

ADDITIONAL DISCLOSURES IN ACCORDANCE WITH THE AUSTRIAN INSURANCE SUPERVISION ACT (VAG)

PROFIT PARTICIPATION IN AUSTRIA

Life insurance

Under the FMA regulation of 6 October 2015 on profit participation in the life insurance sector (LV-GBV), the expenses for profit-related premium refunds and policy holder profit participation plus any direct credits must be at least 85% of the measurement basis. The measurement basis within the meaning of § 4(1) LV-GBV is calculated as follows for life insurance policies eligible for profit participation:

Life measurement basis	31.12.2017	31.12.2016
in EUR '000		
Net earned premiums – retention	915,322	1,075,057
Income and expenses for investments and interest expenses	390,963	449,341
Expenses for claims and insurance benefits – retention	-1,116,539	-1,276,321
Administrative expenses	-132,179	-144,971
Other underwriting and non-underwriting income and expenses	-996	8,829
Taxes	-1,041	-17,998
Total	55,530	93,937

Health insurance

According to § 1 of the FMA regulation on profit participation in the health insurance sector (KV-GBV) of 15 October 2015, the regulation is applicable to policies whose actuarial bases were submitted after 30 June 2007 and whose terms provide for profit participation. The expenses for profit-related premium refunds plus any direct credits must be at least 85% of the measurement basis for the health insurance policies concerned. The measurement basis within the meaning of § 3(1) KV-GBV is calculated as follows for health insurance policies eligible for profit participation:

Health measurement basis	31.12.2017	31.12.2016
in EUR '000		
Net earned premiums – retention	8,473	8,500
Income and expenses for investments and interest expenses	566	860
Expenses for claims and insurance benefits – retention	-7,111	-7,670
Administrative expenses	-1,137	-981
Other underwriting and non-underwriting income and expenses	-139	-179
Taxes	-7	-3
Total	645	527

VIG expenses for profit-related premium refunds

VIG had EUR 86,330,000 (EUR 135,040,000) in expenses for profit-related premium refunds incl. policy holder profit participation.

MATHEMATICAL RESERVE

Life insurance mathematical reserve	31.12.2017	31.12.2016
in EUR '000		
Direct business	20,579,617	20,177,848
Policy benefits	18,913,571	18,440,361
Allocated profit share	738,984	793,318
Committed profit shares	15,895	15,304
Deferred mathematical reserve	911,167	928,865
Indirect business	93,643	131,721
Policy benefits	93,643	131,721
Total	20,673,260	20,309,569

Health insurance mathematical reserve	31.12.2017	31.12.2016
in EUR '000		
Direct business	1,289,257	1,219,231
Individual insurance	942,415	894,897
Group insurance	346,842	324,334
Total	1,289,257	1,219,231

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

	2017	2016
in EUR '000		
Property and casualty insurance	235,761	163,711
Austria	67,478	81,201
Czech Republic	95,239	121,955
Slovakia	18,905	26,536
Poland	31,805	27,496
Romania	19,059	16,916
Turkey	15,209	4,298
Central Functions	-87,143	-157,945
Other countries	75,209	43,254
Life insurance	320,453	332,095
Austria	120,990	210,554
Czech Republic	118,572	87,139
Slovakia	33,204	25,326
Poland	13,642	-20,392
Hungary	3,633	3,513
Other countries	30,412	25,955
Health insurance	42,622	58,856
Austria	43,807	59,182
Georgia	-274	-326
Other countries	-911	0
Total	598,836	554,662

BUSINESS DEVELOPMENT PER BALANCE SHEET UNIT

	2017				2016			
	Property/ Casualty	Life	Health	Total	Property/ Casualty	Life	Health	Total
in EUR '000								
Operating result for direct business	266,076	319,894	42,570	628,540	233,942	332,086	58,734	624,762
Gross direct premiums written	5,089,361	3,650,199	458,208	9,197,768	4,751,294	3,746,570	412,484	8,910,348
Gross direct¹	352,060	335,702	42,683	730,445	462,575	347,899	58,786	869,260
Underwriting result ²	263,637			263,637	408,744			408,744
Financial result ²	88,423			88,423	53,831			53,831
Direct reinsurance cessions	-85,984	-15,808	-113	-101,905	-228,633	-15,813	-52	-244,498
Operating result for indirect business	-30,315	559	52	-29,704	-70,231	9	122	-70,100
Gross indirect premiums written	173,860	14,346	66	188,272	127,321	13,118	181	140,620
Gross indirect	22,718	1,680	52	24,450	1,474	312	122	1,908
Indirect reinsurance cessions	-53,033	-1,121	0	-54,154	-71,705	-303	0	-72,008
Operating result for direct and indirect retention	235,761	320,453	42,622	598,836	163,711	332,095	58,856	554,662
Other non-underwriting income and expenses	-76,426	6,463	6	-69,957	-17,110	4,538	-316	-12,888
Expenses for profit related premium refunds	0	-85,770	-560	-86,330	0	-134,580	-460	-135,040
Result before taxes	159,335	241,146	42,068	442,549	146,601	202,053	58,080	406,734
Taxes	-30,166	-35,132	-4,660	-69,958	-27,428	-48,003	-10,313	-85,744
Result of the period	129,169	206,014	37,408	372,591	119,173	154,050	47,767	320,990

