VIG
VIENNA INSURANCE GROUP

Group Annual Report 2021

insuring more, responsibly

Key figures at a glance

Country	Premium volume	Result before taxes	Combined ratio	Employees
	in EUR '000	in EUR '000	in %	Number
Austria	4,048,443	234,655	92.8	4,935
Czech Republic	1,864,939	186,897	90.1	4,974
Poland	1,279,791	69,857	93.2	2,555
Extended CEE[1]	2,886,733	188,581	92.3	11,090
Special Markets[2]	531,686	37,854	94.4	1,259
Group Functions[3]	1,965,017	-210,830	–	871

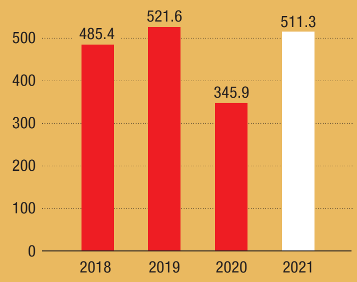
[1] Extended CEE: Albania incl. Kosovo, Baltic states, Bosnia-Herzegovina, Bulgaria, Croatia, Hungary, Moldova, North Macedonia, Romania, Serbia, Slovakia, Ukraine

[2] Special Markets: Germany, Georgia, Liechtenstein, Turkey

[3] Group Functions: VIG Holding, VIG Re, Wiener Re, VIG Fund, corporate IT service providers and intermediate holding companies

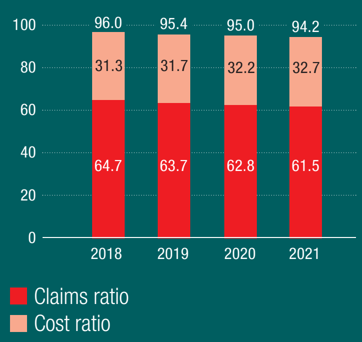
Profit before taxes

in EUR millions



Combined ratio

In per cent



		2021	2020	2019	2018
Income statement					
Premiums written – gross	EUR million	11,002.6	10,428.5	10,399.4	9,657.3
Net earned premiums – retention	EUR million	9,705.6	9,336.6	9,317.9	8,729.4
Financial result incl. result from shares in at equity consolidated companies	EUR million	631.9	596.3	1,010.8	1,037.5
Expenses for claims and insurance benefits – retention	EUR million	-7,136.6	-7,030.6	-7,262.7	-6,947.0
Acquisition and administrative expenses	EUR million	-2,536.8	-2,328.5	-2,293.2	-2,140.7
Result before taxes	EUR million	511.3	345.9	521.6	485.4
Net result of the period after taxes and non-controlling interests	EUR million	375.7	231.5	331.3	268.9
Combined ratio	%	94.2	95.0	95.4	96.0
Claims ratio	%	61.5	62.8	63.7	64.7
Cost ratio	%	32.7	32.2	31.7	31.3
Balance sheet					
Investments[1]	EUR million	37,266.1	36,646.3	35,899.1	37,635.6
Shareholders' equity (including non-controlling interests)	EUR million	5,597.9	5,285.8	5,190.7	5,835.7
Underwriting provisions	EUR million	32,546.2	32,230.1	31,886.1	30,505.9
Total assets	EUR million	52,178.2	50,428.1	50,344.9	51,163.5
Operating return on equity (operating RoE)[2]	%	10.9	11.1	11.4	8.2
Shares					
Number of shares	Piece	128,000,000	128,000,000	128,000,000	128,000,000
Market capitalisation	EUR million	3,187.2	2,662.4	3,251.2	2,595.8
Average number of shares traded per day	Piece	~51,000	~74,000	~65,000	~86,000
Book value per share[3]	EUR	36.09	33.36	33.67	32.64
End-of-period price	EUR	24.900	20.800	25.400	20.280
High	EUR	27.050	26.350	25.850	28.740
Low	EUR	20.800	13.900	20.000	19.900
Share performance for the year (excluding dividends)	%	19.71	-18.11	25.25	-21.29
Dividend per share	EUR	1.25[4]	0.75	1.15	1.00
Dividend yield	%	5.02	3.61	4.53	4.93
Earnings per share[5]	EUR	2.94	1.81	2.59	2.04
Price-earnings ratio as of 31 December		8.47	11.49	9.81	9.94
Employees					
Number of employees (average for the year)		25,684	25,680	25,736	25,947

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

[1] Including cash and cash equivalents

[2] Operating return on equity (operating RoE) measures the profitability of the Group by expressing the business operating result as a ratio of the capital employed.

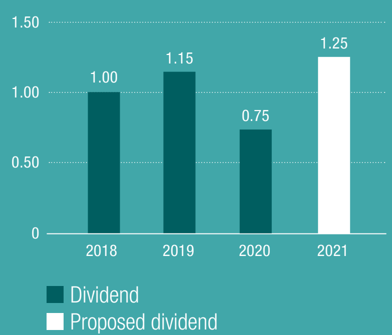
[3] The value is calculated using shareholders' equity before non-controlling interests, less the revaluation reserve and less hybrid bonds.

