677	73,790	67,544
Financial result excluding at equity consolidated companies	9,508	8,270	4,193	2,173	5,326	6,199	9,057	9,899
Income from investments	14,660	13,287	5,561	3,176	6,763	10,875	19,535	19,210
Expenses for investments and interest expenses	-5,152	-5,017	-1,368	-1,003	-1,437	-4,676	-10,478	-9,311
Result from shares in at equity consolidated companies	0	0	0	0	0	0	0	0
Other income	5,348	7,337	3,170	986	1,544	1,585	793	787
Expenses for claims and insurance benefits	-168,365	-129,764	-63,604	-32,342	-87,446	-73,756	-45,603	-44,080
Acquisition and administrative expenses	-73,940	-58,765	-25,303	-11,191	-25,845	-27,209	-23,820	-21,210
Other expenses	-19,520	-13,852	-7,112	-235	-8,080	-7,535	-8,895	-7,844
Profit before taxes	6,402	5,489	-7,818	1,680	2,777	1,961	5,322	5,096
Tax expenses	-1,432	281	1,111	-208	-110	-192	-480	-291
Profit for the period	4,970	5,770	-6,707	1,472	2,667	1,769	4,842	4,805

REGIONS	Turkey/Georgia		Remaining CEE		Other Markets		Central Functions	
	1.1.-30.9.16	1.1.-30.9.15	1.1.-30.9.16	1.1.-30.9.15	1.1.-30.9.16	1.1.-30.9.15	1.1.-30.9.16	1.1.-30.9.15 restated
in EUR '000								
Premiums written – gross	160,710	139,051	240,441	229,905	269,375	299,269	1,019,001	968,592
Net earned premiums	75,811	67,866	166,275	156,915	239,013	269,933	855,323	805,757
Financial result excluding at equity consolidated companies	5,167	3,265	26,180	26,854	13,645	13,539	-62,560	-46,558
Income from investments	8,502	7,717	31,859	32,045	15,435	15,093	94,324	80,070
Expenses for investments and interest expenses	-3,335	-4,452	-5,679	-5,191	-1,790	-1,554	-156,884	-126,628
Result from shares in at equity consolidated companies	0	0	0	0	0	0	3,208	16,278
Other income	2,291	6,744	3,637	5,794	9,079	2,543	17,161	892
Expenses for claims and insurance benefits	-57,857	-51,594	-109,998	-105,357	-209,301	-165,114	-584,191	-537,802
Acquisition and administrative expenses	-16,286	-19,648	-61,445	-58,411	-15,142	-16,285	-240,158	-244,063
Other expenses	-2,251	-2,822	-13,018	-10,647	-20,613	-89,492	-3,871	-200,285
Profit before taxes	6,875	3,811	11,631	15,148	16,681	15,124	-15,088	-205,781
Tax expenses	-2,556	197	-3,054	-3,608	-4,016	-4,134	16,350	41,339
Profit for the period	4,319	4,008	8,577	11,540	12,665	10,990	1,262	-164,442

REGIONS	Consolidation		Total	
	1.1.-30.9.16	1.1.-30.9.15	1.1.-30.9.16	1.1.-30.9.15 restated
in EUR '000				
Premiums written – gross	-922,518	-846,445	6,961,765	6,912,423
Net earned premiums	7,283	-321	6,158,896	6,147,298
Financial result excluding at equity consolidated companies	-136	403	667,872	746,010
Income from investments	-43,659	-46,645	986,895	1,038,785
Expenses for investments and interest expenses	43,523	47,048	-319,023	-292,775
Result from shares in at equity consolidated companies	0	0	35,348	35,679
Other income	-30	-37	122,761	78,270
Expenses for claims and insurance benefits	-91	-1,570	-5,091,459	-5,021,179
Acquisition and administrative expenses	-7,616	-2,485	-1,422,353	-1,395,509
Other expenses	620	3,436	-169,741	-430,598
Profit before taxes	30	-574	301,324	159,971
Tax expenses	0	0	-70,325	-23,886
Profit for the period	30	-574	230,999	136,085

RETROSPECTIVE ADJUSTMENT

The adjustment is based on a notice of 2 August 2016 from the Austrian Financial Market Authority (FMA) in accordance with § 3(1) no. 3 of the Austrian Financial Reporting Enforcement Act (Rechnungslegungs-Kontrollgesetz – RL-KG), in which the FMA found that the participations in the non-profit housing societies were not reported in accordance with FRS. The audit was based on the consolidated financial statements of 31 December 2014 and 31 December 2015 and the half-year reports of 30 June 2014 and 30 June 2015. According to this notice, statutory restrictions on payout and realisation of assets that apply to non-profit housing societies, and indirectly to their holding company, were not taken into account when determining the fair value of these companies at the time of loss of control or recognising the share of their profits.

This means the following adjustments for financial year 2015 and for shareholders' equity as of 1 January 2015:

As of 1.1.2015	As originally reported	Non-profit adjustment	After adjustment
ASSETS			
B. Investments*	30,359,543	-501,485	29,858,058
E. Receivables	1,502,027	1,801	1,503,828
F. Tax receivables and advance payments out of income tax	119,209	-71	119,138
I. Cash and cash equivalents	781,987	-2,204	779,783
LIABILITIES AND SHAREHOLDERS' EQUITY			
F. Liabilities	1,679,355	-202	1,679,153
Shareholders' equity	5,283,427	-501,757	4,781,670
Attributable to equity holders of the Company	5,110,404	-444,656	4,665,748
Non-controlling interests	173,023	-57,101	115,922

* Adjustment only concerns shares in at equity consolidated companies.

The retrospective adjustment had the following effects on the 2015 annual financial statements:

Annual financial statements for 2015

ASSETS	As originally reported	Non-profit adjustment	After adjustment
<i>in EUR '000</i>			
A. Intangible assets	2,079,957	0	2,079,957
B. Investments*	30,709,225	-567,256	30,141,969
C. Investments of unit- and index-linked life insurance	8,144,135	0	8,144,135
D. Reinsurers' share in underwriting provisions	1,030,740	0	1,030,740
E. Receivables	1,390,233	1,747	1,391,980
F. Tax receivables and advance payments out of income tax	216,846	-136	216,710
H. Other assets	349,919	0	349,919
I. Cash and cash equivalents	1,103,234	-2,022	1,101,212
Subtotal	45,024,289	-567,667	44,456,622
Deferred tax assets	123,692	0	123,692
Total ASSETS	45,147,981	-567,667	44,580,314

* Adjustment only concerns shares in at equity consolidated companies.

LIABILITIES AND SHAREHOLDERS' EQUITY	As originally reported	Non-profit adjustment	After adjustment
<i>in EUR '000</i>			
B. Subordinated liabilities	1,280,308	0	1,280,308
C. Underwriting provisions	28,145,123	0	28,145,123
D. Underwriting provisions for unit- and index-linked life insurance	7,776,602	0	7,776,602
E. Non-underwriting provisions	663,396	0	663,396
F. Liabilities	1,634,579	-262	1,634,317
G. Tax liabilities out of income tax	121,801	0	121,801
I. Other liabilities	173,474	0	173,474
Subtotal	39,795,283	-262	39,795,021
Deferred tax liabilities	294,895	0	294,895
Attributable to equity holders of the Company	4,860,133	-481,468	4,378,665
Non-controlling interests	197,670	-85,937	111,733
Total LIABILITIES AND SHAREHOLDERS' EQUITY	45,147,981	-567,667	44,580,314

CONSOLIDATED INCOME STATEMENT	As originally reported	Non-profit adjustment	After adjustment
<i>in EUR '000</i>			
Premiums written – gross	9,019,759	0	9,019,759
Net earned premiums	8,180,535	0	8,180,535
Financial result excluding at equity consolidated companies	999,987	0	999,987
Income from investments	1,452,907	0	1,452,907
Expenses for investments and interest expenses	-452,920	0	-452,920
Result from shares in at equity consolidated companies	74,911	-34,702	40,209
Other income	150,207	0	150,207
Expenses for claims and insurance benefits	-6,748,874	0	-6,748,874
Acquisition and administrative expenses	-1,847,567	0	-1,847,567
Other expenses	-637,101	261	-636,840
Profit before taxes	172,098	-34,441	137,657
Tax expenses	-61,765	-58	-61,823
Profit for the period	110,333	-34,499	75,834
thereof attributable to shareholders of the Company	98,223	-28,204	70,019
thereof non-controlling interests	12,110	-6,295	5,815

Earnings per share	As originally reported	Non-profit adjustment	After adjustment
<i>in EUR</i>			
Earnings per share*	0.66	-0.22	0.44

* The calculation of EPS includes accrued interest expenses for hybrid capital.

