

RAPORTI VJETOR

2017



THE LEADING
INSURANCE
SPECIALIST
IN AUSTRIA
AND CEE.

VIG
VIENNA INSURANCE GROUP



AUSTRIA WIENER STÄDTISCHE VIENNA INSURANCE GROUP onau VIENNA INSURANCE GROUP 5-VERSICHERUNG VIENNA INSURANCE GROUP	SLOVAKIA Kooperativa VIENNA INSURANCE GROUP KOMUNÁLNA POISTOVŇA VIENNA INSURANCE GROUP POISTOVŇA SLOVENSKÝCH SPRÁVITEĽOV VIENNA INSURANCE GROUP	BULGARIA BULSTRAD VIENNA INSURANCE GROUP <i>Life</i> BULSTRAD VIENNA INSURANCE GROUP	UKRAINE КНЯЖА VIENNA INSURANCE GROUP КНЯЖА VIENNA INSURANCE GROUP ГЛОБУС VIENNA INSURANCE GROUP УКРАЇНСЬКА СТРАХОВА ГРУПА VIENNA INSURANCE GROUP	MOLDOVA DONARIS VIENNA INSURANCE GROUP	MACEDONIA ОСГУРАВАЊЕ МАКЕДОНИЈА VIENNA INSURANCE GROUP WINNER VIENNA INSURANCE GROUP <i>Life</i> WINNER VIENNA INSURANCE GROUP
ITALY BRANCH WIENER STÄDTISCHE VIENNA INSURANCE GROUP onau VIENNA INSURANCE GROUP	POLAND COMPENSA VIENNA INSURANCE GROUP InterRisk VIENNA INSURANCE GROUP POUSA-ŻYCIE VIENNA INSURANCE GROUP	CROATIA WIENER OSIGURANJE VIENNA INSURANCE GROUP ERSTE OSIGURANJE VIENNA INSURANCE GROUP	ESTONIA COMPENSA VIENNA INSURANCE GROUP ETA	GEORGIA GPIA VIENNA INSURANCE GROUP IRROD VIENNA INSURANCE GROUP	MONTENEGRO <i>Život</i> WIENER STÄDTISCHE VIENNA INSURANCE GROUP
SLOVENIA BRANCH WIENER STÄDTISCHE VIENNA INSURANCE GROUP	ROMANIA OMNIASIG VIENNA INSURANCE GROUP ASIROM VIENNA INSURANCE GROUP DE VIATA BCR ASIGURARI VIENNA INSURANCE GROUP	HUNGARY UNION BIZTOSÍTÓ VIENNA INSURANCE GROUP ERSTE BIZTOSÍTÓ VIENNA INSURANCE GROUP viennalife VIENNA INSURANCE GROUP	ARMENIA COMPENSA VIENNA INSURANCE GROUP InterRisk VIENNA INSURANCE GROUP ETA	TURKEY RAYSIGORTA VIENNA INSURANCE GROUP	BOSNIA HERZEGOVINA WIENER OSIGURANJE VIENNA INSURANCE GROUP
CZECH REPUBLIC Kooperativa VIENNA INSURANCE GROUP ČPP VIENNA INSURANCE GROUP POJIŠTOVNA ČESKÉ SPRÁVITELSTVÍ VIENNA INSURANCE GROUP VIG Re	GERMANY InterRisk VIENNA INSURANCE GROUP	SERBIA WIENER STÄDTISCHE VIENNA INSURANCE GROUP	LATVIA COMPENSA VIENNA INSURANCE GROUP InterRisk VIENNA INSURANCE GROUP ETA	ALBANIA Shkurtë International VIENNA INSURANCE GROUP INTERSIG VIENNA INSURANCE GROUP	GERMANY InterRisk VIENNA INSURANCE GROUP
	LICHTENSTEIN VIENNA-LIFE VIENNA INSURANCE GROUP		LITHUANIA COMPENSA VIENNA INSURANCE GROUP InterRisk VIENNA INSURANCE GROUP ETA		

History of VIG

Vienna Insurance Group is proud of its approximately 190 years of history and tradition. The Company has grown from a local insurance company into one of the largest international insurance groups in Central and Eastern Europe (CEE).

