

Consolidated financial statements 2017 (page 90–234)

CONSOLIDATED BALANCE SHEET	90
CONSOLIDATED INCOME STATEMENT	91
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME	92
CONSOLIDATED SHAREHOLDERS' EQUITY	93
CONSOLIDATED CASH FLOW STATEMENT	95
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS	97

GENERAL DISCLOSURES

Summary of significant accounting policies	97
Accounting policies for specific items in the consolidated financial statements	106
Scope and methods of consolidation	121
Segment reporting	126
Financial instruments and risk management	133

NOTES TO THE CONSOLIDATED BALANCE SHEET – ASSETS

1. Intangible assets	156
2. Investments	158
2.1 Land and buildings	158
2.2 Shares in at equity consolidated companies	159
2.3 Loans and other investments	161
2.4 Other securities	163
3. Investments for unit-linked and index-linked life insurance	167
4. Reinsurers' share in underwriting provisions	167
5. Receivables	168
6. Deferred taxes	169
7. Other assets	170

**NOTES TO THE CONSOLIDATED BALANCE SHEET –
LIABILITIES AND SHAREHOLDERS' EQUITY**

8. Consolidated shareholders' equity	171
9. Subordinated liabilities	174
10. Underwriting provisions – gross	176
10.1 Provision for unearned premiums	176
10.2 Mathematical reserve	177
10.3 Provision for outstanding claims	177
10.4 Provision for premium refunds	178
10.5 Other underwriting provisions	179
11. Underwriting provisions for unit-linked and index-linked life insurance	179
12. Non-underwriting provisions	180
12.1 Provisions for pensions and similar obligations	180
12.2 Other provisions	183
13. Liabilities	184
14. Contingent liabilities and receivables	185

NOTES TO THE CONSOLIDATED INCOME STATEMENT

15. Premiums written	186
16. Financial result excluding at equity consolidated companies	187
17. Result from shares in at equity consolidated companies	195
18. Other income	195
19. Expenses for claims and insurance benefits	196
20. Acquisition and administrative expenses	199
21. Other expenses	201
22. Taxes	202

ADDITIONAL DISCLOSURES

23. Financial instruments and fair value measurement hierarchy	203
24. Number of employees and personnel expenses	210
25. Auditing fees and auditing services	212
26. Bodies of the Company	213
27. Participations – Details	214
28. Related parties	220
29. Obligations under leases	222
29.1 Operating leases	222
29.2 Finance leases	222
30. Significant events after the balance sheet date	222

**ADDITIONAL DISCLOSURES IN ACCORDANCE
WITH THE AUSTRIAN INSURANCE
SUPERVISION ACT (VAG)****DECLARATION BY THE MANAGING BOARD****AUDITOR'S REPORT****VIG CONSOLIDATED FINANCIAL STATEMENTS IN
ACCORDANCE WITH INTERNATIONAL FINANCIAL
REPORTING STANDARDS (IFRS) 31.12.2017**

Reporting period 1.1.2017–31.12.2017

Comparative reporting date of
the balance sheet 31.12.2016Comparative period for
the income statement 1.1.2016–31.12.2016

Currency EUR

CONSOLIDATED BALANCE SHEET

Assets	Notes	31.12.2017	31.12.2016
in EUR '000			
Intangible assets	1, A	1,970,641	2,054,500
Investments	2, B	35,932,907	34,646,256
Investments for unit-linked and index-linked life insurance	3, C	9,061,073	8,549,580
Reinsurers' share in underwriting provisions	4, D	1,066,320	985,211
Receivables	5, E	1,475,862	1,459,631
Tax receivables and advance payments out of income tax	F	239,455	236,940
Deferred tax assets	6, F	80,806	138,230
Other assets	7, G	389,160	347,819
Cash and cash equivalents		1,497,731	1,589,941
Total		51,713,955	50,008,108