[4] Proposed dividend

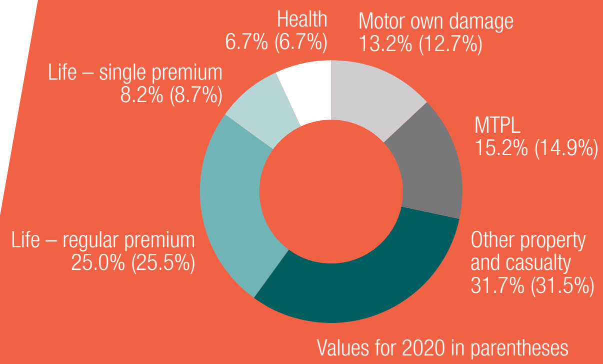
[5] The calculation of this figure includes the proportional interest expenses for hybrid capital in 2018. The undiluted earnings per share equals the diluted earnings per share (in EUR).

Dividend per share

in EUR



Premiums by line of business



More information on VIG shares and the contact information for the Investor Relations department is available in the online report at www.annual-report.vig/2021

More value: the VIG Group

VIG Insurance Group is a reliable partner that creates more value for its stakeholders: customers, employees and investors.

4 good reasons to invest in the VIG Group:

1 Broad portfolio with growth potential

- Leading insurance group in Central and Eastern Europe
- Insurance solutions in all lines of business for 22 million customers
- Active in 30 countries with 30 years of M&A experience in the CEE region

2 Financial stability and profitability

- A+ rating with stable outlook from Standard & Poor's
- Solvency ratio of 250%
- Dividend paid each year since 1994

3 Proven management principles ensure customer proximity

- Local entrepreneurship for quick, flexible action in the market
- Multi-channel distribution to take advantage of all sales opportunities
- Multi-brand policy for broad target group appeal

4 Commitment to sustainability

- Sustainability strategy with five priorities since 2017
- Consideration of environmental and social criteria for investments and underwriting
- Diversity strategy promotes inclusion and equal opportunity

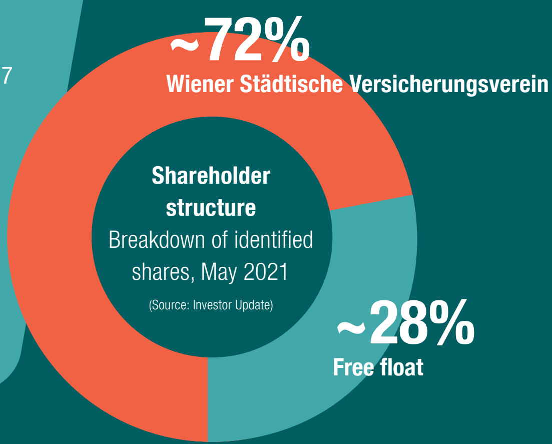
More information is available in the current Sustainability Report 2021 and at www.vig.com/corporate-responsibility

EUR 2.94
Earnings per share
Top result in spite of the pandemic

Dividend of EUR 1.25 per share
A dividend of EUR 1.25 per share will be proposed at the Annual General Meeting under the dividend policy which foresees a distribution of 30% to 50% of Group net profits to shareholders.

Solvency ratio of 250%
VIG Insurance Group therefore continues to have excellent capital resources.

EUR 436.4 million
in green bonds
VIG Insurance Group takes social and environmental criteria into account in its investment strategy.



Insuring more, responsibly

**Dear Shareholders,
Ladies and Gentlemen!**

"We want to be a reliable partner for our stakeholders." Sometimes this is easier said than done. I am therefore all the more pleased that we were able to demonstrate our reliability once again in 2021. With a more in premiums, profits and engagement and with the presentation of our new strategic programme for the period until 2025, we are reinforcing this objective.

We increased our premium volume by 5.5% in financial year 2021, thereby exceeding the EUR 11 billion threshold for the first time, while also earning a solid pre-tax result of EUR 511.3 million. Our well-known strengths – diversity, long-term thinking, flexibility and continuous improvement of the existing model – make us resilient and made this more in success possible. They helped us manage the effects of the ongoing pandemic. However, all of this is once again being put to the test by the current state of war in Ukraine. We have become even more closely united as a Group in the past two years and have proven our reliability under difficult conditions. This is all the more important in extreme situations such as those that currently exist in Ukraine. What matters at the moment is taking care of the people there, including our employees and customers. In addition to the human suffering, the conflict and sanctions can be expected to have far-reaching economic effects that are yet difficult to assess. We will also overcome this challenge together. Broad diversification across markets and lines of business and local entrepreneurship promote stability and allow us to provide mutual support. Our decentralised structure allows our companies to react quickly with solutions that are custom-tailored to market needs – even in extreme situations.

Improved combined ratio, higher dividend

In spite of the major natural disasters that occurred in 2021, due to our comprehensive reinsurance programme, which limited the net impact on our results to around EUR 90 million, our combined ratio improved to 94.2%. This success was due in part to sustainable efficiency improvements in our business operations. The pandemic also had a positive effect. The reduction in road traffic led to a favourable claims development in the motor line of business in 2021. >

Key figures 2021

EUR 511.3 million
Result before taxes (+47.8%)
Strong result approaching the pre-crisis level of 2019.

EUR 11.0 billion
Group premiums (+5.5%)
EUR 11 billion threshold exceeded for the first time.

94.2%
Combined ratio
Combined ratio improved to a very good level in spite of weather-related claims.

>

Given the good business development, we are aiming for a clearly higher dividend than in the previous year. Specifically, we will propose a dividend of EUR 1.25 at the Annual General Meeting. This shows that the VIG Group is a reliable partner for its shareholders. It has paid a dividend every year without exception since 1994, even during the financial crisis 2007 and 2008, and recently during the COVID-19 pandemic.