NOTES TO THE CONSOLIDATED BALANCE SHEET

Significant items are presented in detail below.

1. INTANGIBLE ASSETS

Composition	30.9.2016	31.12.2015
in EUR '000		
Goodwill	1,582,098	1,579,639
Purchased insurance portfolios	32,707	40,773
Other intangible assets	436,017	459,545
Purchased software	395,760	419,699
Other	40,257	39,846
Total	2,050,822	2,079,957

Development of goodwill	30.9.2016	31.12.2015
in EUR '000		
Acquisition costs	1,838,652	1,836,272
Cumulative impairment as of 31.12. of the previous year	-259,013	-192,551
Book value as of 31.12. of the previous year	1,579,639	1,643,721
Exchange rate changes	889	-617
Book value as of 1.1.	1,580,528	1,643,104
Additions	1,570	2,758
Impairments	0	-66,223
Book value as of 30.9. and 31.12. respectively	1,582,098	1,579,639
Cumulative impairment as of 30.9. and 31.12. respectively	259,651	259,013
Acquisition costs	1,841,749	1,838,652

Additions mainly result from the acquisition of the subsidiaries indicated in the section “Changes in the scope of consolidation”.

Due to lower company profits for Baltikums in coming years, an impairment to the insurance portfolio and customer base of EUR 1,988,000 was applied in the 3rd quarter of 2016.

2. OTHER SECURITIES

Development	Held to maturity		Available for sale		Held for trading		Recognised at fair value through profit and loss	
	30.9.2016	31.12.2015	30.9.2016	31.12.2015	30.9.2016	31.12.2015	30.9.2016	31.12.2015
in EUR '000								
Acquisition costs	3,080,231	3,059,251						
Cumulative depreciation as of 31.12. of previous years	-14,116	-13,316						
Book value as of 31.12. of the previous year	3,066,115	3,045,935	20,649,481	20,134,501	171,410	194,883	229,374	271,287
Exchange rate changes	-2,104	54,826	-341	26,852	-1,567	-2,831	-30	2,193
Book value as of 1.1.	3,064,011	3,100,761	20,649,140	20,161,353	169,843	192,052	229,344	273,480
Reclassifications	0	-5	4,757	-5,311	859	2,912	9,096	897
Additions	109,466	272,247	3,074,318	5,002,212	83,208	123,743	63,161	88,424
Disposals/repayments	-132,511	-306,317	-2,449,749	-4,110,530	-99,866	-143,311	-86,537	-147,794
Changes in scope of consolidation	0	0	13,318	-12,420	0	0	35,303	15,276
Changes in value recognised in profit and loss	-2	-249	0	2,240	-2,101	-3,986	3,774	-909
Changes recognised directly in equity	0	0	1,049,435	-369,618	0	0	0	0
Impairments	-10	-322	-16,784	-18,445	0	0	0	0
Book value as of 30.9. and 31.12. respectively	3,040,954	3,066,115	22,324,435	20,649,481	151,943	171,410	254,141	229,374
Cumulative appreciation/depreciation as of 30.9. and 31.12. respectively	15,469	14,116						
Acquisition costs	3,056,423	3,080,231						

3. REINSURERS' SHARE IN UNDERWRITING PROVISIONS

Composition	Total	
	30.9.2016	31.12.2015
in EUR '000		
Provision for unearned premiums	206,620	125,715
Mathematical reserve	63,043	63,262
Provisions for outstanding claims	780,364	825,929
Provision for profit-unrelated premium refunds	7,947	11,059
Other underwriting provisions	4,796	4,775
Total	1,062,770	1,030,740

4. RECEIVABLES

Composition	Total	
	30.9.2016	31.12.2015 restated
in EUR '000		
Underwriting	787,520	729,433
Receivables from direct insurance business	673,912	621,839
from policyholders	530,832	462,914
from insurance intermediaries	99,085	109,342
from insurance companies	43,995	49,583
Receivables from reinsurance business	113,608	107,594
Non-underwriting	684,075	662,547
Other receivables	684,075	662,547
Total	1,471,595	1,391,980

5. EARNINGS PER SHARE

	1.1.-30.9.2016		1.1.-30.9.2015 restated	
Profit for the period	EUR '000	230,999	EUR '000	136,085
Profit for the period after non-controlling interests	EUR '000	224,142	EUR '000	130,988
Interest expenses for hybrid capital	EUR '000	11,862	EUR '000	12,535
Number of shares	Units	128,000,000	Units	128,000,000
Earnings per share (annualised)	EUR	2.21	EUR	1.23

	1.7.-30.9.2016		1.7.-30.9.2015 restated	
Profit for the period	EUR '000	76,016	EUR '000	-54,636
Profit for the period after non-controlling interests	EUR '000	71,462	EUR '000	-56,935
Interest expenses for hybrid capital	EUR '000	3,984	EUR '000	3,993
Number of shares	Units	128,000,000	Units	128,000,000
Earnings per share (annualised)	EUR	2.11	EUR	-1.90

6. UNDERWRITING PROVISION – GROSS

Composition	Total	
	30.9.2016	31.12.2015
in EUR '000		
Provision for unearned premiums	1,399,440	1,181,269
Mathematical reserve	21,649,711	21,068,385
<i>thereof for guaranteed policy benefits</i>	<i>19,634,440</i>	<i>19,304,414</i>
<i>thereof for allocated and committed profit shares</i>	<i>914,567</i>	<i>932,810</i>
<i>thereof deferred profit participation</i>	<i>1,100,704</i>	<i>831,161</i>
Provisions for outstanding claims	4,760,203	4,603,648
Provision for premium refunds	1,688,031	1,238,692
<i>thereof profit-related</i>	<i>1,635,097</i>	<i>1,182,632</i>
<i>thereof profit-unrelated</i>	<i>52,934</i>	<i>56,060</i>
Other underwriting provisions	48,597	53,129
Total	29,545,982	28,145,123

7. LIABILITIES

Composition	Total	
	30.9.2016	31.12.2015 restated
in EUR '000		
Underwriting	727,292	933,128
Liabilities from direct business	496,887	722,832
<i>to policyholders</i>	<i>289,319</i>	<i>523,949</i>
<i>to insurance intermediaries</i>	<i>161,809</i>	<i>160,306</i>
<i>to insurance companies</i>	<i>45,570</i>	<i>38,577</i>
<i>arising from financial insurance contracts</i>	<i>189</i>	<i>0</i>
Liabilities from reinsurance business	160,316	134,462
Deposits from ceded reinsurance business	70,089	75,834
Non-underwriting	3,345,756	701,189
Liabilities to financial institutions	1,325,225	283,774
Other liabilities	2,020,531	417,415
Total	4,073,048	1,634,317

NOTES TO THE CONSOLIDATED INCOME STATEMENT

8. PREMIUMS WRITTEN

Composition	Total	
	1.1.-30.9.2016	1.1.-30.9.2015
in EUR '000		
Motor own damage insurance	720,726	671,171
Motor third party liability insurance	1,001,733	879,633
Other property and casualty insurance	2,957,279	2,833,849
Life insurance - regular premium	1,858,262	1,831,896
Life insurance - single premium	959,954	1,178,885
Health insurance	386,329	363,434
Consolidation	-922,518	-846,445
Total Written premiums	6,961,765	6,912,423