1824-1938

1939-1955

1956-1989

1990-2007

2008- Today

1824-1938

- The roots of the insurance group date back to 1824, when the oldest of the three insurance groups that today form the Wiener Städtische Austria, and out of which Vienna Insurance Group emerged, was founded.
- In 1898, the **third forerunner** of Vienna Insurance Group was born
- 1938 saw the merger of “Gemeinde Wien – Städtische Versicherungsanstalt” and “Wechselseitige Brandschaden und Janus allgemeine Versicherungs-Anstalt auf Gegenseitigkeit.” And with that, the three predecessors of Vienna Insurance Group were united for the first time.

1939-1955

- The collapse of the Austrian economy in the wake of World War II left Wiener Städtische on the verge of ruin.
- In 1947, the Company renamed itself “Wiener Städtische Wechselseitige Versicherungsanstalt”.
- Austria’s first tall office building – the Ringturm

1956-1989

- In 1958 – which is as far back as the statistics of the Austrian Insurance Association go – overall insurance premiums in Austria amounted to the equivalent of 202 million present day Euros.
- In 1965, Wiener Städtische introduced the first comprehensive household and homeowner’s insurance product.
- Initial steps toward expansion - In 1964, Wiener Städtische concluded a cooperative agreement with the life insurance company Jupiter, and in 1966 it acquired 40% of the shares in the insurer “Österreichische Volksfürsorge AG”.

1990-2007

- Expansion into Central and Eastern Europe - Wiener Städtische participated in the founding of the Czechoslovakian cooperative insurance company Kooperativa in Bratislava one year after the fall of the Iron Curtain.
- Introduction of the umbrella brand “Vienna Insurance Group” in 2006 - in early 2006, the Company introduced the umbrella brand “Vienna Insurance Group”. The Vienna Insurance Group is a big family, in which each Group company bears its own brand as a given name and the Group brand Vienna Insurance Group as a family name.

2008- Today

- Cooperation with Erste Group and acquisition of insurance business
- A successful capital increase despite the economic crisis
- Group reinsurance VIG Re
- VIG gained access to the last blank areas on the map of CEE



History of Intersig VIG



2001

Intersig was established in 2001 by a group of local shareholders who obtained licence for non-life insurance in the Republic of Albania.

2001-2011

Intersig developed and had a sustainable growth in market share. Vienna Insurance Group acquired the majority shares of Intersig sh.a., following an agreement signed on 24 August 2011 in Tirana.

2011 – Today

Actually, VIG owns 90% of Intersig VIG shares. Intersig has a new logo and being part of VIG influenced in improving the products and services offered by Intersig. Intersig VIG reformed many process. It invested in enhancing staff quality and digitalization of many processes. New products such as Health Insurance, Easy Casco, became part of Intersig VIG's insurance portfolio



Intersig VIIG mission statement

- Vision:

Our vision is to be the most trusted and preferred insurance company in the market.

- Mission:

We are dedicated to being a leader company in Albania through our competitive products and quality service.

We care for people in particular. We are committed to fairness, partnership, mutual respect, transparency and sustainable relationships.

This is our ambition to create a more attractive business and a favorable working environment to ensure our success.

We create solid values.

We are oriented towards sustainable and profit-making growth aimed at further increasing our financial power.

We care to be close to our customers based on best practices in various business lines. These programmes and practices ensure us the highest customer-care service and innovative services at optimal costs.

We are aware of our corporate social responsibility, and that is why we are engaged in social programmes and projects dedicated to those less fortunate and to children, who will be our future.

Our promise : **Make Life Easy!**

VIIG promise : **Protecting What Matters!**



VIG mission statement

OUR VISION

We want to be the first choice for our customers. Our stakeholders see us as a stable and reliable partner. This enables us to consolidate our position as the leading insurance group in Austria, Central and Eastern Europe.