Liabilities and shareholders' equity	Notes	31.12.2017	31.12.2016
in EUR '000			
Shareholder's equity	8	6,043,949	5,711,257
Subordinated liabilities	9, K	1,458,839	1,265,009
Underwriting provisions	10, H	30,168,173	29,220,071
Underwriting provisions for unit-linked and index-linked life insurance	11, I	8,612,749	8,129,884
Non-underwriting provisions	12, J	793,792	815,248
Liabilities	13, K	4,032,102	4,202,585
Tax liabilities out of income tax	F	202,050	181,300
Deferred tax liabilities	6, F	255,064	325,150
Other liabilities		147,237	157,604
Total		51,713,955	50,008,108

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 – assets" section starting on page 156. The letters refer to the explanatory text in the "Summary of significant accounting policies" section starting on page 97.

CONSOLIDATED INCOME STATEMENT

	Notes	2017	2016
in EUR '000			
Premiums			
Premiums written – gross	15	9,386,040	9,050,968
Premiums written – reinsurers' share		-800,787	-810,623
Premiums written – retention		8,585,253	8,240,345
Change in unearned premiums – gross		-82,947	-72,735
Change in unearned premiums – reinsurers' share		7,256	23,646
Net earned premiums – retention	L	8,509,562	8,191,256
Financial result excluding at equity consolidated companies	16	881,526	912,188
Income from investments		1,586,950	1,416,088
Expenses for investments and interest expenses		-705,424	-503,900
Result from shares in at equity consolidated companies	17	42,754	46,621
Other income	18	223,149	150,449
Expenses for claims and insurance benefits – retention	19, M	-6,872,588	-6,753,449
Expenses for claims and insurance benefits – gross		-7,366,621	-7,085,077
Expenses for claims and insurance benefits – reinsurers' share		494,033	331,628
Acquisition and administrative expenses	20, N	-2,040,282	-1,907,805
Acquisition expenses		-1,769,054	-1,665,277
Administrative expenses		-414,666	-381,370
Reinsurance commissions		143,438	138,842
Other expenses	21	-301,572	-232,526
Result before taxes		442,549	406,734
Taxes	22	-69,958	-85,744
Result of the period		372,591	320,990
thereof attributable to Vienna Insurance Group shareholders		297,596	287,778
thereof other non-controlling interests		7,052	4,246
thereof non-controlling interests in non-profit societies		67,943	28,966
Earnings Result per share* (in EUR)	8	2.23	2.16
Result of the period (carryforward)		372,591	320,990

*The calculation of these figures includes the proportional interest expenses for hybrid capital. (Undiluted = diluted result per share)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	2017	2016
in EUR '000		
Result of the period (carryforward)	372,591	320,990
Other comprehensive income (OCI)		
Items that will not be reclassified to profit and loss in subsequent periods	7,210	-52,323
+/- Underwriting gains and losses from provisions for employee benefits	13,022	-98,281
+/- Deferred profit participation	-3,362	29,833
+/- Deferred taxes	-2,450	16,125
Items that will be reclassified to profit or loss in subsequent periods	82,032	103,063
+/- Exchange rate changes through equity	60,172	-23,833
+/- Unrealised gains and losses from financial instruments available for sale	24,119	509,775
+/- Cash flow hedge reserve	621	4,571
+/- Share of other reserves of associated companies	3,139	-195
+/- Deferred mathematical reserve	17,698	-97,705
+/- Deferred profit participation	-19,723	-253,191
+/- Deferred taxes	-3,994	-36,359
Total OCI	89,242	50,740
Total profit	461,833	371,730
thereof attributable to Vienna Insurance Group shareholders	385,487	338,817
thereof other non-controlling interests	7,903	6,312
thereof non-controlling interests in non-profit societies	68,443	26,601

