

# VIG Consolidated Financial Statements 2016 (page 86–258)

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## CONSOLIDATED FINANCIAL STATEMENTS IN ACCORDANCE WITH IFRS

31.12.2016

Reporting period	1.1. 2016 – 31.12. 2016
Comparative reporting date	31.12. 2015
Comparative period for the income statement	1.1. 2015 – 31.12. 2015
Currency	EUR

## CONSOLIDATED BALANCE SHEET AS OF 31 DECEMBER 2016

Assets	Notes	31.12.2016	31.12.2015 adjusted	1.1.2015 adjusted
in EUR '000				
<b>A. Intangible assets</b>	<b>1</b>			
I. Goodwill	A	1,532,190	1,489,039	1,643,721
II. Purchased insurance portfolios	B	43,339	40,773	70,478
III. Other intangible assets	C	478,971	459,545	655,647
<b>Total intangible assets</b>		<b>2,054,500</b>	<b>1,989,357</b>	<b>2,369,846</b>
<b>B. Investments</b>				
I. Land and buildings	2, D	5,601,623	1,907,737	1,851,219
a) Self-used property		429,484	434,306	427,384
b) Investment property		5,172,139	1,473,431	1,423,835
II. Shares in at equity consolidated companies	3, 4	269,699	319,636	305,156
III. Financial instruments	E	28,774,934	27,914,596	27,701,683
a) Loans and other investments	5	3,396,574	3,798,216	4,055,077
b) Other securities	4, 6	25,378,360	24,116,380	23,646,606
Financial instruments held to maturity		3,065,822	3,066,115	3,045,935
Financial instruments available for sale		21,851,248	20,649,481	20,134,501
Financial instruments recognised at fair value through profit and loss*		461,290	400,784	466,170
<b>Total investments</b>		<b>34,646,256</b>	<b>30,141,969</b>	<b>29,858,058</b>
<b>C. Investments for unit-linked and index-linked life insurance</b>	<b>7, F</b>	<b>8,549,580</b>	<b>8,144,135</b>	<b>7,742,181</b>
<b>D. Reinsurers' share in underwriting provisions</b>	<b>8, G</b>	<b>985,211</b>	<b>1,030,740</b>	<b>1,105,743</b>
<b>E. Receivables</b>	<b>9, H</b>	<b>1,459,631</b>	<b>1,391,980</b>	<b>1,503,828</b>
<b>F. Tax receivables and advance payments out of income tax</b>	<b>10, I</b>	<b>236,940</b>	<b>216,710</b>	<b>119,138</b>
<b>G. Deferred tax assets</b>	<b>11, J</b>	<b>138,230</b>	<b>123,692</b>	<b>113,244</b>
<b>H. Other assets</b>	<b>12, K</b>	<b>347,819</b>	<b>349,919</b>	<b>331,307</b>
<b>I. Cash and cash equivalents</b>	<b>13</b>	<b>1,589,941</b>	<b>1,101,212</b>	<b>779,783</b>
<b>Total</b>		<b>50,008,108</b>	<b>44,489,714</b>	<b>43,923,128</b>

\* including held for trading

The references (numbers and letters) shown for individual items in the consolidated balance sheet and consolidated income statement refer to detailed disclosures for those items in the notes to the consolidated financial statements. The numbers refer to the detailed disclosures in the "Notes to the consolidated balance sheet" section starting on page 166. The letters refer to the explanatory text in the "Summary of significant accounting policies" section starting on page 96.

Further information on adjusted values is provided in the "Retrospective restatement" section starting on page 125.