OUR VALUES

Diversity
Customer proximity
Responsibility

OUR MISSION

We stand for stability and competence in the field of risk protection. We use our experience, know-how and diversity to move closer to our customers. We see it as our responsibility to protect the values that matter to our customers.

OUR PROMISE

We enable customers to live a safer and better life:
Protecting what matters.



CORPORATE STRATEGY

SUSTAINABILITY STRATEGY

EMPLOYER BRANDING

CORPORATE BEHAVIOUR

THE KEY TO SUCCESS

- The management is motivated and ambitious to develop the company and to gain a significant share of the insurance market in Albania.
- Our staff is qualified and experienced with the necessary knowledge and skills for cross selling some insurance products tailored for the domestic market.
- Special attention is attributed to our customers and partners, based on the Company's Professional Standards.
- We provide immediate liquidation to insurance claims and relentless attitude to insurance fraud.

Structure of the shareholders

Vienna Insurance Group → 89,98%

Gentian Sula → 10,02%

Structure of the Supervisory Board and the Structure of the Board of Directors

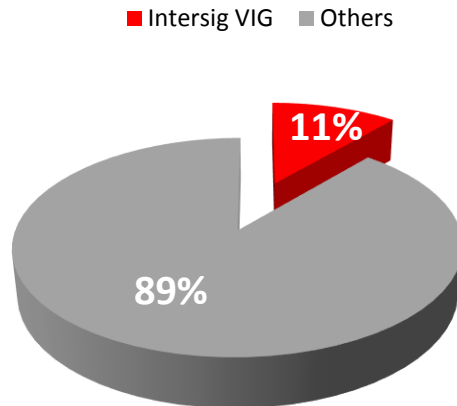
<i>Supervisory Board</i>	<i>Position</i>	<i>Management Board</i>	<i>Position</i>
Mr. Peter Hoefinger	Chairman	Mr. Gentian Sulaj	General Director
Mr. Christoph Rath	Deputy Chairman	Mrs. Fitnete Sulaj	Board member
Ms. Michael Hack	Member	Mr. Fatmir Berdica	Board Member

Intersig in Albania

- INTERSIG headquarter is located in Tirana and is represented in all 13 regions of the country.
- The company operates through a wide spread list of branches, agencies and sales points.
- By the end of 2017, the Company employed a total of staff and sales personnel.

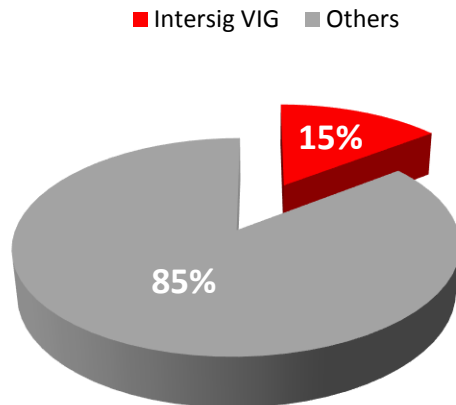


Market Share GWP 2017



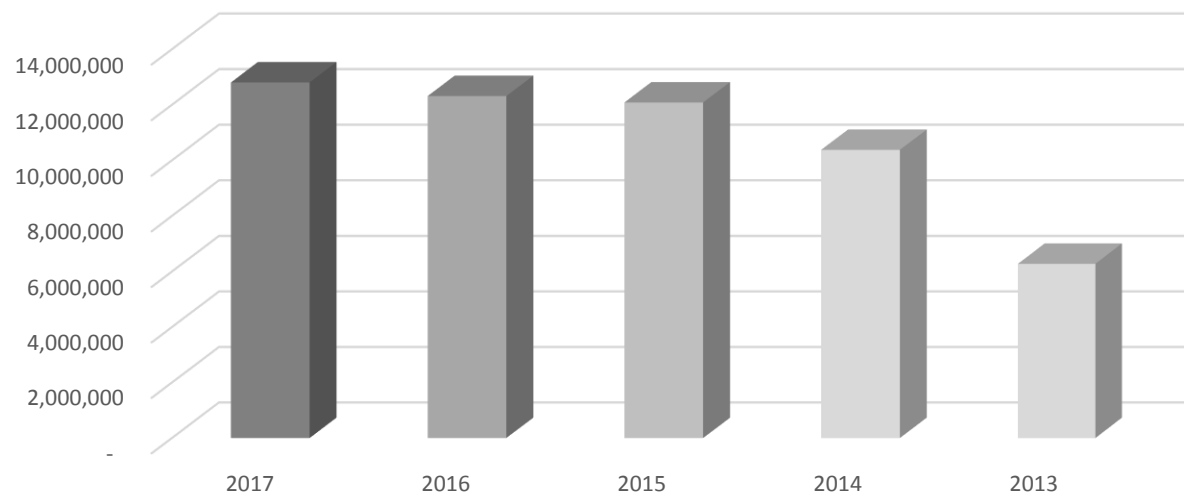
Intersig VIG holds 11% of the Market Share for GWP in year 2017 with a total in the amount of approx. 12,8 Mil Euro