Strategy update
After completing Agenda 2020, we introduced our new VIG 25 strategic programme that sets our course until 2025. VIG 25 was developed in a Group-wide process in close cooperation with the CEOs of all our insurance companies. Together we systematically analysed the current trends in the insurance industry. To meet market requirements and ensure further dynamic growth of the Group, targeted initiatives were established for the three focus areas of more efficiency, more customer proximity and more value added (detailed information on pages 12 and 13 or in our online report). We continue to focus on process optimisation and the digital transformation and are adding new areas of focus by expanding our business model beyond the insurance business. We already see great potential in the pension provision and asset management areas, especially in the CEE region. We are increasingly relying on the use of hybrid approaches and a combination of personal and digital contact for customer support. We want to increase our presence on digital platforms or even develop ecosystems ourselves where we can offer a wide range of services in certain areas, such as healthcare, housing and cars. This will increase our visibility and relevance to customers.

New structures
When new ideas are put in place, structural changes are also needed to adapt to the new requirements. We decided

Ukraine

VIG Family Fund
The VIG Group is represented by three insurance companies in the Ukrainian market. Right after the war started, support activities got coordinated with employees from the Ukrainian companies. VIG management also proactively set up a VIG Family Fund in which all Group companies and employees can participate. As a basis, it was endowed with EUR 5 million, around 1% of the pre-tax profit in 2021. The goal of the fund is to support directly affected families of Ukrainian Group companies, especially in the rebuilding process.

on three major structural changes during our strategic considerations of VIG 25. First, we reorganised our region. The focus remains on Central and Eastern Europe (CEE), where we include Austria as one of these 20 countries. Second, our future reporting will focus on six reportable segments, namely Austria, Czech Republic, Poland, Extended CEE, Special Markets and Group Functions, instead of the previous twelve. This streamlining improves the clarity of the information presented. Third, we have reassigned the areas of responsibility and country responsibilities at the Managing Board level and established additional positions. In addition to the CEO (Chief Executive Officer) and CFRO (Chief Financial and Risk Officer), the CIO (Chief Innovation Officer), COO (Chief Operations Officer) and CTO (Chief Technical Officer) coordinate their corresponding areas.

Growth in the CEE region and the Aegon acquisition
VIG 25 and related initiatives will assist us in achieving our newly formulated Group objectives. In addition to creating sustainable value, we also aim to further expand our leading market position in the CEE region. The medium-term objective is to be at least one of the top three insurance groups in each CEE country by 2025, with the exception of Slovenia. The planned acquisition of the CEE business of the Dutch company Aegon N.V., which was not yet finalised by the editorial deadline, is a major step in this direction. We signed a purchase agreement at the end of 2020 for the acquisition of companies in Hungary, Poland, Romania and Turkey. In addition to becoming market leader in Hungary, VIG will enter the life insurance market in Turkey with this acquisition. The asset management and pension fund business will also be significantly strengthened. The acquisition process has come to a halt for the time being, as the Hungarian Ministry of the Interior refused to provide the required approval. After intensive talks, we were able to negotiate a positive solution. In February 2022, we signed a cooperation agreement with the Hungarian state-owned holding company Corvinus. Our Group company Union Biztosító and, subject to the closing of the Aegon transaction, the Hungarian Aegon companies will be merged in several stages into a specially established Hungarian VIG holding company. Corvinus will hold a 45% interest and the VIG Group will assume operational management with a controlling majority interest of 55%. With the agreed cooperation we avoid lengthy, cost-intensive legal proceedings, achieve clarity and can make a positive contribution to the Hungarian insurance industry.

Sustainability objectives included in the strategy for the first time
The VIG Group published its sustainability strategy for the first time in 2017. We took another major step in 2021 by including sustainability or “ESG” objectives – i.e. efforts in the “Environmental, Social and Governance” areas – in our Group objectives. These include, among other things, offices largely climate-neutral by 2030, social involvement in local communities, promoting employee train-

“We aim to further expand our leading market position in the CEE region and be at least one of the top three insurance groups in each CEE market by 2025, with the exception of Slovenia.”

More information is available in the video for the online report at **www.annual-report.vig/2021**

ing and education and offering a wide range of products with social and environmental added value. In the investments area, increasing sustainable investments is very important to us. The VIG Group invests substantially in renewable energies. Our portfolio of green bonds has been growing over the past years to EUR 436.4 million by the end of 2021. In addition to investments in green projects, the investment criteria (sustainability bond framework) of the EUR 500 million sustainable bond we issued in 2021 also explicitly allow investments in social projects, which once again underscores our overall integrated view on sustainability.

Despite the war in Ukraine, in one of our VIG markets, which deeply concerns us, we will continue to manage the operational insurance business well as before. We aim to continue growing profitably in our home market of Central and Eastern Europe, both through organic growth and acquisitions. We believe in the long-term potential of the region and know what insurance can contribute. The VIG Group will therefore combine proven principles with new ideas to create even more sustainable value for all stakeholders. To protect what matters – health, old age provision, a planet worth living on and, in times like these, peaceful coexistence!

Elisabeth Stadler
Chairwoman of the Managing Board

Digital innovations

VIG Xelerate

The VIG Group has been driving digital transformation for years. Numerous projects are making services more attractive and processes more efficient. The Group-wide innovation competition **VIG Xelerate** promotes a culture of openness and curiosity. Seven innovative ideas from Group companies received awards in 2021 alone, including **“Wohnen Next”** from the Austrian Donau Versicherung. This online household insurance can be purchased at any time and from any location, and customers receive the policy just a few seconds later. The digital customer journey is simple, transparent and customer-friendly in a forward-looking way.