CONSOLIDATED SHAREHOLDERS' EQUITY

Development	Share capital	Capital reserves		Retained earnings	Other reserves		Subtotal*
		Other	payments hybrid capital		Currency reserve	Other	
in EUR '000							
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 excluding 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
As of 1 January 2017	132,887	2,109,003	193,619	1,929,339	-181,373	380,788	4,564,263
Changes in scope of consolidation/ownership interests	0	0	0	-4,625	0	1,167	-3,458
Other comprehensive income	0	0	0	297,596	59,757	28,134	385,487
Other comprehensive income excluding currency changes	0	0	0	0	0	28,134	28,134
Currency change	0	0	0	0	59,757	0	59,757
Result of the period	0	0	0	297,596	0	0	297,596
Dividend payment	0	0	0	-114,281	0	0	-114,281
As of 31 December 2017	132,887	2,109,003	193,619	2,108,029	-121,616	410,089	4,832,011

Development	Subtotal*	Non-controlling interests		Shareholders' equity
		Other	Non-profit societies	
in EUR '000				
As of 1 January 2016	4,302,505	111,955	0	4,414,460
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 excluding 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
As of 1 January 2017	4,564,263	114,219	1,032,775	5,711,257
Changes in scope of consolidation/ownership interests	-3,458	447	0	-3,011
Other comprehensive income	385,487	7,903	68,443	461,833
Other comprehensive income excluding currency changes	28,134	436	500	29,070
Currency change	59,757	415	0	60,172
Result of the period	297,596	7,052	67,943	372,591
Dividend payment	-114,281	-6,625	-5,224	-126,130
As of 31 December 2017	4,832,011	115,944	1,095,994	6,043,949

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

Composition of dividend payments - retention

	31.12.2017	31.12.2016
in EUR '000		
Dividends	102,400	76,800
Interest payments on the hybrid capital	15,841	15,841
Deferred taxes shown in equity	-3,960	-3,960
Total	114,281	88,681

Composition of other reserves

	31.12.2017					
	Unrealised gains and losses	Cash flow hedge reserve	Underwriting gains and losses from provisions for employee benefits	Share of other reserves of associated companies	Currency reserve	Total
in EUR '000						
Gross	2,720,471	-2,492	-286,960	607	-122,886	2,308,740
+/- Exchange rate changes from financial instruments available for sale	8,277					8,277
+/- Deferred mathematical reserve	-911,167					-911,167
+/- Deferred profit participation	-1,093,592	0	86,975	0	0	-1,006,617
+/- Deferred taxes	-163,922	0	46,705	0	0	-117,217
+/- Other non-controlling interests	-9,184	0	1,474	-9	1,270	-6,449
+/- Non-controlling interests in non-profit societies	0	2,534	10,372	0	0	12,906
Net	550,883	42	-141,434	598	-121,616	288,473

Composition of other reserves

	31.12.2016					
	Unrealised gains and losses	Cash flow hedge reserve	Underwriting gains and losses from provisions for employee benefits	Share of other reserves of associated companies	Currency reserve	Total
in EUR '000						
Gross	2,692,596	-3,113	-299,982	-2,532	-183,058	2,203,911
+/- Exchange rate changes from financial instruments available for sale	10,866					10,866
+/- Deferred mathematical reserve	-928,865					-928,865
+/- Deferred profit participation	-1,073,869	0	90,337	0	0	-983,532
+/- Deferred taxes	-159,695	-233	49,155	0	0	-110,773
+/- Other non-controlling interests	-9,077	0	1,613	181	1,685	-5,598
+/- Non-controlling interests in non-profit societies	0	3,278	10,128	0	0	13,406
Net	531,956	-68	-148,749	-2,351	-181,373	199,415