9. FINANCIAL RESULT

Composition	Austria	Czech Republic	Slovakia	Poland	Romania	The Baltic	Hungary
	1.1.-30.9.2016	1.1.-30.9.2016	1.1.-30.9.2016	1.1.-30.9.2016	1.1.-30.9.2016	1.1.-30.9.2016	1.1.-30.9.2016
in EUR '000							
Current income	610,886	76,992	32,879	23,455	10,777	3,831	6,413
Income from appreciation	3,859	2,038	1,291	2,676	1,309	478	0
<i>of which a reduction in impairment</i>	0	0	0	0	1,123	0	0
Income from the disposal of investments	46,228	16,277	9,092	8,242	2,574	1,252	350
Total income	660,973	95,307	43,262	34,373	14,660	5,561	6,763
Depreciation of investments	48,080	5,360	1,587	1,717	1,449	781	317
<i>Thereof impairment of investments</i>	15,352	0	0	0	514	0	317
Exchange rate changes	-25	2,215	10	118	401	0	-95
Losses from disposal of investments	8,201	12,437	179	1,025	94	108	103
Interest expenses	28,523	2,735	234	2,161	1,776	179	529
Other expenses	50,397	8,227	657	2,585	1,432	300	583
Total expenses	135,176	30,974	2,667	7,606	5,152	1,368	1,437

Composition	Bulgaria	Turkey/ Georgia	Remaining CEE	Other Markets	Central Functions	Consolidation	Total
	1.1.-30.9.2016	1.1.-30.9.2016	1.1.-30.9.2016	1.1.-30.9.2016	1.1.-30.9.2016	1.1.-30.9.2016	1.1.-30.9.2016
in EUR '000							
Current income	16,790	6,556	28,246	15,390	91,906	-43,659	880,462
Income from appreciation	1,148	1,642	149	3	32	0	14,625
<i>of which a reduction in impairment</i>	0	0	9	0	0	0	1,132
Income from the disposal of investments	1,597	304	3,464	42	2,386	0	91,808
Total income	19,535	8,502	31,859	15,435	94,324	-43,659	986,895
Depreciation of investments	1,221	1,323	1,726	994	15,746	0	80,301
<i>Thereof impairment of investments</i>	268	0	843	343	0	0	17,637
Exchange rate changes	183	46	761	0	2,234	0	5,848
Losses from disposal of investments	601	446	154	38	1,457	0	24,843
Interest expenses	209	706	1,467	190	72,832	-43,523	68,018
Other expenses	8,264	814	1,571	568	64,615	0	140,013
Total expenses	10,478	3,335	5,679	1,790	156,884	-43,523	319,023

Composition	Austria		Czech Republic		Slovakia		Poland		Romania		The Baltic		Hungary	
	1.1.-30.9.2015	1.1.-30.9.2015	1.1.-30.9.2015	1.1.-30.9.2015	1.1.-30.9.2015	1.1.-30.9.2015	1.1.-30.9.2015	1.1.-30.9.2015	1.1.-30.9.2015	1.1.-30.9.2015	1.1.-30.9.2015	1.1.-30.9.2015	1.1.-30.9.2015	1.1.-30.9.2015
in EUR '000														
Current income	615,118	84,161	33,804	28,790	9,624	2,589	7,014							
Income from appreciation	4,546	2,283	922	1,624	147	487	0							
<i>of which a reduction in impairment</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>							
Income from the disposal of investments	77,092	30,460	8,537	16,620	3,516	100	3,861							
Total income	696,756	116,904	43,263	47,034	13,287	3,176	10,875							
Depreciation of investments	39,573	5,999	1,434	4,486	1,050	689	0							
<i>Thereof impairment of investments</i>	<i>6,545</i>	<i>128</i>	<i>0</i>	<i>0</i>	<i>63</i>	<i>0</i>	<i>0</i>							
Exchange rate changes	-795	-3,395	-58	-159	242	-4	-56							
Losses from disposal of investments	16,039	27,636	198	609	121	2	3,167							
Interest expenses	27,440	2,683	407	3,457	1,953	83	939							
Other expenses	44,808	8,002	572	3,055	1,651	233	626							
Total expenses	127,065	40,925	2,553	11,448	5,017	1,003	4,676							

Composition	Bulgaria		Turkey/ Georgia		Remaining CEE		Other Markets		Central Functions		Consolidation		Total	
	1.1.-30.9.2015	1.1.-30.9.2015	1.1.-30.9.2015	1.1.-30.9.2015	1.1.-30.9.2015	1.1.-30.9.2015	1.1.-30.9.2015	1.1.-30.9.2015	1.1.-30.9.2015	1.1.-30.9.2015	1.1.-30.9.2015	1.1.-30.9.2015	1.1.-30.9.2015	1.1.-30.9.2015
in EUR '000														
Current income	16,329	5,735	27,775	15,030	73,177	-46,645	872,501							
Income from appreciation	1,100	1,737	307	31	0	0	13,184							
<i>of which a reduction in impairment</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>							
Income from the disposal of investments	1,781	245	3,963	32	6,893	0	153,100							
Total income	19,210	7,717	32,045	15,093	80,070	-46,645	1,038,785							
Depreciation of investments	1,740	2,443	1,773	673	17,148	0	77,008							
<i>Thereof impairment of investments</i>	<i>41</i>	<i>0</i>	<i>819</i>	<i>499</i>	<i>8,700</i>	<i>0</i>	<i>16,795</i>							
Exchange rate changes	-174	-731	99	0	-3,174	0	-8,205							
Losses from disposal of investments	661	228	86	35	3,329	0	52,111							
Interest expenses	99	702	1,783	271	65,022	-47,048	57,791							
Other expenses	6,985	1,810	1,450	575	44,303	0	114,070							
Total expenses	9,311	4,452	5,191	1,554	126,628	-47,048	292,775							

10. EXPENSES FOR CLAIMS AND INSURANCE BENEFITS

Composition	Austria	Czech Republic	Slovakia	Poland	Romania	The Baltic	Hungary
	1.1.-30.9.2016	1.1.-30.9.2016	1.1.-30.9.2016	1.1.-30.9.2016	1.1.-30.9.2016	1.1.-30.9.2016	1.1.-30.9.2016
in EUR '000							
Gross							
Expenses for claims and insurance benefits							
Payments for claims and insurance benefits	2,462,383	685,171	394,051	390,363	179,585	44,217	94,709
Changes in provision for outstanding claims	-10,029	15,906	14,993	-2,299	54,160	9,911	9,177
Subtotal	2,452,354	701,077	409,044	388,064	233,745	54,128	103,886
Change in mathematical reserve	191,681	-18,107	4,993	76,740	7,000	24,513	-1,087
Change in other underwriting provisions	0	-4,324	0	-135	0	0	-2,463
Expenses for profit-related and profit-unrelated premium refunds	70,244	12,824	2,478	314	-21	0	2,001
Total expenses	2,714,279	691,470	416,515	464,983	240,724	78,641	102,337
Reinsurers' share							
Expenses for claims and insurance benefits							
Payments for claims and insurance benefits	-321,147	-131,315	-48,772	-65,018	-52,661	-7,306	-8,528
Changes in provision for outstanding claims	55,658	-7,424	-3,948	-3,217	-19,698	-7,731	-6,507
Subtotal	-265,489	-138,739	-52,720	-68,235	-72,359	-15,037	-15,035
Change in mathematical reserve	-197	7	0	28	0	0	0
Change in other underwriting provisions	0	0	0	0	0	0	132
Expenses for profit-unrelated premium refunds	-404	3,505	0	0	0	0	12
Total expenses	-266,090	-135,227	-52,720	-68,207	-72,359	-15,037	-14,891
Retention							
Expenses for claims and insurance benefits							
Payments for claims and insurance benefits	2,141,236	553,856	345,279	325,345	126,924	36,911	86,181
Changes in provision for outstanding claims	45,629	8,482	11,045	-5,516	34,462	2,180	2,670
Subtotal	2,186,865	562,338	356,324	319,829	161,386	39,091	88,851
Change in mathematical reserve	191,484	-18,100	4,993	76,768	7,000	24,513	-1,087
Change in other underwriting provisions	0	-4,324	0	-135	0	0	-2,331
Expenses for profit-related and profit-unrelated premium refunds	69,840	16,329	2,478	314	-21	0	2,013
Total expenses	2,448,189	556,243	363,795	396,776	168,365	63,604	87,446