## CONSOLIDATED BALANCE SHEET AS OF 31 DECEMBER 2016

Liabilities and shareholders' equity	Notes	31.12.2016	31.12.2015 adjusted	1.1.2015 adjusted
in EUR '000				
<b>A. Shareholders' equity</b>	<b>14</b>			
I. Share capital		132,887	132,887	132,887
II. Other capital reserves		2,109,003	2,109,003	2,109,003
III. Capital reserves from additional payments on hybrid capital		193,619	193,619	245,602
IV. Retained earnings		1,929,339	1,718,620	1,942,723
V. Other reserves		199,415	148,376	249,973
<b>Subtotal</b>		<b>4,564,263</b>	<b>4,302,505</b>	<b>4,680,188</b>
VI. Other non-controlling interests		114,219	111,955	116,144
VII. Non-controlling interests from non-profit societies		1,032,775	0	0
<b>Total shareholders' equity</b>		<b>5,711,257</b>	<b>4,414,460</b>	<b>4,796,332</b>
<b>B. Subordinated liabilities</b>	<b>15</b>	<b>1,265,009</b>	<b>1,280,308</b>	<b>919,678</b>
<b>C. Underwriting provisions</b>				
I. Provision for unearned premiums	16, L	1,282,164	1,181,269	1,143,490
II. Mathematical reserve	17, M	21,528,896	21,068,385	20,854,835
III. Provision for outstanding claims	18, N	4,815,063	4,603,648	4,488,944
IV. Provision for profit-unrelated premium refunds	19, O	63,605	56,060	52,360
V. Provision for profit-related premium refunds	19, P	1,491,192	1,182,632	1,277,796
VI. Other underwriting provisions	20, Q	39,151	53,129	72,527
<b>Total underwriting provisions</b>		<b>29,220,071</b>	<b>28,145,123</b>	<b>27,889,952</b>
<b>D. Underwriting provisions for unit-linked and index-linked life insurance</b>	<b>21, R</b>	<b>8,129,884</b>	<b>7,776,602</b>	<b>7,392,417</b>
<b>E. Non-underwriting provisions</b>				
I. Provisions for pensions and similar obligations	22, S	518,766	387,197	444,924
II. Other provisions	23, T	296,482	276,199	263,897
<b>Total non-underwriting provisions</b>		<b>815,248</b>	<b>663,396</b>	<b>708,821</b>
<b>F. Liabilities</b>	<b>24, U</b>	<b>4,202,585</b>	<b>1,634,317</b>	<b>1,679,153</b>
<b>G. Tax liabilities out of income tax</b>	<b>25, I</b>	<b>181,300</b>	<b>121,801</b>	<b>84,081</b>
<b>H. Deferred tax liabilities</b>	<b>11, J</b>	<b>325,150</b>	<b>280,233</b>	<b>272,127</b>
<b>I. Other liabilities</b>	<b>26</b>	<b>157,604</b>	<b>173,474</b>	<b>180,567</b>
<b>Total</b>		<b>50,008,108</b>	<b>44,489,714</b>	<b>43,923,128</b>

## CONSOLIDATED INCOME STATEMENT FOR THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2016

	Notes	2016	2015 adjusted
in EUR '000			
Premiums	28, V		
Premiums written – gross		9,050,968	9,019,759
Premiums written - reinsurers' share		-810,623	-799,817
Premiums written – retention		8,240,345	8,219,942
Change in unearned premiums – gross		-72,735	-38,223
Change in unearned premiums – reinsurers' share		23,646	-1,184
Net earned premiums – retention		8,191,256	8,180,535
Financial result excluding at equity consolidated companies	29	912,188	999,987
Income from investments		1,416,088	1,452,907
Expenses for investments and interest expenses		-503,900	-452,920
Result from shares in at equity consolidated companies	30	46,621	40,209
Other income	31	150,449	150,207
Expenses for claims and insurance benefits	32, W	-6,753,449	-6,748,874
Expenses for claims and insurance benefits – gross		-7,085,077	-7,107,571
Expenses for claims and insurance benefits – reinsurers' share		331,628	358,697
Acquisition and administrative expenses	33, X	-1,907,805	-1,847,567
Acquisition expenses		-1,665,277	-1,605,201
Administrative expenses		-381,370	-364,698
Reinsurance commissions		138,842	122,332
Other expenses	34	-232,526	-727,440
Result before taxes		406,734	47,057
Tax expenses/income	35	-85,744	-61,823
Result of the period		320,990	-14,766
thereof attributable to Vienna Insurance Group shareholders		287,778	-20,581
thereof other non-controlling interests	14	4,246	5,815
thereof non-controlling interests in non-profit societies	14	28,966	0
Result per share*	14		
Undiluted = diluted result per share (in EUR)		2.16	-0.27
Result of the period (Carry-forward)		320,990	-14,766

\* The calculation of these figures includes the aliquot portion of interest expenses for hybrid capital.