Claims Paid



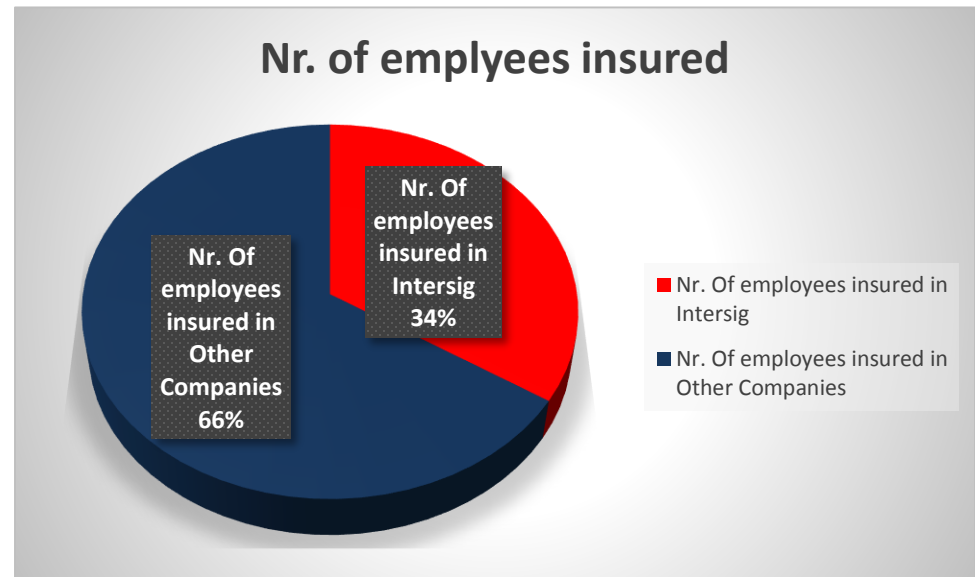
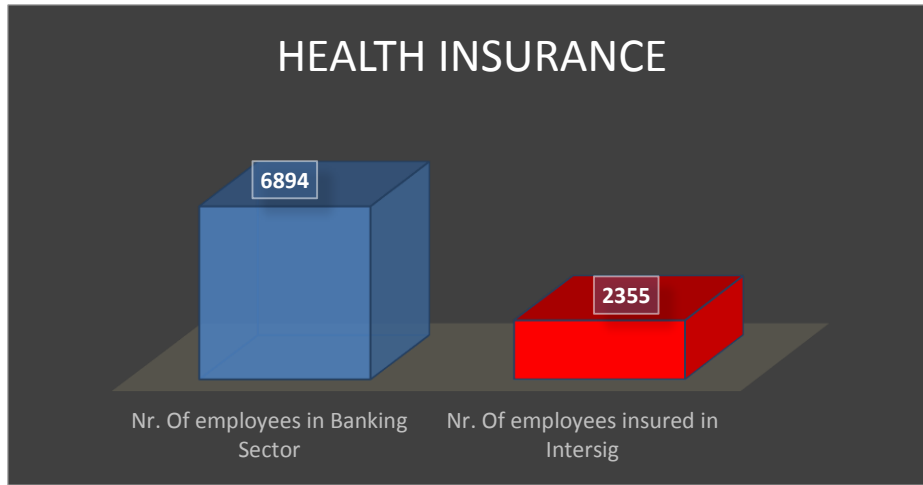
Intersig VIG holds 15% of the Market Share for Claims Paid in year 2017 with a total amount of approx. 5 Mil Euro