Read more

The highlights for financial year 2021 are available online at **www.annual-report.vig/2021**

The additional information includes:

- A **video** with Chairwoman of the Managing Board Elisabeth Stadler
- Detailed information on the **most important events** in financial year 2021
- Further information and a short video on the new **VIG 25 strategic programme**

All VIG Holding publications are available at **www.vig.com/reports**

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Group management report

The VIG Group not only wants to protect what matters for more customers and protect what matters with more services. It wants to do this with more sustainability – insuring more with more responsibility. Read more in our Sustainability Report 2021, or at **www.vig.com/corporate-responsibility**

Consolidated financial statements

Service information

VIG INSURANCE GROUP AT A **GLANCE**

Together, the VIG companies form the **leading insurance group** in Central and Eastern Europe. VIG Holding is headquartered in Vienna and manages and supports its around **50 insurance companies**. The roots of the Group reach back to the year 1824.

The insurance companies are established in their respective regional markets and their more than **25,000 employees** provide the best possible protection against the risks of day-to-day life for over **22 million customers**.

The VIG Insurance Group strategy is aimed at achieving **sustainable profitable growth**. It relies on **diversity** as a success factor. The variety of different languages, cultures and entrepreneurial approaches ensures the greatest possible proximity to customers and promotes innovation and creativity.

more than ***22,000,000*** *customers*

more than ***25,000*** *employees*

around ***50*** *insurance companies*

operating in ***30*** *countries*

close to ***200*** *years of experience in the Group*

Number ***1*** *in the CEE region*

A+ *rating with stable outlook from Standard & Poor's*

1990 *first expansion step into the former Czechoslovakia*

on the Vienna Stock Exchange since ***1994***

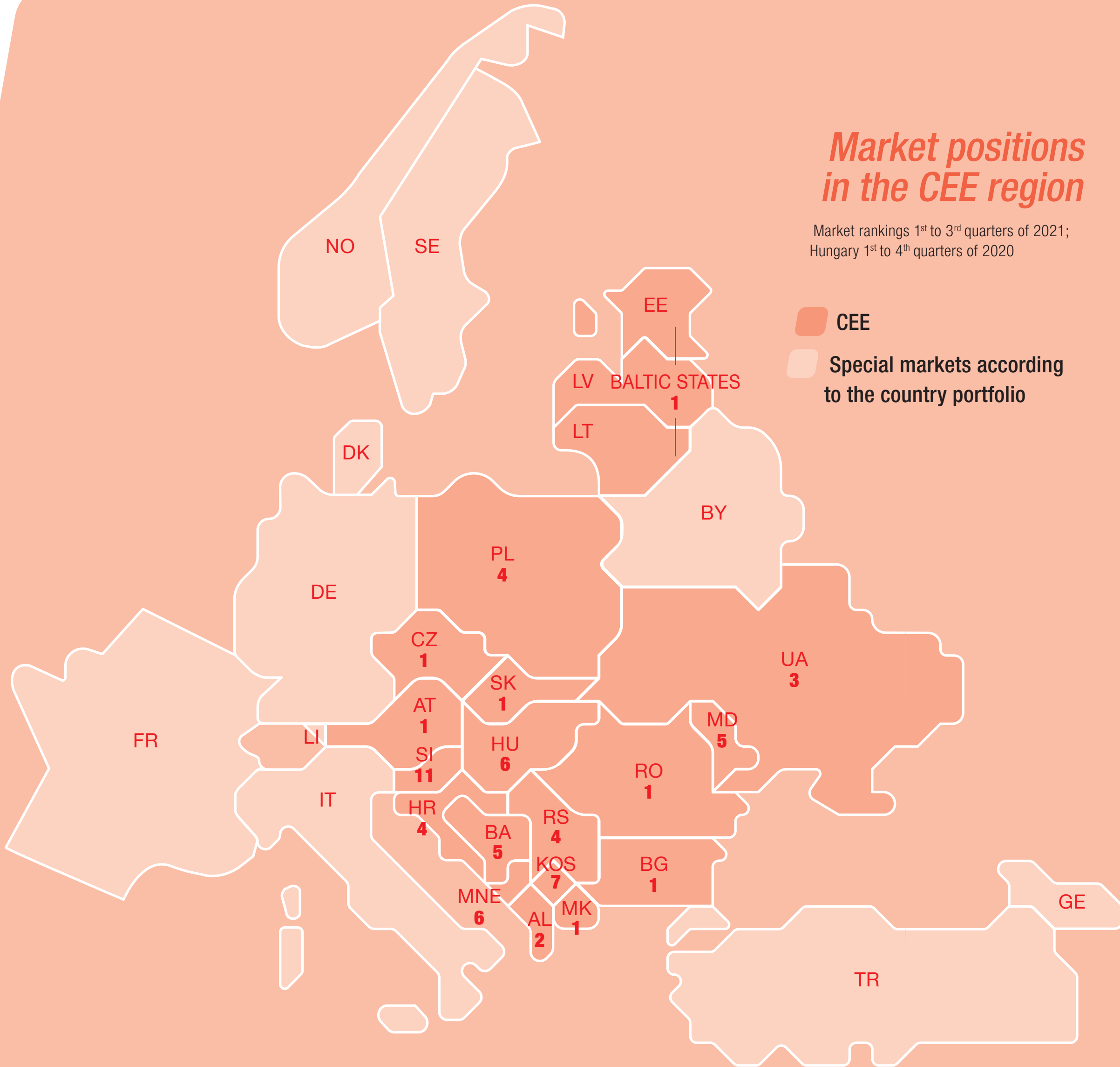
dual listing on the Prague Stock Exchange since ***2008***