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	2016	2015 adjusted
in EUR '000		
Result of the period (Carry-forward)	320,990	-14,766
Other comprehensive income (OCI)		
Items that will not be reclassified to profit and loss in subsequent periods		
+/- Underwriting gains and losses from provisions for employee benefits	-98,281	14,273
+/- Deferred profit participation	29,833	-4,977
+/- Deferred taxes	16,125	-2,814
Subtotal	-52,323	6,482
Items that will be reclassified to profit or loss in subsequent periods		
+/- Exchange rate changes through equity	-23,833	8,171
+/- Unrealised gains and losses from financial instruments available for sale	509,775	-475,064
+/- Cash flow hedge reserve	4,571	3,468
+/- Share of other reserves of associated companies	-195	188
+/- Deferred mathematical reserve	-97,705	167,076
+/- Deferred profit participation	-253,191	151,108
+/- Deferred taxes	-36,359	35,753
Subtotal	103,063	-109,300
Total OCI	50,740	-102,818
Total profit of the period including other comprehensive income after taxes	371,730	-117,584
thereof attributable to Vienna Insurance Group shareholders	338,817	-122,178
thereof other non-controlling interests	6,312	4,594
thereof non-controlling interests in non-profit societies	26,601	0

For the basis of the measurements shown in the following tables (segment reports and cash flow statement) please refer to the number and letter references of the corresponding items in the consolidated balance sheet and consolidated income statement.

## CONSOLIDATED SHAREHOLDERS' EQUITY

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

	Share capital	Capital reserves		Retained earnings	Other reserves		Subtotal
		Other	payments hybrid capital		Currency reserve	Other	
in EUR '000							
As of 1 January 2015	132,887	2,109,003	245,602	2,378,849	-165,497	409,560	5,110,404
Retrospective restatement	0	0	0	-436,126	0	5,910	-430,216
As of 1 January 2015 adjusted	132,887	2,109,003	245,602	1,942,723	-165,497	415,470	4,680,188
Changes in scope of consolidation/ ownership interests	0	0	0	-2,441	0	0	-2,441
Other comprehensive income	0	0	0	-20,581	7,786	-109,383	-122,178
Other comprehensive income exclusive currency changes	0	0	0	0	0	-109,383	-109,383
Currency change	0	0	0	0	7,786	0	7,786
Result of the period	0	0	0	-20,581	0	0	-20,581
Repurchase of hybrid capital	0	0	-51,983	-8,536	0	0	-60,519
Dividend payment	0	0	0	-192,545	0	0	-192,545
As of 31 December 2015	132,887	2,109,003	193,619	1,718,620	-157,711	306,087	4,302,505
As of 1 January 2016	132,887	2,109,003	193,619	1,718,620	-157,711	306,087	4,302,505
Changes in scope of consolidation/ ownership interests	0	0	0	11,622	0	0	11,622
Other comprehensive income	0	0	0	287,778	-23,662	74,701	338,817
Other comprehensive income exclusive currency changes	0	0	0	0	0	74,701	74,701
Currency change	0	0	0	0	-23,662	0	-23,662
Result of the period	0	0	0	287,778	0	0	287,778
Dividend payment	0	0	0	-88,681	0	0	-88,681
As of 31 December 2016	132,887	2,109,003	193,619	1,929,339	-181,373	380,788	4,564,263

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

Please see page 125 for detailed information on the retrospective restatements.