Composition	Bulgaria		Turkey/ Georgia		Remaining CEE		Other Markets		Central Functions		Consolidation		Total	
	1.1.-30.9.2016	1.1.-30.9.2016	1.1.-30.9.2016	1.1.-30.9.2016	1.1.-30.9.2016	1.1.-30.9.2016	1.1.-30.9.2016	1.1.-30.9.2016	1.1.-30.9.2016	1.1.-30.9.2016	1.1.-30.9.2016	1.1.-30.9.2016	1.1.-30.9.2016	1.1.-30.9.2016
in EUR '000														
Gross														
Expenses for claims and insurance benefits														
Payments for claims and insurance benefits	46,801	75,772	116,456	130,872	554,637	-492,957								4,682,060
Changes in provision for outstanding claims	2,691	21,477	-938	8,968	102,428	-69,241								157,204
Subtotal	49,492	97,249	115,518	139,840	657,065	-562,198								4,839,264
Change in mathematical reserve	6,954	0	25,505	75,822	-1,079	-700								392,235
Change in other underwriting provisions	0	652	481	0	0	0								-5,789
Expenses for profit-related and profit-unrelated premium refunds	250	0	-371	2,389	9	0								90,117
Total expenses	56,696	97,901	141,133	218,051	655,995	-562,898								5,315,827
Reinsurers' share														
Expenses for claims and insurance benefits														
Payments for claims and insurance benefits	-9,857	-26,429	-36,103	-9,349	-53,320	493,067								-276,738
Changes in provision for outstanding claims	-1,234	-13,486	5,071	445	-18,489	69,225								48,665
Subtotal	-11,091	-39,915	-31,032	-8,904	-71,809	562,292								-228,073
Change in mathematical reserve	-2	0	-103	154	5	697								589
Change in other underwriting provisions	0	-129	0	0	0	0								3
Expenses for profit-unrelated premium refunds	0	0	0	0	0	0								3,113
Total expenses	-11,093	-40,044	-31,135	-8,750	-71,804	562,989								-224,368
Retention														
Expenses for claims and insurance benefits														
Payments for claims and insurance benefits	36,944	49,343	80,353	121,523	501,317	110								4,405,322
Changes in provision for outstanding claims	1,457	7,991	4,133	9,413	83,939	-16								205,869
Subtotal	38,401	57,334	84,486	130,936	585,256	94								4,611,191
Change in mathematical reserve	6,952	0	25,402	75,976	-1,074	-3								392,824
Change in other underwriting provisions	0	523	481	0	0	0								-5,786
Expenses for profit-related and profit-unrelated premium refunds	250	0	-371	2,389	9	0								93,230
Total expenses	45,603	57,857	109,998	209,301	584,191	91								5,091,459

Composition	Austria	Czech Republic	Slovakia	Poland	Romania	The Baltic	Hungary
	1.1.-30.9.2015	1.1.-30.9.2015	1.1.-30.9.2015	1.1.-30.9.2015	1.1.-30.9.2015	1.1.-30.9.2015	1.1.-30.9.2015
in EUR '000							
Gross							
Expenses for claims and insurance benefits							
Payments for claims and insurance benefits	2,491,657	706,845	406,140	477,806	159,346	14,456	75,897
Changes in provision for outstanding claims	76,564	10,421	-4,076	-32,182	22,925	-123	5,634
Subtotal	2,568,221	717,266	402,064	445,624	182,271	14,333	81,531
Change in mathematical reserve	197,698	25,366	18,935	-6,839	13,556	18,490	2,582
Change in other underwriting provisions	0	-2,843	0	0	78	0	435
Expenses for profit-related and profit-unrelated premium refunds	68,970	14,218	1,210	164	-252	0	1,746
Total expenses	2,834,889	754,007	422,209	438,949	195,653	32,823	86,294
Reinsurers' share							
Expenses for claims and insurance benefits							
Payments for claims and insurance benefits	-317,982	-116,768	-55,470	-76,246	-61,645	-407	-6,161
Changes in provision for outstanding claims	-20,871	4,015	-263	10,822	-4,244	-74	-5,955
Subtotal	-338,853	-112,753	-55,733	-65,424	-65,889	-481	-12,116
Change in mathematical reserve	-434	-1	0	4	0	0	0
Change in other underwriting provisions	0	0	0	0	0	0	-521
Expenses for profit-unrelated premium refunds	-703	3,174	469	0	0	0	99
Total expenses	-339,990	-109,580	-55,264	-65,420	-65,889	-481	-12,538
Retention							
Expenses for claims and insurance benefits							
Payments for claims and insurance benefits	2,173,675	590,077	350,670	401,560	97,701	14,049	69,736
Changes in provision for outstanding claims	55,693	14,436	-4,339	-21,360	18,681	-197	-321
Subtotal	2,229,368	604,513	346,331	380,200	116,382	13,852	69,415
Change in mathematical reserve	197,264	25,365	18,935	-6,835	13,556	18,490	2,582
Change in other underwriting provisions	0	-2,843	0	0	78	0	-86
Expenses for profit-related and profit-unrelated premium refunds	68,267	17,392	1,679	164	-252	0	1,845
Total expenses	2,494,899	644,427	366,945	373,529	129,764	32,342	73,756

Composition	Bulgaria		Turkey/ Georgia		Remaining CEE		Other Markets		Central Functions		Consolidation		Total	
	1.1.-30.9.2015	1.1.-30.9.2015	1.1.-30.9.2015	1.1.-30.9.2015	1.1.-30.9.2015	1.1.-30.9.2015	1.1.-30.9.2015	1.1.-30.9.2015	1.1.-30.9.2015	1.1.-30.9.2015	1.1.-30.9.2015	1.1.-30.9.2015	1.1.-30.9.2015	1.1.-30.9.2015
in EUR '000														
Gross														
Expenses for claims and insurance benefits														
Payments for claims and insurance benefits	56,294	90,411	107,003	108,304	498,469	-462,180	4,730,448							
Changes in provision for outstanding claims	-5,033	-1,186	-12,191	12,357	95,292	-62,333	106,069							
Subtotal	51,261	89,225	94,812	120,661	593,761	-524,513	4,836,517							
Change in mathematical reserve	5,189	0	27,895	50,819	-33	-383	353,275							
Change in other underwriting provisions	0	-53	159	0	0	0	-2,224							
Expenses for profit-related and profit-unrelated premium refunds	175	0	-227	4,649	0	0	90,653							
Total expenses	56,625	89,172	122,639	176,129	593,728	-524,896	5,278,221							
Reinsurers' share														
Expenses for claims and insurance benefits														
Payments for claims and insurance benefits	-16,973	-41,274	-31,887	-7,784	-30,485	460,311	-302,771							
Changes in provision for outstanding claims	4,432	3,685	14,880	-3,565	-25,441	65,771	43,192							
Subtotal	-12,541	-37,589	-17,007	-11,349	-55,926	526,082	-259,579							
Change in mathematical reserve	-4	0	-275	334	0	384	8							
Change in other underwriting provisions	0	11	0	0	0	0	-510							
Expenses for profit-unrelated premium refunds	0	0	0	0	0	0	3,039							
Total expenses	-12,545	-37,578	-17,282	-11,015	-55,926	526,466	-257,042							
Retention														
Expenses for claims and insurance benefits														
Payments for claims and insurance benefits	39,321	49,137	75,116	100,520	467,984	-1,869	4,427,677							
Changes in provision for outstanding claims	-601	2,499	2,689	8,792	69,851	3,438	149,261							
Subtotal	38,720	51,636	77,805	109,312	537,835	1,569	4,576,938							
Change in mathematical reserve	5,185	0	27,620	51,153	-33	1	353,283							
Change in other underwriting provisions	0	-42	159	0	0	0	-2,734							
Expenses for profit-related and profit-unrelated premium refunds	175	0	-227	4,649	0	0	93,692							
Total expenses	44,080	51,594	105,357	165,114	537,802	1,570	5,021,179							