INTERSIG VIG - GWP (EURO)



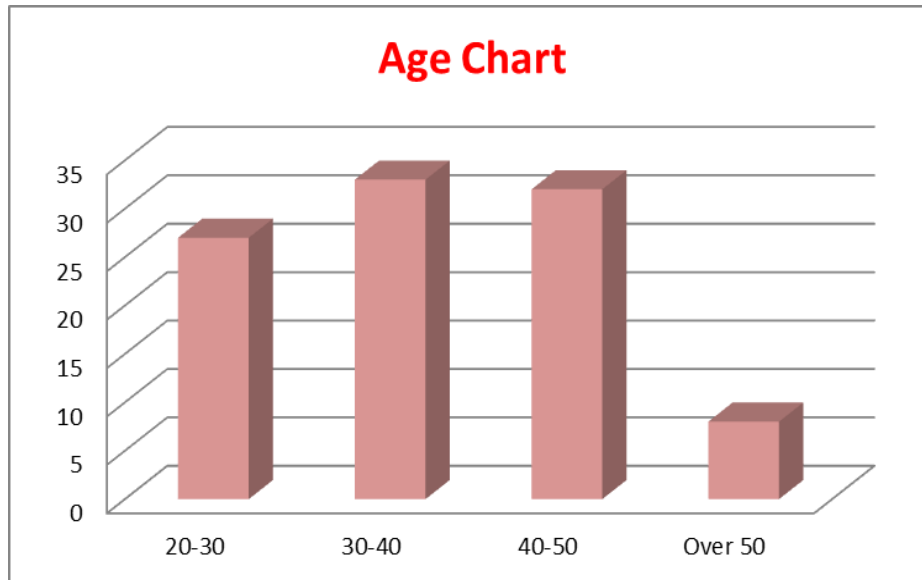
	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
INTERSIG VIG	12,804,671	12,314,965	12,082,836	10,377,792	6,278,064

Health Insurance



New staff

- Combination of young staff with experienced managers, with higher focus on the young staff.
- A continuous training process
- Balanced and equal career opportunities
- Highly motivated



Social Responsibility

Our goal is to be more present and to help those who are less fortunate. We planned to be involved in the community in order to better serve the most disadvantaged members of society.

Activities:

In this context, we collaborated with a non-profit organization “Jonathan Center”, which treats children with Down syndrome to organize a therapeutic day for children who are treated at the center. Our goal was to help and support in organizing all activities that took place that day. The staff of Intersig voluntarily helped with passion and enthusiasm in organizing the therapeutic day for the children of this center.

Down Syndrome foundation provides therapeutic services to 37 children with Down syndrome. The service centre was established with the support of the businesses, including Intersig VIG.

DSA not only provides therapeutic services, but it also an organisation that lobbies and advocates strongly for persons with SD. They have also strive to identify and support talented SD kids. Gersi Troka is an 18-year old boy with SD who attends the vocational non-public school in IT major, and he is the only professional swimmer with SD in Albania. DSA made it possible for Gersi to participate in international swimming competitions for two years now. This year, he enrolled to participate in the international SD races in Canada . Gersi will be accompanied by his mother and some DSA staff in these races. For his participation, this time DSA found the support of the Ministry of Education and Sports, and also INTERSIG VIG to cover his expenses.