	Subtotal	Non-controlling interests		Shareholders' equity
		Others	Non-profit societies	
<b>in EUR '000</b>				
As of 1 January 2015	5,110,404	173,023	0	5,283,427
Retrospective restatement	-430,216	-56,879	0	-487,095
As of 1 January 2015 adjusted	4,680,188	116,144	0	4,796,332
Changes in scope of consolidation/ ownership interests	-2,441	-518	0	-2,959
Other comprehensive income	-122,178	4,594	0	-117,584
Other comprehensive income exclusive currency changes	-109,383	-1,606	0	-110,989
Currency change	7,786	385	0	8,171
Result of the period	-20,581	5,815	0	-14,766
Repurchase of hybrid capital	-60,519	0	0	-60,519
Dividend payment	-192,545	-8,265	0	-200,810
As of 31 December 2015	4,302,505	111,955	0	4,414,460
<b>As of 1 January 2016</b>	<b>4,302,505</b>	<b>111,955</b>	<b>0</b>	<b>4,414,460</b>
Changes in scope of consolidation/ ownership interests	11,622	2,668	1,006,174	1,020,464
Other comprehensive income	338,817	6,312	26,601	371,730
Other comprehensive income exclusive currency changes	74,701	2,237	-2,365	74,573
Currency change	-23,662	-171	0	-23,833
Result of the period	287,778	4,246	28,966	320,990
Dividend payment	-88,681	-6,716	0	-95,397
As of 31 December 2016	4,564,263	114,219	1,032,775	5,711,257

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



Composition dividend payments	31.12.2016	31.12.2015
in EUR '000		
Dividends	76,800	179,200
Interest payments on the hybrid capital	15,841	17,793
Deferred taxes shown in equity	-3,960	-4,448
<b>Total</b>	<b>88,681</b>	<b>192,545</b>

EUR 51,983,000 of the nominal value of the hybrid bond issued in 2008 and 2009 was repurchased in the 1<sup>st</sup> quarter of 2015. The holders of the bonds also received a premium of EUR 8,536,000 as part of the repurchase. Accrued interest was EUR 1,951,000 for the period between the last interest payment and the repurchase.

Composition other reserves	31.12.2016	31.12.2015 adjusted
in EUR '000		
Unrealised gains and losses	531,956	411,271
Cash flow hedge reserve	-68	-2,836
Underwriting gains and losses from provisions for employee benefits	-148,749	-100,192
Share of other reserves of associated companies	-2,351	-2,156
<b>Total</b>	<b>380,788</b>	<b>306,087</b>

Unrealised gains and losses	31.12.2016	31.12.2015
in EUR '000		
Bonds	2,463,824	2,062,146
Shares and other participations	170,005	124,898
Investment funds	58,767	-3,465
<b>Subtotal</b>	<b>2,692,596</b>	<b>2,183,579</b>
+/- Exchange rate changes from financial instruments available for sale	10,866	10,108
+/- Deferred mathematical reserve	-928,865	-831,160
+/- Deferred profit participation	-1,073,869	-820,678
+/- Deferred taxes	-159,695	-124,393
+/- Other non-controlling interests	-9,077	-6,185
<b>Total</b>	<b>531,956</b>	<b>411,271</b>

Cash flow hedge reserve	31.12.2016	31.12.2015
in EUR '000		
Cash flow hedge reserve	-3,113	-3,660
+/- Deferred taxes	-233	824
+/- Non-controlling interests for non-profit societies	3,278	0
<b>Total</b>	<b>-68</b>	<b>-2,836</b>

Underwriting gains and losses from provisions for employee benefits	31.12.2016	31.12.2015
in EUR '000		
Pension provision and severance provision	-299,982	-194,684
+/- Deferred profit participation	90,337	60,504
+/- Deferred taxes	49,155	33,030
+/- Other non-controlling interests	1,613	958
+/- Non-controlling interests for non-profit societies	10,128	0
<b>Total</b>	<b>-148,749</b>	<b>-100,192</b>

Share of other reserves of associated companies	31.12.2016	31.12.2015 adjusted
in EUR '000		
Share of other reserves of associated companies	-2,532	-2,337
+/- Other non-controlling interests	181	181
<b>Total</b>	<b>-2,351</b>	<b>-2,156</b>