11. ACQUISITION AND ADMINISTRATIVE EXPENSES

Composition	Austria	Czech Republic	Slovakia	Poland	Romania	The Baltic	Hungary
	1.1.-30.9.2016	1.1.-30.9.2016	1.1.-30.9.2016	1.1.-30.9.2016	1.1.-30.9.2016	1.1.-30.9.2016	1.1.-30.9.2016
in EUR '000							
Acquisition expenses	470,283	295,371	80,300	113,151	84,488	20,591	24,425
Administrative expenses							
Pro rata personnel expenses	53,373	20,297	7,714	14,563	4,735	4,548	4,765
Pro rata material expenses	60,946	24,466	10,913	15,034	6,657	2,536	7,486
Subtotal	114,319	44,763	18,627	29,597	11,392	7,084	12,251
Received reinsurance commissions	-106,578	-72,774	-28,836	-25,425	-21,940	-2,372	-10,831
Total	478,024	267,360	70,091	117,323	73,940	25,303	25,845

Composition	Bulgaria	Turkey/ Georgia	Remaining CEE	Other Markets	Central Functions	Consolidation	Total
	1.1.-30.9.2016	1.1.-30.9.2016	1.1.-30.9.2016	1.1.-30.9.2016	1.1.-30.9.2016	1.1.-30.9.2016	1.1.-30.9.2016
in EUR '000							
Acquisition expenses	25,048	25,264	59,293	25,667	254,841	-228,453	1,250,269
Administrative expenses							
Pro rata personnel expenses	1,732	5,166	10,319	3,640	787	0	131,639
Pro rata material expenses	2,118	3,184	12,324	2,962	1,876	0	150,502
Subtotal	3,850	8,350	22,643	6,602	2,663	0	282,141
Received reinsurance commissions	-5,078	-17,328	-20,491	-17,127	-17,346	236,069	-110,057
Total	23,820	16,286	61,445	15,142	240,158	7,616	1,422,353

Composition	Austria	Czech Republic	Slovakia	Poland	Romania	The Baltic	Hungary
	1.1.-30.9.2015	1.1.-30.9.2015	1.1.-30.9.2015	1.1.-30.9.2015	1.1.-30.9.2015	1.1.-30.9.2015	1.1.-30.9.2015
in EUR '000							
Acquisition expenses	467,109	275,413	81,800	150,673	68,967	9,439	24,551
Administrative expenses							
Pro rata personnel expenses	39,374	20,271	6,773	17,710	5,988	1,628	4,905
Pro rata material expenses	60,421	17,644	10,553	16,749	6,959	678	7,509
Subtotal	99,795	37,915	17,326	34,459	12,947	2,306	12,414
Received reinsurance commissions	-106,165	-77,958	-26,749	-17,376	-23,149	-554	-9,756
Total	460,739	235,370	72,377	167,756	58,765	11,191	27,209

Composition	Bulgaria	Turkey/ Georgia	Remaining CEE	Other Markets	Central Functions	Consolidation	Total
	1.1.-30.9.2015	1.1.-30.9.2015	1.1.-30.9.2015	1.1.-30.9.2015	1.1.-30.9.2015	1.1.-30.9.2015	1.1.-30.9.2015
in EUR '000							
Acquisition expenses	23,651	23,834	57,743	24,349	255,598	-233,548	1,229,579
Administrative expenses							
Pro rata personnel expenses	1,567	4,870	9,834	3,403	1,226	0	117,549
Pro rata material expenses	1,664	3,054	12,482	2,864	1,339	0	141,916
Subtotal	3,231	7,924	22,316	6,267	2,565	0	259,465
Received reinsurance commissions	-5,672	-12,110	-21,648	-14,331	-14,100	236,033	-93,535
Total	21,210	19,648	58,411	16,285	244,063	2,485	1,395,509

12. OTHER INCOME AND EXPENSES

Composition Other income	Underwriting	Non- underwriting	Total	Underwriting	Non- underwriting	Total
	1.1.-30.9.2016	1.1.-30.9.2016	1.1.-30.9.2016	1.1.-30.9.2015	1.1.-30.9.2015	1.1.-30.9.2015
in EUR '000						
Austria	6,619	6,643	13,262	7,687	3,510	11,197
Czech Republic	42,158	1,722	43,880	22,307	1,064	23,371
Slovakia	8,860	304	9,164	9,640	1,638	11,278
Poland	3,415	10,047	13,462	2,778	3,015	5,793
Romania	4,265	1,083	5,348	6,611	726	7,337
The Baltic	2,958	212	3,170	805	181	986
Hungary	307	1,237	1,544	439	1,146	1,585
Bulgaria	530	263	793	667	120	787
Turkey/Georgia	455	1,836	2,291	6,391	353	6,744
Remaining CEE	3,186	451	3,637	3,756	2,038	5,794
Other Markets	9,052	27	9,079	2,513	30	2,543
Central Functions	54	17,107	17,161	5	887	892
Consolidation	-30	0	-30	-37	0	-37
Total	81,829	40,932	122,761	63,562	14,708	78,270

Composition Other expenses	Underwriting	Non- underwriting	Total	Underwriting	Non- underwriting	Total
	1.1.-30.9.2016	1.1.-30.9.2016	1.1.-30.9.2016	1.1.-30.9.2015 restated	1.1.-30.9.2015 restated	1.1.-30.9.2015 restated
in EUR '000						
Austria	11,244	9,917	21,161	11,195	34,123	45,318
Czech Republic	31,409	2,191	33,600	15,204	7,995	23,199
Slovakia	20,739	24	20,763	21,784	348	22,132
Poland	4,882	6,595	11,477	8,691	1,982	10,673
Romania	18,388	1,132	19,520	12,872	980	13,852
The Baltic	6,023	1,089	7,112	0	235	235
Hungary	5,794	2,286	8,080	5,565	1,970	7,535
Bulgaria	4,283	4,612	8,895	3,849	3,995	7,844
Turkey/Georgia	942	1,309	2,251	2,769	53	2,822
Remaining CEE	9,148	3,870	13,018	9,858	789	10,647
Other Markets	19,094	1,519	20,613	88,954	538	89,492
Central Functions	123	3,748	3,871	85	200,200	200,285
Consolidation	-37	-583	-620	-44	-3,392	-3,436
Total	132,032	37,709	169,741	180,782	249,816	430,598

Other expenses

The decrease in other expenses compared to the previous year was mainly due to a EUR 195 million write-down of IT projects last year, and smaller currency fluctuations due to the Swiss franc being unpegged from the euro. This exchange rate effect is neutral with respect to the Group result, since an offsetting change takes place in the underwriting result.

ADDITIONAL DISCLOSURES

13. 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” on page 106 of the consolidated financial statements for 2015.