Social Responsibility

INTERSI VIG supporting the initiative of charity “TI JE NJE LULEDIELLI” – “You are a sunflower” directed by Albana Osmani



We support ART & SPORT

1. Intersig VIG supports RITA ORA in coming to Albania
2. Intersig VIG supports Kristian Prenga – Boxing European Champion



The 9th edition of “Work and Study 2018” Fair

Intersig VIG consecutively took part in the last three years at “Work and Study”Fair. This Fair is seen a huge opportunity from the Albanian Government to employ the right professionals to the right businesses/companies in Albania.

Organized by:The Municipality of Tirana, the Ministry of Education and Sports in strong collaboration with the Albanian Chamber of Commerce.

Purpose of Fair organization:Launched to bring a new era, with the aim to fulfill the labor demand with the Labor market Offer. Seen as a necessity from the government during these 10 year to find the right human resources for the business needs.



Trainings

FIT FOR FUTURE with Arlinda Causholli – moments



Intersig VIG Branches Training - moments



Hannover Re Training - moments



Independent Auditor's Report



Independent Auditor's Report

To the Shareholders of Intersig Vienna Insurance Group sh.a.

Our opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Intersig Vienna Insurance Group sh.a. (the "Company") as at 31 December 2017, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

What we have audited

The Company's financial statements comprise:

- the statement of financial position as at 31 December 2017;
- the statement of profit or loss and other comprehensive income for the year then ended;
- the statement of changes in equity for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants ("IESBA Code"). We have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

Other information

Management is responsible for the other information. The other information comprises supplementary schedules that include the "Solvency Margin" and "Coverage of Assets to Technical Provisions".

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

PricewaterhouseCoopers Audit sh.p.k.
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Registered with the National Registration Centre on 11 July 2008 and with Tax Identification Number HU191919333A



Independent Auditor's Report (continued)

Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.



Independent Auditor's Report (continued)

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

PricewaterhouseCoopers Audit sh.p.k.

PricewaterhouseCoopers Audit sh.p.k.
20 April 2018
Tirana, Albania



Statutory Auditor
Jonida Tasllari

Financial Statements


Intersig Vienna Insurance Group sh.a Statement of financial position (all amounts are expressed in thousand Lek, unless otherwise stated)

	Note	31 December 2017	31 December 2016
ASSETS			
Equipment and intangible assets	10	50,574	43,621
Investment property	11	198,995	209,468
Investments in affiliates	12	9,316	7,974
Reinsurance assets	13	723,373	732,673
Securities at amortised cost	14	706,284	581,951
Term deposits with banks	15	777,638	802,261
Deferred acquisition costs	17	197,895	172,427
Insurance and other receivables	18	112,978	76,609
Other assets	16	67,986	78,963
Cash and cash equivalents	19	85,935	77,465
TOTAL ASSETS		2,930,974	2,783,412
EQUITY			
Share capital	20	417,471	1,228,000
Insurance risk reserves	20	41,747	53,265
Retained earnings/(accumulated deficit)		66,948	(822,047)
TOTAL EQUITY		526,166	459,218
LIABILITIES			
Subordinated loan	21	66,562	135,407
Insurance contract liabilities	22	805,235	888,344
Unearned premium reserve	23	805,829	734,773
Reinsurance deposit	24	551,970	475,597
Tax and similar liabilities	25	31,216	26,290
Corporate income tax liability		8,944	569
Insurance and other payables	26	135,052	63,214
TOTAL LIABILITIES		2,404,808	2,324,194
TOTAL EQUITY AND LIABILITIES		2,930,974	2,783,412

These financial statements have been approved by the Supervisory Board of the Company on 5 April 2018 and signed on their behalf by:


Gentian Sula
General Director


NIPIT: K122010027


Ilir Elmazi
Finance Director

Intersig Vienna Insurance Group sh.a Statement of profit or loss and other comprehensive income (all amounts are expressed in thousand Lek, unless otherwise stated)