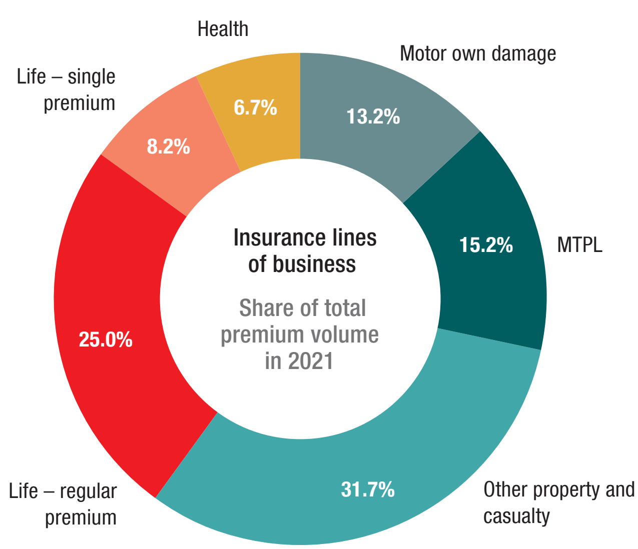
Market positions in the CEE region

Market rankings 1st to 3rd quarters of 2021; Hungary 1st to 4th quarters of 2020

CEE

Special markets according to the country portfolio





VIG country portfolio

VIG Insurance Group divides its region into two areas. First, the region of **Central and Eastern Europe**, which consists of 20 countries, including Austria, whose long-term growth opportunities will be exploited. Second, ten **special markets** where objectives specific to each market will be pursued. Four of these countries (Germany, Georgia, Liechtenstein and Turkey) are in the "Special Markets" reportable segment.

STRATEGIC **PRINCIPLES**

The VIG Group mission statement, strategic objectives and clear management principles determine the long-term course followed by the Group.

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 Central and Eastern Europe.

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 values

Diversity
Customer proximity
Responsibility

Our promise

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

Strategic objectives

- **Expanding the leading market position in the CEE region**
- **Creating sustainable value**
- **Sustainability objectives with respect to society, customers and employees**

On the basis of this long-term strategic orientation the VIG Group formulates medium-term objectives. For example, the Group aims to be at least one of the top three insurance groups in each CEE market by 2025 (with the exception of Slovenia). It intends to increase premium volume by taking advantage of long-term opportunities in health insurance and risk provisions in the CEE region, among other things. One of the ways in which sustainable value is created is through efficiency in business operations, such as making more targeted use of synergies between companies. The medium-term ESG objectives are diverse: The VIG Group wants to increase the consideration of social and environmental factors in investments, support local communities, make offices largely climate-neutral by 2030, promote employee training and education, establish programmes to promote awareness of future precaution and risk protection (risk resilience) in three quarters of the CEE markets and develop more products offering social and environmental added value.

Management principles

Local entrepreneurship

VIG Insurance Group's decentralised organisational structure gives local management and employees the flexibility needed for their business operations. In the end, they know best about the needs of the local population and the specifics of their markets. This allows products and sales to be adjusted optimally to local circumstances. VIG Holding is responsible for steering the Group.

Multi-brand policy

VIG Insurance Group relies on regionally established brands, as this allows it to address different target groups directly and personally with its 50 insurance companies in 30 markets. It also strengthens its regional identity and creates greater customer and employee loyalty to the company. In addition to the local brand names, "Vienna Insurance Group" conveys the internationality and strength of the Group.

Multi-channel distribution

In order to best satisfy the particular preferences of its customers for receiving advice, VIG insurance companies use their own field staff, brokers and agents, multi-level marketing, direct and digital sales. Bancassurance is also very important. The cooperation agreement with Erste Group, which is also firmly established in the CEE region, has existed since 2008.

Conservative investment and reinsurance policies

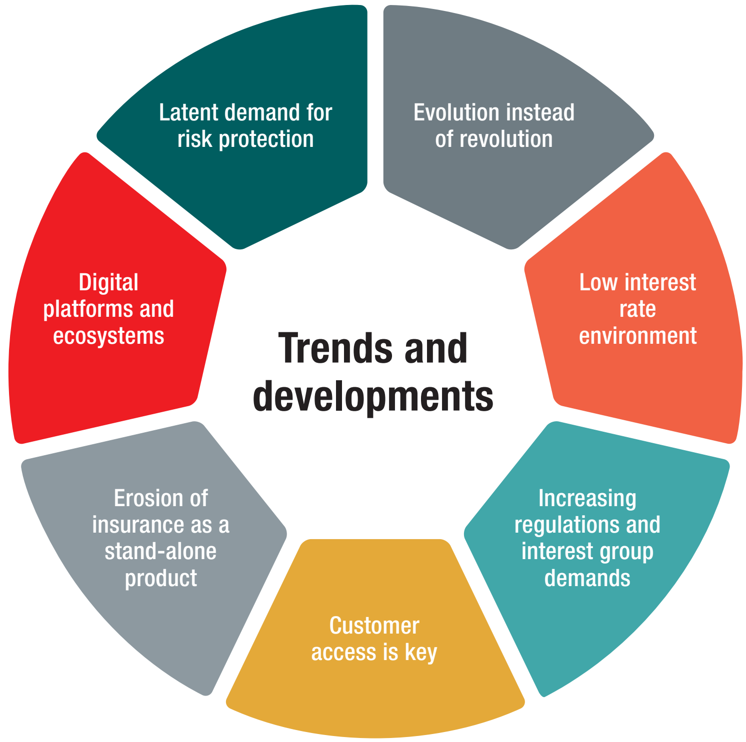
The consolidated VIG companies are responsible for EUR 37,266.1 million in investments (incl. cash and cash equivalents and excl. investments for unit-linked and index-linked life insurance). Security and sustainability are the focus of the investment strategy, which is why investments are predominantly made in bonds. Diligence also guides the reinsurance policy. To obtain the optimal risk balance, risks are bundled at the Group level and partially placed on the international reinsurance market.