Fair value and book value of financial instruments

The table below shows the book values and fair values of financial instrument holdings:

Fair value and book value of financial instruments	30.9.2016				Fair value
	Book value	Level 1	Level 2	Level 3	
in EUR '000					
FINANCIAL ASSETS					
Land and buildings*	5,561,435	0	71,342	6,501,663	6,573,005
Self-used land and buildings	436,333	0	38,410	598,868	637,278
Investment properties	5,125,102	0	32,932	5,902,795	5,935,727
Shares in at equity consolidated companies	253,050				253,050
Loans and receivables	1,336,565	0	1,491,692	26,755	1,518,447
Reclassified loans	338,219	240,590	161,787	0	402,377
Bonds classified as loans	1,077,558	189,533	1,099,521	18,357	1,307,411
Other securities	25,771,473	22,646,109	3,623,982	219,696	26,489,787
Financial instruments held to maturity	2,303,977	2,313,244	508,799	5,949	2,827,992
Financial instruments reclassified as held to maturity	736,977	873,260	58,016	0	931,276
Financial investments available for sale	22,324,435	19,257,048	2,918,649	148,738	22,324,435
Held for trading	151,943	103,012	731	48,200	151,943
Financial instruments recognised at fair value through profit and loss	254,141	99,545	137,787	16,809	254,141
Other investments	654,074				654,074
Investments for unit- and index-linked life insurance	8,483,067	8,483,067	0	0	8,483,067
FINANCIAL LIABILITIES					
Subordinated liabilities	1,265,009	0	1,288,469	20,789	1,309,258
Liabilities to financial institutions	1,325,225	0	100	1,325,125	1,325,225
Financing liabilities	1,379,773	157	355	1,379,261	1,379,773
Derivative financial instruments (included in other liabilities)	8,345	938	7,309	98	8,345

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

Fair value and book value of financial instruments

	Book value restated	Level 1	31.12.2015 Level 2	Level 3	Fair value restated
in EUR *000					
FINANCIAL ASSETS					
Land and buildings*	1,907,737	0	61,302	2,793,870	2,855,172
Self-used land and buildings	434,306	0	40,847	579,177	620,024
Investment properties	1,473,431	0	20,455	2,214,693	2,235,148
Shares in at equity consolidated companies	319,636				319,636
Loans and receivables	1,335,993	0	1,420,411	22,156	1,442,567
Reclassified loans	439,980	297,560	193,395	0	490,955
Bonds classified as loans	1,104,361	202,652	1,055,281	19,125	1,277,058
Other securities	24,116,380	21,092,333	3,468,166	209,851	24,770,350
Financial instruments held to maturity	2,256,682	2,237,015	477,297	7,421	2,721,733
Financial instruments reclassified as held to maturity	809,433	933,132	65,220	0	998,352
Financial investments available for sale	20,649,481	17,750,295	2,763,552	135,634	20,649,481
Held for trading	171,410	117,560	1,955	51,895	171,410
Financial instruments recognised at fair value through profit and loss	229,374	54,331	160,142	14,901	229,374
Other investments	917,882				917,882
Investments for unit- and index-linked life insurance	8,144,135	8,144,135	0	0	8,144,135
FINANCIAL LIABILITIES					
Subordinated liabilities	1,280,308	0	1,293,721	20,761	1,314,482
Liabilities to financial institutions	283,774	0	100	283,674	283,774
Financing liabilities	44,809	209	348	44,252	44,809
Derivative financial instruments (included in other liabilities)	14,399	1,767	12,591	41	14,399

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

Due to reasons of materiality, book value was used as the fair value of all liabilities other than derivative liabilities.

Measurement process

Note 36 "Financial instruments and fair value measurement hierarchy" in the 2015 Group Annual Report as of 31 December 2015 provides information on the measurement process.

OTHER DISCLOSURES ABOUT THE MEASUREMENT PROCESS

The fair value of shares and other participations with a book value of EUR 296,226,000 (31 December 2015: EUR 140,096,000) could not be reliably estimated as of 30 September 2016. The shares are mainly invested in companies that are not listed on any stock exchange.

Reclassification of financial instruments

Reclassifications were performed based on the criteria and time points indicated in Note 36 “Financial instruments and fair value measurement hierarchy” in the Group Annual Report as of 31 December 2015.

27 reclassifications between level 1 and level 2 were performed during the reporting period in the financial instruments available for sale category and three in the financial instruments recognised at fair value through profit and loss category. These were primarily due to changes in liquidity, trading frequency and trading activities, but also resulted from a harmonisation of measurement hierarchies due to the introduction of Solvency II, and consolidation effects between the measurement hierarchies.

One reclassification from level 3 to level 2 was also performed in the financial instruments available for sale category resulting from the harmonisation of measurement hierarchies due to the introduction of Solvency II, and one reclassification from level 3 to level 1 in the financial instruments available for sale category due to consolidation effects between the measurement hierarchies.

Hierarchy for financial instruments measured at fair value

The tables below show the hierarchy for financial instruments measured at fair value as of 30 September 2016 and 31 December 2015:

Hierarchy for financial instruments measured at fair value	Level 1		Level 2		Level 3	
	30.9.2016	31.12.2015	30.9.2016	31.12.2015	30.9.2016	31.12.2015
in EUR '000						
FINANCIAL ASSETS						
Financial investments available for sale	19,257,048	17,750,295	2,918,649	2,763,552	148,738	135,634
Bonds	16,998,325	15,597,056	2,546,482	2,503,150	94,165	79,710
Shares and other participations	449,768	428,385	314,883	184,174	54,573	50,947
Investment funds	1,808,955	1,724,854	57,284	76,228	0	4,977
Held for trading	103,012	117,560	731	1,955	48,200	51,895
Bonds	26,874	46,304	417	0	4,318	4,013
Shares and other non-fixed-interest securities	21,807	23,291	52	52	0	0
Investment funds	52,270	45,822	183	186	0	0
Derivatives	2,061	2,143	79	1,717	43,882	47,882
Financial instruments recognised at fair value through profit and loss	99,545	54,331	137,787	160,142	16,809	14,901
Bonds	73,910	41,515	122,050	146,781	15,644	13,791
Shares and other non-fixed-interest securities	109	94	15,737	13,361	0	0
Investment funds	25,526	12,722	0	0	1,165	1,110
Investments for unit- and index-linked life insurance	8,483,067	8,144,135	0	0	0	0
Total financial assets	27,942,672	26,066,321	3,057,167	2,925,649	213,747	202,430
FINANCIAL LIABILITIES						
Derivative financial instruments (included in other liabilities)	938	1,767	7,309	12,591	98	41

The level 3 financial instruments still in the portfolio had an effect on the result (net profit or loss) of EUR -226,000 (EUR 2,627,000) as of 30 September 2016.

Unobservable input factors

asset class	Measurement methods	Unobservable input factors	Range
Real estates	Market value	Capitalisation rate	1.5%–7.5%
		rental income	3,000 EUR–5,220,000 EUR
		Land prices	0–5,000 EUR
	Discounted Cash Flow	Capitalisation rate	4.25%–8.25%
		rental income	500,000 EUR–3,800,000 EUR

Sensitivities

Sensitivities – real estate	Market value
in million EUR	
Fair value as of 30.9.2016	6,573.01
rental income -5%	6,332.02
rental income +5%	6,814.41
Capitalisation rate -50bp	6,909.62
Capitalisation rate +50bp	6,284.52
Land prices -5%	6,501.71
Land prices +5%	6,643.61

A present value method is used to determine the fair value of certain corporate bonds that are generally measured at fair value. The primary input for this method is an issuer-specific risk premium, which may not be observable on the market. Depending on time to maturity, a significant increase in this spread, which might be derived from a sector or rating category, would have a major negative effect on the fair value determined in this way. Conversely, a significant decrease in this spread would increase the fair value of these financial investments.

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

The following sensitivities were calculated for a derivative with the most material fair value: a 100 basis point increase in the discount rate leads to a 46% increase in option value; a 100 basis point decrease leads to a 67% drop in option value.