¹ Includes commissions of EUR 1,170,489,000 (EUR 1,107,341,000) for direct insurance business.

² A breakdown of the underwriting result was only performed for property and casualty insurance. Due to immateriality, investments 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 and health insurance business.

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

Property and casualty insurance	2017	2016
in EUR '000		
Direct business	5,089,361	4,751,294
Casualty insurance	379,282	360,866
Health insurance	67,231	56,029
Motor own damage insurance (Casco)	1,076,176	958,836
Rail vehicle own-damage	3,926	3,626
Aircraft own-damage insurance	5,136	5,178
Sea, lake and river shipping own-damage insurance	9,640	7,832
Transport insurance	55,456	51,623
Fire and natural hazards insurance	920,833	860,095
Other property	491,531	476,917
Motor third party liability	1,374,713	1,299,652
Carrier insurance	16,536	15,151
Aircraft liability insurance	5,327	4,680
Sea, lake and river shipping liability insurance	3,522	3,097
General liability insurance	418,729	407,794
Credit insurance	6,561	5,704
Guarantee insurance	39,023	26,371
Insurance for miscellaneous financial losses	90,324	88,415
Legal expenses insurance	55,807	54,850
Assistance insurance, travel health insurance	69,608	64,578
Indirect business	173,860	127,321
Marine, aviation and transport insurance	11,143	11,909
Other insurance	141,725	90,704
Health insurance	20,992	24,708
Total	5,263,221	4,878,615

A portion of the net earned premiums of EUR 1,149,000 (EUR 1,369,000) from indirect property and casualty insurance business was deferred one year before being recognised in the income statement. Of the EUR 412,000 (EUR 454,000) in net earned premiums from indirect life insurance business, EUR 347,000 (EUR 387,000) was deferred for one year before being shown in the income statement.

Life insurance	2017	2016
in EUR '000		
Regular premium – direct business	2,541,415	2,488,992
Single-premium – direct business	1,108,784	1,257,578
Direct business	3,650,199	3,746,570
thereof policies with profit participation	1,572,475	1,660,636
thereof policies without profit participation	436,907	429,021
thereof unit-linked life insurance portfolio	1,601,148	1,612,487
thereof index-linked life insurance portfolio	39,669	44,426
Indirect business	14,346	13,118
Total	3,664,545	3,759,688

Please refer to the respective separate financial statements for information on investments for unit-linked and index-linked life insurance.

Health insurance	2017	2016
in EUR '000		
Direct business	458,208	412,484
Indirect business	66	181
Total	458,274	412,665

GROSS PREMIUMS WRITTEN PER COUNTRY AND BALANCE SHEET UNIT

Composition	2017	2016
in EUR '000		
Property and casualty insurance	5,263,221	4,878,615
Austria	1,846,588	1,799,115
Czech Republic	963,126	897,873
Slovakia	364,564	349,824
Poland	527,978	467,955
Romania	400,063	451,825
Turkey	164,540	164,866
Central Functions	183,895	142,316
Other countries	812,467	604,841
Life insurance	3,664,545	3,759,688
Austria	1,561,910	1,702,499
Czech Republic	639,984	630,963
Slovakia	442,279	378,153
Poland	358,667	351,221
Hungary	153,993	143,535
Other countries	507,712	553,317
Health insurance	458,274	412,665
Austria	405,000	394,888
Georgia	24,453	17,777
Other countries	28,821	0
Total	9,386,040	9,050,968

KEY FIGURES PER BALANCE SHEET UNIT

	2017				2016			
	Property/ Casualty	Life	Health	Total	Property/ Casualty	Life	Health	Total
in %								
Cost ratio	30.41	17.45	15.03	24.08	30.37	18.45	13.99	24.14
Claims ratio	66.27				66.92			
Combined ratio	96.68				97.29			