VIG 25

Strategic programme until 2025

VIG 25

Strategic programme until 2025



MORE SUCCESS: THE VIG 25 STRATEGIC PROGRAMME

The VIG Group has defined a strategic programme for the next five years. More efficiency, more customer proximity and more value added prepare the ground for more sustainable success.

The management of VIG Holding developed the VIG 25 strategic programme for 2021 to 2025 together with the CEOs of the Group companies. Building on the successful Agenda 2020 and in response to current trends and developments and their impact on the insurance business, clear requirements emerged for the Group: strengthening sustainability as an integral part of the business model, promoting greater efficiency and productivity supported by digitalisation, developing new ways to approach and retain customers and promoting a general understanding of risk provisions. The Group will optimise, enhance and expand its business model through targeted activities in three strategic focus areas in order to meet these requirements. These will increase VIG Insurance Group's sustainable success and help achieve its strategic objectives (see page 10).

More information on the trends that were analysed as a basis for the VIG 25 strategic programme is available in the online version of the Group Annual Report at **www.annual-report.vig/2021**

Requirements

- Strengthening sustainability as an integral part of the business model
- Further increasing the efficiency and productivity of business operations, thereby continuing and intensifying the digital transformation
- Developing new ways to approach and retain customers in order to respond to changing consumer expectations and behaviours
- Promoting consumer understanding of the importance of risk provisions

Strategic focus areas in three horizons

More efficiency

Optimise the business model by increasing productivity and efficiency

- Process simplification and automation
- Exchange and implement best practice examples
- Further optimise underwriting and pricing

More customer proximity

Enhance the business model with new ways to approach customers and by enriching the product range with services that provide additional value for customers

- Increase brand visibility and the attractiveness of products
- Use of a hybrid distribution approach that combines personal and digital contact

More value added

Expand the business model and value chain beyond the insurance business

- Focus on asset management and the pension fund business
- Establish ecosystems
- Promote awareness of precaution and risk protection

Corporate governance report

Transparency and stakeholder trust are important to us. Observance of and compliance with the provisions of the Austrian Code of Corporate Governance therefore play an important role.

The Austrian Code of Corporate Governance was introduced in 2002 and is regularly updated according to legislation and current trends. It is the standard for proper corporate governance and control in Austria. Provisions of the Code contribute to strengthening the trust in the Austrian capital market. The reports that companies are required to publish on compliance with these provisions require a high level of transparency.

VIG Holding is committed to application and compliance with the January 2021 version of the Austrian Code of Corporate Governance. § 243c UGB and § 267b UGB (Consolidated Corporate Governance Report) were also applied when preparing this consolidated corporate governance report.

The Austrian Code of Corporate Governance is available to the public both on the VIG Insurance Group website at https://vig.com/corporate-governance-vig and the website of the Austrian Working Group for Corporate Governance at www.corporate-governance.at.

VIG Holding sees corporate governance as a continuously changing process that responds to new conditions and current trends for the benefit of the Group and its stakeholders. The goal of all corporate governance measures is to ensure responsible corporate management aimed at long-term growth while simultaneously maintaining effective corporate control.

The Managing Board, Supervisory Board and employees consider observance of and compliance with the rules of the Austrian Code of Corporate Governance to be highly important for the practical implementation of corporate governance. All information concerning their composition and work procedures is presented below.

The rules of the Austrian Code of Corporate Governance are divided into the following three categories:

- Rules based on mandatory legal requirements ("Legal Requirements")
- Rules that must be observed. Non-compliance with these rules must be declared and explained in order to comply with the Code ("Comply or Explain")
- Non-compliance with rules which are merely recommendations do not need to be disclosed or explained ("Recommendations")

VIG Holding complies with the rules of the Austrian Code of Corporate Governance. According to C-Rule 52a of the Austrian Code of Corporate Governance, the number of members on the supervisory board (without employee representatives) shall be ten at most. In 2021, the Supervisory Board of VIG Holding consisted of twelve members elected by the Annual General Meeting. The number of members in the Supervisory Board is due to the fact that the company operates around 50 insurance companies in 30 countries. This makes it possible to include additional expertise with respect to the internationality and further growth of the VIG Group, including in response to increasing regulatory requirements.