Currency reserve	31.12.2016	31.12.2015
in EUR '000		
Currency reserve	-183,058	-159,225
+/- Other non-controlling interests	1,685	1,514
<b>Total</b>	<b>-181,373</b>	<b>-157,711</b>

## CONSOLIDATED CASH FLOW STATEMENT FOR THE PERIOD OF 1 JANUARY TO 31 DECEMBER 2016

	2016	2015 adjusted
in EUR '000		
<b>Result of the period</b>	<b>320,990</b>	<b>-14,766</b>
Change in underwriting provisions net	710,921	877,924
Change in underwriting receivables and liabilities	-85,826	65,664
Change in deposit receivables and liabilities as well as in reinsurance receivables and liabilities	41,981	12,249
Change in other receivables and liabilities	3,624	-75,152
Change in securities held for trading	65,041	73,217
Gain/loss from disposal of investments	-84,717	-200,002
Depreciation/appreciation of all other investments	64,081	82,979
Change in pension, severance and other personnel provisions	98,500	-56,988
Change in deferred tax asset/liability excl. tax liabilities	-4,214	34,700
Change in other balance sheet items	213	-13,639
Change in goodwill and other intangible assets	87,033	439,022
Other cash-neutral income and expenses and adjustments to the result of the period <sup>1</sup>	-84,963	-106,596
<b>Cash flow from operating activities</b>	<b>1,132,664</b>	<b>1,118,612</b>
Cash inflow from sale of subsidiaries	0	64,306
Cash inflow from the sale of associated companies	6,757	0
Payments for the acquisition of subsidiaries	-107,482	-26,065
Cash inflow from the sale of available for sale securities	3,268,788	4,141,973
Payments for the acquisition of available for sale securities	-3,873,475	-4,987,303
Cash inflow from the disposals/repayments of held to maturity securities	186,173	306,374
Payments for the addition of held to maturity securities	-191,713	-277,784
Cash inflow from the sale of land and buildings	30,527	29,531
Payments for the acquisition of land and buildings	-303,069	-119,512
Cash inflow for the sale of intangible assets	2,071	534
Payments for the acquisition of intangible assets	-41,390	-54,543
Change in unit-linked and index-linked life insurance items	-111,971	-226,492
Change in other investments	441,778	261,313
<b>Cash flow from investing activities</b>	<b>-693,006</b>	<b>-887,668</b>
Corporate actions, incl. hybrid capital	0	-60,519
Increase in subordinated liabilities	0	400,000
Decrease of subordinated liabilities	-9,300	-39,892
Dividend payments	-99,357	-205,258
Cash inflow from other financing activities	19,302	0
Cash outflow from other financing activities	-20,713	-2,597
<b>Cash flow from financing activities</b>	<b>-110,068</b>	<b>91,734</b>
<b>Change in cash and cash equivalents</b>	<b>329,590</b>	<b>322,678</b>
<b>Cash and cash equivalents at beginning of period<sup>2</sup></b>	<b>1,101,212</b>	<b>779,965</b>
Change in cash and cash equivalents	329,590	322,678
Additions/disposals from change in consolidation method	162,570	1,068
Effects of foreign currency exchange differences on cash and cash equivalents	-3,431	-2,499
<b>Cash and cash equivalents at end of period<sup>2</sup></b>	<b>1,589,941</b>	<b>1,101,212</b>
thereof non-profit societies	148,770	0

<sup>1</sup> The non-cash income and expenses are primarily due to the results of shares held in at-equity companies and exchange rate changes.

<sup>2</sup> The amount of Cash and cash equivalents at the beginning and the end of period correlates with position Cash and cash equivalents on the Asset side.

Additional information on Cash Flow Statement	2016	2015
in EUR '000		
Received interest <sup>4</sup>	760,824	796,235
Received dividends <sup>4</sup>	147,601	154,416
Interest paid <sup>3</sup>	76,886	48,417
Income taxes paid <sup>4</sup>	45,725	61,510
Expected cash flow from reclassified securities	21,852	22,653
Effective interest rate of reclassified securities	3.37%	4.34%

<sup>3</sup> Interest paid result primarily from financing activities.

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