CONSOLIDATION CASH FLOW STATEMENT

	2017	2016
in EUR '000		
Result of the period	372,591	320,990
Change in net underwriting provisions net	806,992	710,921
Change in underwriting receivables and liabilities	-14,829	-85,826
Change in deposit receivables and liabilities as well as in reinsurance receivables and liabilities	-31,105	41,981
Change in other receivables and liabilities	-6,185	3,624
Change in financial instruments recognised at fair value through profit and loss (incl. held for trading)	144,389	65,041
Gain/loss from disposal of investments	-98,818	-84,717
Depreciation/appreciation of all other investments	207,821	64,081
Change in pension, severance and other personnel provisions	-36,438	98,500
Change in deferred tax asset/liability excl. tax liabilities	-15,872	-4,214
Change in other balance sheet items	-36,988	213
Change in goodwill and other intangible assets	165,715	87,033
Other cash-neutral income and expenses and adjustments to the result of the period ¹	-187,394	-84,963
Cash flow from operating activities	1,269,879	1,132,664
Cash inflow from the sale of associated companies	0	6,757
Payments for the acquisition of subsidiaries	-37,610	-107,482
Cash inflow from the sale of available for sale securities	2,975,505	3,268,788
Payments for the acquisition of available for sale securities	-4,181,627	-3,873,475
Cash inflow from disposals/repayments of held to maturity securities	224,339	186,173
Payments for the addition of held to maturity securities	-154,812	-191,713
Cash inflow from the sale of land and buildings	68,693	30,527
Payments for the acquisition of land and buildings	-278,323	-303,069
Cash inflow for the sale of intangible assets	4,313	2,071
Payments for the acquisition of intangible assets	-61,746	-41,390
Change in unit-linked and index-linked life insurance items	-713	-111,971
Change in other investments	113,124	441,778
Cash flow from investing activities	-1,328,857	-693,006
Cash inflow from subordinated liabilities	450,000	0
Cash outflow from subordinated liabilities	-257,355	-9,300
Dividend payments	-130,090	-99,357
Cash inflow from other financing activities	172,358	19,302
Cash outflow from other financing activities	-272,786	-20,713
Cash flow from financing activities	-37,873	-110,068
Change in cash and cash equivalents	-96,851	329,590
Cash and cash equivalents at beginning of period²	1,589,941	1,101,212
Change in cash and cash equivalents	-96,851	329,590
Additions/disposals from change in consolidation method	0	162,570
Effects of foreign currency exchange differences on cash and cash equivalents	4,641	-3,431
Cash and cash equivalents at end of period²	1,497,731	1,589,941
thereof non-profit societies	118,731	148,770

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

² The amount of cash and cash equivalents at the beginning and the end of period correlates with position cash and cash equivalents on the asset side and consists of cash on hand and overnight deposits.

Additional information on the statement of cash flows

in EUR '000

	2017	2016
Received interest ¹	751,197	760,824
Received dividends ¹	145,965	147,601
Interest paid ²	94,610	76,886
Income taxes paid ¹	49,590	45,725
Expected cash flow from reclassified securities	16,323	21,852
Effective interest rate of reclassified securities	4.24%	3.37%

¹ Income tax payments, received dividends and received interest are included in the cash flow from operating activities.

² Interest paid result primarily from financing activities.

Reconciliation of liabilities from financing activities

31.12.2017

	Subordinated liabilities (including interests)	Liabilities to financial institutions	Liabilities from public funding	Financing liabilities ¹	Derivative financial instruments ²
in EUR '000					
Book value as of 31.12. of the previous year	1,265,009	1,304,900	91,049	1,528,828	38
Cash changes	131,660	-113,179	4,274	-23,327	55
Cash inflows	450,000	106,595	7,742	57,808	213
Payments	-257,355	-205,190	-3,418	-64,020	-158
Interest paid	-60,985	-14,584	-50	-17,115	0
Non-cash changes	94,330	9,310	4,695	-25,084	1,073
Additions	59,852	12,352	5,210	17,579	0
Disposals	0	-11	-522	-10,436	0
Change in the scope of consolidation	0	0	0	-14	0
Reclassifications	33,326	341	0	-33,326	0
Measurement changes	0	-3,373	0	1,120	144
Exchange rate differences	1,152	1	7	-7	929
Book value as of 31.12.	1,490,999	1,201,031	100,018	1,480,417	1,166

¹ Contains lease liabilities, derivative liabilities from financing liabilities and other financing liabilities

² Only for derivatives from financing activities