The Group's scope of consolidation also includes capital market-oriented subsidiaries that are required by the legal systems applicable to them to prepare and publish a corporate governance report. These include: Ray Sigorta (Turkey) and Makedonija Osiguruvanje (North Macedonia). The corporate governance reports are available on the respective company websites: https://www.raysigorta.com.tr/en/about-us/investor-relations, https://www.insumak.mk/za-nas/finansiski-izveshtai/ (as an integral part of the annual report). Reference is made to the information in this regard.

The shareholder structure of VIG Holding can be viewed at the following link: www.vig.com/shareholder-structure.

MEMBERS OF THE MANAGING BOARD AND THEIR RESPONSIBILITIES

The VIG Holding Managing Board had the following eight members as of 31 December 2021: Elisabeth Stadler (General Manager (CEO), Chairwoman of the Managing Board), Hartwig Löger (Deputy General Manager, Deputy Chairman of the Managing Board), Liane Hirner (CFRO), Peter Höfinger, Gerhard Lahner (COO), Gábor Lehel (CIO), Harald Riener and Peter Thirring (CTO).

Further information on the members of the Managing Board, including their employment history, is presented below.

Elisabeth Stadler
General Manager (CEO),
Chairwoman of the Managing Board
Year of birth: 1961
Date first appointed: 1 January 2016
End of current term of office:
30 June 2023

Elisabeth Stadler studied actuarial mathematics at the Vienna Technical University and began her career in the Austrian insurance industry as a Managing Board Member and Chairwoman. In May 2014, she was awarded the professional title of professor by Federal Minister Gabriele Heinisch-Hosek for her merits for the insurance industry. She held the position of General Manager at Donau Versicherung from September 2014 to March 2016, and has been CEO of VIG Holding since 2016.

Areas of responsibility: Management of the VIG Group, Strategy, Bancassurance and International Partnerships, Communications & Marketing, European Affairs and ESG, General Secretariat and Legal, Human Resources, Internal Audit, Sponsoring, Subsidiaries and M&A, Central Functions

Country responsibilities: Germany

Supervisory board positions or comparable positions in other Austrian and foreign companies outside the Group: OMV Aktiengesellschaft, voestalpine AG, Institute of Science and Technology Austria, Austrian Red Cross

Elisabeth Stadler is also active in the Supervisory Boards of significant* Vienna Insurance Group companies: Wiener Städtische (Austria), Donau Versicherung (Austria), Kooperativa (Czech Republic), ČPP (Czech Republic), VIG Re (Czech Republic).

*All companies that contribute at least 2% of written premiums and at least 2% of profit before taxes are considered to be “significant”.

Hartwig Löger
Deputy General Manager, Deputy Chairman of the Managing Board
Year of birth: 1965
Date first appointed: 1 January 2021
End of current term of office:
30 June 2023

Hartwig Löger began his career in the insurance industry in the brokerage business in 1985. After completing his studies in insurance management at the Vienna University of Economics and Business, he joined Allianz as sales manager in Styria in 1989. From 1997 to 2002, he was head of sales at Donau Versicherung. This was followed by a number of senior management positions in the UNIQA Group, most recently as CEO of UNIQA Österreich AG until the end of November 2017. Hartwig Löger was the Minister of Finance for Austria from December 2017 to June 2019. He worked for VIG Insurance Group under an advisory agreement with Wiener Städtische Versicherungsverein, the principal shareholder of VIG Holding, from July 2019 to December 2020.

Areas of responsibility: Planning and Controlling, Strategy and Development

Country responsibilities: Austria, Slovakia, Czech Republic, Hungary

Hartwig Löger is also active in the Supervisory Boards of significant* VIG Group companies: Wiener Städtische (Austria), Donau Versicherung (Austria). Kooperativa (Czech Republic), ČPP (Czech Republic), Kooperativa (Slovakia)

Liane Hirner, CFRO
Year of birth: 1968
Date first appointed: 1 February 2018
End of current term of office:
31 January 2023

Liane Hirner studied business administration in Graz. Before joining VIG Insurance Group, she worked at PwC Austria's audit department where she started in 1993, and when she left, Liane Hirner was partner in the insurance area. In addition to her work as an auditor, Liane Hirner has also been involved in many professional associations, such as the IFRS Working Group of the Austrian Insurance Association and the Insurance Working Party of Accountancy Europe in Brussels. Liane Hirner was appointed to the VIG Holding Managing Board on 1 February 2018. She assumed the position of Chief financial officer on 1 July 2018. In 2019, EIOPA appointed Liane Hirner as a new member of the Insurance & Reinsurance Stakeholder Group (IRSG).

Areas of responsibility: Asset Risk Management, Digitalisation, Finance and Risk, Enterprise Risk Management, Finance Department, Investor Relations

Country responsibilities: Liechtenstein

Supervisory board positions or comparable positions in other Austrian and foreign companies outside the Group: Autoneum Holding AG, Winterthur, Switzerland

Liane Hirner is also active in the Supervisory Boards of significant* VIG Group companies: Donau Versicherung (Austria)

*All companies that contribute at least 2% of written premiums and at least 2% of profit before taxes are considered to be "significant".

Peter Höfinger
Year of birth: 1971
Date first appointed: 1 January 2009
End of current term of office:
30 June 2023

Peter Höfinger studied law at the University of Vienna and University of Louvain-la-Neuve (Belgium). Peter Höfinger has been a member of the VIG Holding Managing Board since 1 January 2009. Prior to that, he was a director of the Managing Board at Donau Versicherung, responsible for sales and marketing. He joined this company in 2003. Previously, he held positions as managing board chairman and managing board member outside the Group in Hungary, the Czech Republic and Poland.