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

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

Development of financial instruments by level	Financial investments available for sale					
	30.9.2016			31.12.2015		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
in EUR '000						
Book value as of 31.12. of the previous year	17,750,295	2,763,552	135,634	16,765,424	3,224,929	144,148
Exchange rate changes	-364	125	-102	27,190	907	-1,245
Book value as of 1.1.	17,749,931	2,763,677	135,532	16,792,614	3,225,836	142,903
Reclassification between securities categories	4,757	0	0	-2,738	-2,391	-182
Reclassification to level	175,009	146,522	0	235,239	72,054	750
Reclassification from level	-141,631	-172,062	-7,838	-72,054	-226,577	-9,412
Additions	2,769,539	288,054	16,725	4,831,191	157,684	13,337
Disposals	-2,211,867	-236,295	-1,587	-3,704,598	-400,772	-5,160
Change in scope of consolidation	1,269	12,049	0	0	-12,420	0
Changes in value recognised in profit and loss	0	0	0	0	2,240	0
Changes recognised directly in equity	916,210	126,625	6,600	-325,497	-38,204	-5,917
Impairments	-6,169	-9,921	-694	-3,862	-13,898	-685
Book value as of 30.9.	19,257,048	2,918,649	148,738	17,750,295	2,763,552	135,634

Development of financial instruments by level	Financial instruments recognised at fair value through profit and loss					
	30.9.2016			31.12.2015		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
in EUR '000						
Book value as of 31.12. of the previous year	54,331	160,142	14,901	56,063	190,553	24,671
Exchange rate changes	-23	-7	0	581	1,500	112
Book value as of 1.1.	54,308	160,135	14,901	56,644	192,053	24,783
Reclassification between securities categories	9,096	0	0	896	1	0
Reclassification to level	17,226	0	0	0	0	302
Reclassification from level	0	-17,226	0	-302	0	0
Additions	55,296	3,812	4,053	73,412	6,946	8,066
Disposals	-69,932	-14,106	-2,499	-91,430	-37,781	-18,583
Change in scope of consolidation	33,089	2,214	0	15,276	0	0
Changes in value recognised in profit and loss	462	2,958	354	-165	-1,077	333
Changes recognised directly in equity	0	0	0	0	0	0
Book value as of 30.9.	99,545	137,787	16,809	54,331	160,142	14,901

Development of financial instruments by level

	30.9.2016			31.12.2015		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
in EUR '000						
Book value as of 31.12. of the previous year	117,560	1,955	51,895	135,592	1,793	57,498
Exchange rate changes	-1,122	-485	40	-235	-2,635	39
Book value as of 1.1.	116,438	1,470	51,935	135,357	-842	57,537
Reclassification between securities categories	859	0	0	2,912	0	0
Reclassification to level	0	3,890	0	7,610	0	1,899
Reclassification from level	-3,890	0	0	-1,899	0	-7,610
Additions	81,002	0	2,206	106,534	0	17,209
Disposals	-93,200	-4,658	-2,008	-129,660	1,857	-15,508
Changes in value recognised in profit and loss	1,803	29	-3,933	-3,294	940	-1,632
Changes recognised directly in equity	0	0	0	0	0	0
Book value as of 30.9.	103,012	731	48,200	117,560	1,955	51,895

Please refer to Note 9 “Financial result” for information on the effects of changes in value recognised in profit and loss.

Development of financial instruments assigned to Level 3	Subordinated liabilities		Liabilities to financial institutions		Financing liabilities		Derivative financial instruments (included in other liabilities)	
	30.9.2016	31.12.2015	30.9.2016	31.12.2015	30.9.2016	31.12.2015	30.9.2016	31.12.2015
in EUR '000								
Book value as of 31.12. of the previous year	20,761	0	283,674	419,112	44,252	39,834	41	0
Exchange rate changes	2	0	0	0	0	0	-57	0
Book value as of 1.1.	20,763	0	283,674	419,112	44,252	39,834	-16	0
Reclassification to level 3	0	20,761	0	0	0	0	0	0
Additions	0	0	21,212	35,380	36,663	5,053	0	41
Disposals	0	0	-49,801	-170,818	-26,468	-635	-39	0
Changes in scope of consolidation	0	0	1,081,180	0	1,324,814	0	0	0
Changes in value recognised in profit and loss	26	0	0	0	0	0	153	0
Changes recognised directly in equity	0	0	-11,140	0	0	0	0	0
Book value as of 30.9.	20,789	20,761	1,325,125	283,674	1,379,261	44,252	98	41

14. NUMBER OF EMPLOYEES

Employee statistics	30.9.2016	31.12.2015
Austria	5,173	5,133
Field staff	2,784	2,771
Office staff	2,389	2,362
Czech Republic	4,761	4,758
Field staff	2,950	2,953
Office staff	1,811	1,805
Slovakia	1,667	1,580
Field staff	819	790
Office staff	848	790
Poland	1,588	1,723
Field staff	787	838
Office staff	801	885
Romania	1,998	2,106
Field staff	1,187	1,236
Office staff	811	870
The Baltic	422	372
Field staff	164	150
Office staff	258	222
Hungary	466	464
Field staff	36	54
Office staff	430	410
Bulgaria	827	799
Field staff	284	286
Office staff	543	513
Turkey/Georgia	874	837
Field staff	465	421
Office staff	409	416
Remaining CEE	4,724	4,663
Field staff	3,298	3,285
Office staff	1,426	1,378
Other Markets	126	123
Field staff	7	7
Office staff	119	116
Central Functions	1,087	437
Office staff	1,087	437
Total	23,713	22,995

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

15. RELATED PARTY TRANSACTIONS

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

16. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

HETA

On 6 September 2016, the Carinthian Compensation Payment Fund (CCPF) made another offer to HETA creditors that was accepted by 98.71% of the cumulative outstanding total nominal value of all the bonds included in the offer by the end of the acceptance period on 7 October 2016.

The offer was accepted in the following manner by the VIG companies concerned:

- Non-subordinated bonds were exchanged 1-to-1 for the Austrian federal government-guaranteed zero coupon bearer bonds issued by CCPF.
- Subordinated bonds were also exchanged 1-to-1 for zero coupon bonds issued by the Austrian federal government

Based on the announcement on 12 October 2016 and the associated acceptance of the settlement, the acceptance of the offer is considered a non-adjusting event.

The increase in value of the bonds will therefore be recognised in the consolidated financial statements for the 4th quarter of 2016. The value of the bonds had been written down, and the settlement is likely to increase their value by around EUR 40 million. The extent to which the Austrian companies' profit participation will change profits could not be fully determined at the time the interim financial statements were prepared.

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 important events during the first nine months of the financial year and their impact on the consolidated interim financial statements, of the principal risks and uncertainties for the remaining three 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, 7 November 2016

The Managing Board:



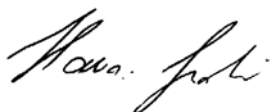
Elisabeth Stadler
General Manager,
Chair of the Managing Board



Franz Fuchs
Member of the Managing Board



Roland Gröll
Member of the Managing Board



Judit Havasi
Member of the Managing Board



Peter Höfinger
Member of the Managing Board



Martin Simhandl
CFO, Member of the Managing Board

Managing Board areas of responsibility:

Elisabeth Stadler: VIG Group management, strategic matters, European matters, Group communication & marketing, sponsoring, human resources, business development; country responsibilities: Austria, Czech Republic

Franz Fuchs: Performance management personal insurance, performance management motor vehicle insurance, asset risk management; country responsibilities: The Baltic, Moldova, Poland, Ukraine

Roland Gröll: Group IT/SAP, international processes and methods; country responsibilities: Bosnia-Herzegovina, Croatia, Macedonia, Romania

Judit Havasi: Solvency II, planning and controlling, legal; country responsibility: Slovakia

Peter Höfinger: Corporate and large customer business, Vienna International Underwriters (VIU), reinsurance, business development; country responsibilities: Albania (incl. Kosovo), Belarus, Bulgaria, Hungary, Montenegro, Serbia

Martin Simhandl: Asset management, subsidiaries department, finance and accounting, treasury/capital market; country responsibilities: Georgia, Germany, Liechtenstein, Turkey

The **Managing Board as a whole** is responsible for enterprise risk management (Solvency II), general secretariat, the Group actuarial department, Group compliance, internal audit and investor relations.