	Note	2017	2016
Gross written premiums	27	1,666,590	1,601,206
Written premium ceded to reinsurers	28	(846,034)	(686,064)
Change in gross unearned premium reserve	23	(71,056)	(27,155)
Change in reinsurers' share of unearned premium reserve	23	88,030	(47,489)
Net premium earned		837,530	840,498
Other income	29	6,744	22,897
Net income		844,274	863,395
Change in gross insurance claims reserves	22	83,110	(44,938)
Change in reinsurance share of claims reserves	22	(97,331)	31,666
Claims paid gross	22	(760,851)	(544,408)
Reinsurer's share of claims paid	22	347,382	189,526
Net insurance claims		(427,490)	(367,954)
Acquisition costs	30	(461,355)	(396,945)
Administrative expenses	31	(259,909)	(268,382)
Reinsurance commission	32	405,006	385,848
Allowance for impairment of insurance receivables	18	(8,816)	(1,104)
Other insurance expenses	33	(25,640)	(167,111)
Operating profit		66,170	47,747
Investment income	34	46,213	41,716
Financial costs		(17,375)	(20,071)
Foreign exchange losses, net	35	(11,045)	(13,923)
Net financial income		17,793	7,722
Profit before tax		83,963	55,469
Income tax expense	36	(17,015)	(12,713)
Profit for the year		66,948	42,756
Other comprehensive income for the year, net of tax		-	-
Total comprehensive profit for the year		66,948	42,756

The notes on pages 6 to 42 are an integral part of these financial statements.

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Financial Statements

Intersig Vienna Insurance Group sh.a Statement of changes in equity

(all amounts are expressed in thousand Lek, unless otherwise stated)

	Share capital	Reserves	(Accumulated deficit) / retained earnings	Total
Balance at 1 January 2016	1,228,000	53,265	(864,803)	416,462
Profit for the year	-	-	42,756	42,756
Other comprehensive income, net of tax	-	-	-	-
Total comprehensive income	-	-	42,756	42,756
Balance at 31 December 2016	1,228,000	53,265	(822,047)	459,218
Profit for the year	-	-	66,948	66,948
Other comprehensive income, net of tax	-	-	-	-
Total comprehensive income	-	-	66,948	66,948
Transfer of share capital and reserves to accumulated deficit	(810,529)	(11,518)	822,047	-
Balance at 31 December 2017	417,471	41,747	66,948	526,166

The notes on pages 6 to 42 are an integral part of these financial statements.

Intersig Vienna Insurance Group sh.a Statement of cash flows

(all amounts are expressed in thousand Lek, unless otherwise stated)

	Note	2017	2016
Profit before income tax		83,963	55,469
Cash flows from operating activities			
Adjustments for:			
Depreciation and amortisation	10,31	23,191	21,646
Loss on disposals of equipment and intangible assets		349	952
Impairment loss in insurance receivable	18	8,816	1,104
Increase in equity investments	12	(1,342)	-
Accrued interest income		(1,994)	(3,701)
Accrued interest expense		-	(1,673)
Operating cash flows before changes in operating assets and liabilities		112,983	73,597
Change in reinsurance asset		9,300	21,483
Change in deferred acquisition cost		(25,488)	(36,721)
Change in insurance and other receivables		(45,185)	(29,291)
Change in other assets		10,977	(39,756)
Change in insurance contract liabilities		(83,109)	44,938
Change in unearned premium reserve		71,056	27,155
Change in reinsurance deposit		78,373	46,562
Change in insurance and other payable		71,838	(26,024)
Change in tax and similar liabilities		4,926	12,644
Cash generated from operations		203,691	94,487
Income tax paid		(8,640)	-
Net cash from operating activities		195,051	94,487
Cash flows from investing activities			
Purchases of equipment and intangible assets	10	(20,020)	(10,990)
Security investments		(121,834)	(101,361)
Change in term deposits		24,118	44,290
Net cash used in investing activities		(117,736)	(68,071)
Cash flows from financing activities			
Repayment of subordinated loan	21	(68,845)	-
Net cash used in financing activities		(68,845)	-
Net increase in cash and cash equivalents		8,470	26,416
Cash and cash equivalents at beginning of year		77,465	51,049
Cash and cash equivalents at end of year	19	85,935	77,465

The notes on pages 6 to 42 are an integral part of these financial statements.