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

BUSINESS DEVELOPMENT BY BALANCE SHEET UNIT

	Property and casualty		Life		Health		Total	
	1.1.-30.9.2016	1.1.-30.9.2015 restated	1.1.-30.9.2016	1.1.-30.9.2015	1.1.-30.9.2016	1.1.-30.9.2015	1.1.-30.9.2016	1.1.-30.9.2015 restated
in EUR *000								
Overall result for direct business								
Gross direct premiums written	3,716,361	3,482,932	2,818,473	3,007,336	309,285	299,348	6,844,119	6,789,616
Gross direct*	345,083	422,806	222,367	226,449	35,296	41,794	602,746	691,049
Underwriting result**	301,774	312,549						
Financial result**	43,309	110,257						
Direct reinsurance cessions	-201,841	-184,363	-10,318	-8,511	-87	54	-212,246	-192,820
Subtotal	143,242	238,443	212,049	217,938	35,209	41,848	390,500	498,229
Overall result for indirect business								
Gross indirect premiums written	105,988	111,568	11,583	11,141	75	98	117,646	122,807
Gross indirect	966	35,201	1,157	1,780	60	81	2,183	37,062
indirect reinsurance cessions	-37,555	-75,352	-137	-377	0	0	-37,692	-75,729
Subtotal	-36,589	-40,151	1,020	1,403	60	81	-35,509	-38,667
Overall result for direct and indirect retention	106,653	198,292	213,069	219,341	35,269	41,929	354,991	459,562
Other non-underwriting income and expenses	4,221	-218,482	-648	-13,521	-350	-3,105	3,223	-235,108
Expenses for profit-related premium refunds	0	0	-56,890	-64,483	0	0	-56,890	-64,483
Profit before taxes	110,874	-20,190	155,531	141,337	34,919	38,824	301,324	159,971
Tax expenses	-22,661	4,486	-40,552	-27,251	-7,112	-1,121	-70,325	-23,886
Profit for the period	88,213	-15,704	114,979	114,086	27,807	37,703	230,999	136,085

* Includes commissions of EUR 837,242,000 (EUR 826,935,000) for direct insurance business.

** A breakdown of the underwriting result was only performed for property and casualty insurance. Due to immateriality, investment results were not transferred to the underwriting account in property and casualty insurance. Investment results were transferred in full to the underwriting account for the life insurance and health insurance.

PREMIUMS WRITTEN BY BALANCE SHEET UNIT

Property and casualty insurance*	1.1.-30.9.2016	1.1.-30.9.2015
in EUR '000		
Direct Business		
Casualty insurance	275,581	261,835
Health insurance	40,803	33,519
Land vehicle own-damage insurance	720,726	670,278
Rail vehicle own-damage	3,356	3,093
Aircraft own-damage insurance	4,686	5,540
Sea, lake and river shipping own-damage insurance	6,598	5,561
Transport insurance	38,523	36,911
Fire explosion and other natural risks	710,870	731,553
Other property	369,686	359,731
Liability insurance for land vehicles having their own drive train	1,001,733	862,231
Carrier insurance	11,667	10,262
Aircraft liability insurance	4,062	4,073
Sea, lake and river shipping liability insurance	2,019	2,330
General liability insurance	331,310	307,724
Credit insurance	5,082	13,889
Guarantee insurance	20,458	20,520
Insurance for miscellaneous financial losses	76,959	65,053
Legal expenses insurance	42,586	41,639
Assistance insurance, travel health insurance	49,656	47,190
Gross direct premiums written	3,716,361	3,482,932
Indirect business		
Marine, aviation and transport insurance	8,158	7,429
Other insurance	80,236	88,047
Health insurance	17,594	16,092
Gross indirect premiums written	105,988	111,568
Total Written premiums – Gross in property and casualty	3,822,349	3,594,500

* Including consolidation effects

Life insurance*	1.1.-30.9.2016	1.1.-30.9.2015
in EUR '000		
Direct premiums from regular-premium products	1,857,283	1,828,402
Direct premiums from single premium products	961,190	1,178,934
Gross direct premiums written	2,818,473	3,007,336
thereof:		
<i>Policies with profit participation</i>	<i>1,256,810</i>	<i>1,335,833</i>
<i>Policies without profit participation</i>	<i>325,417</i>	<i>339,029</i>
<i>Unit-linked life insurance policies</i>	<i>1,205,611</i>	<i>1,297,956</i>
<i>Index-linked life insurance policies</i>	<i>30,635</i>	<i>34,518</i>
Gross indirect premiums written	11,583	11,141
Total Written premiums – Gross in Life	2,830,056	3,018,477

* Including consolidation effects

Health insurance*	1.1.-30.9.2016	1.1.-30.9.2015
in EUR '000		
Gross direct premiums written	309,285	299,348
Gross indirect premiums written	75	98
Total Written premiums – Gross in Health	309,360	299,446

* Including consolidation effects

GROSS PREMIUMS WRITTEN BY COUNTRY AND BALANCE SHEET UNIT

Premiums written – gross	1.1.-30.9.2016	1.1.-30.9.2015
in EUR '000		
Property and casualty insurance	3,822,349	3,594,500
Austria	1,469,588	1,479,349
Czech Republic	683,712	637,397
Slovakia	266,601	252,569
Poland	349,291	357,907
Romania	341,276	241,577
Turkey	124,806	105,928
Central Functions	122,868	131,105
Other States	464,207	388,668
Life insurance	2,830,056	3,018,477
Austria	1,312,940	1,376,667
Czech Republic	472,798	555,517
Slovakia	278,835	297,603
Poland	267,236	277,367
Hungary	95,085	81,715
Liechtenstein	130,126	169,973
Other States	273,036	259,635
Health insurance	309,360	299,446
Austria	293,987	283,796
Georgia	15,373	15,650
Total	6,961,765	6,912,423

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

	1.1.-30.9.2016	1.1.-30.9.2015 restated
<i>in EUR '000</i>		
Property and casualty insurance	106,653	198,292
Austria	59,444	62,651
Czech Republic	76,575	96,973
Slovakia	26,501	21,441
Poland	17,337	38,152
Romania	11,182	3,956
Turkey	623	3,594
Central Functions	-113,865	-75,796
Other States	28,856	47,321
Life insurance	213,069	219,341
Austria	93,172	99,034
Czech Republic	70,406	70,818
Slovakia	23,317	23,160
Poland	450	3,413
Hungary	4,070	3,030
Liechtenstein	165	305
Other States	21,489	19,581
Health insurance	35,269	41,929
Austria	35,393	44,041
Georgia	-124	-2,112
Total	354,991	459,562

KEY FIGURES BY BALANCE SHEET UNIT

	Property and casualty		Life		Health		Total	
	1.1.-30.9.2016	1.1.-30.9.2015	1.1.-30.9.2016	1.1.-30.9.2015	1.1.-30.9.2016	1.1.-30.9.2015	1.1.-30.9.2016	1.1.-30.9.2015
in %								
Cost ratio	30.5%	30.5%	17.9%	20.1%	14.0%	13.2%	23.9%	24.6%
Loss ratio	67.4%	66.4%						
Combined Ratio	97.9%	96.9%						

DISCLOSURES IN ACCORDANCE WITH § 155(2) NO. 18 VAG

Since no significant run-off result exists for the reporting period or comparative period, the data indicated in § 155(2) no. 18 VAG is not being published.

General information

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NOTICE

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

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

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

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

In case of doubt, the German version is authoritative.

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