Areas of responsibility: Corporate Business, Reinsurance

Country responsibilities: Albania, Bosnia-Herzegovina, Bulgaria, Kosovo, Croatia, Moldova, Montenegro, North Macedonia, Romania, Serbia

Peter Höfinger is also active in the Supervisory Boards of significant* Vienna Insurance Group companies: VIG Re (Czech Republic).

Gerhard Lahner, COO
Year of birth: 1977
Date first appointed: 1 January 2020
End of current term of office:
30 June 2023

Gerhard Lahner studied business administration at the Vienna University of Economics and Business and has held a variety of positions for VIG Insurance Group since 2002. He was a member of the Managing Boards of Austrian insurance companies Donau Versicherung and Wiener Städtische and Czech companies Kooperativa and ČPP. Gerhard Lahner was also a substitute member of the VIG Holding Managing Board from 1 January 2019 to 31 December 2019.

Areas of responsibility: Asset Management (incl. Real Estate), Holding IT, Process- & Project Management, Treasury incl. Asset Liability Management, VIG Corporate IT

Country responsibilities: Georgia

Supervisory board positions or comparable positions in other Austrian and foreign companies outside the Group: Wien 3420 Aspern Development AG, Wiener Börse AG, Aktienforum

Gerhard Lahner is also active in the Supervisory Boards of significant* Vienna Insurance Group companies: Kooperativa (Czech Republic), ČPP (Czech Republic), VIG Re (Czech Republic).

*All companies that contribute at least 2% of written premiums and at least 2% of profit before taxes are considered to be "significant".

Gábor Lehel, CIO
Year of birth: 1977
Date first appointed: 1 January 2020
End of current term of office:
30 June 2023

Gábor Lehel studied business administration with a major in finance in Tatabánya and Budapest (Hungary). He joined VIG Insurance Group in 2003, where he worked in Controlling and as head of the General Secretariat at VIG Holding before being appointed to the Managing Board of the Hungarian insurance company UNION Biztosító in 2008. He was General Manager of UNION Biztosító from mid-2011 to 31 December 2019. From 1 January 2016 to 31 December 2019, he was also a substitute member of the Managing Board of VIG Holding.

Areas of responsibility: Innovation

Country responsibilities: Belarus

Harald Riener
Year of birth: 1969
Date first appointed: 1 January 2020
End of current term of office:
30 June 2023

Harald Riener studied social and economic sciences at the Vienna University of Economics and Business and joined the Group in 1998, where he worked in the marketing area for Donau Versicherung and Wiener Städtische until 2001. After working for a media publishing company, he returned to the Group in 2006 as Marketing Manager of VIG Holding. He became a member of the Managing Board in Croatia in 2010, and was appointed CEO in 2012. From 2014 to 2019, Harald Riener was a member of the Managing Board of Donau Versicherung where he was responsible for distribution and marketing.

Areas of responsibility: Assistance, Customer Experience, Tool Box Sales

Country responsibilities: Estonia, Latvia, Lithuania, Poland, Ukraine

Supervisory board positions or comparable positions in other Austrian and foreign companies outside the Group: VIG/C-QUADRAT

Peter Thirring, CTO
Year of birth: 1957
Date first appointed: 1 July 2018
End of current term of office:
30 June 2023

Peter Thirring studied law at the University of Vienna. He has used his more than 30 years of insurance experience in the Generali insurance group. He was General Manager of Donau Versicherung from March 2016 to the end of June 2018. Peter Thirring was appointed to the VIG Holding Managing Board on 1 July 2018.

Areas of responsibility: Actuarial Department, Active Reinsurance, Anti Money Laundering, Compliance, Insurance Life/Non-Life Retail

Country responsibilities: Turkey

Peter Thirring is also active in the Supervisory Boards of significant* Vienna Insurance Group companies: Kooperativa (Slovakia), Donau Versicherung (Austria), Wiener Städtische (Austria), VIG Re (Czech Republic).

*All companies that contribute at least 2% of written premiums and at least 2% of profit before taxes are considered to be "significant".

The curriculum vitae of the members of the Managing Board are available on the website at www.vig.com/management.

MEMBERS OF THE SUPERVISORY BOARD

The Supervisory Board had the following twelve members as of 31 December 2021:

Günter Geyer
Chairman
Year of birth: 1943
Date first appointed: 2014
End of current term of office: 2024
Günter Geyer joined Wiener Städtische in 1974 and was appointed to the Managing Board in 1988. In 2001, he became General Manager and Chairman of the Managing Board of Wiener Städtische. The Group's entry into the CEE market, with the establishment of the Kooperativa insurance companies in Bratislava and Prague and expansion into other CEE countries to become a major international insurance group, began under his leadership. Günter Geyer received many national and international awards for his involvement in these countries. For example, he received an honorary doctorate degree from the University of Economics in Bratislava for his contribution to the development of the insurance industry in the Republic of Slovakia. Günter Geyer resigned from his position as Chairman of the Managing Board of VIG Holding on 31 May 2012. He has held the position of Chairman of the Supervisory Board of Wiener Städtische since 2009 and Chairman of the Supervisory Board of VIG Holding since 2014. He was also the Chairman of the Managing Board of Wiener Städtische Wechselseitiger Versicherungsverein until the end of 2020. He has been Chairman of the Supervisory Board of Wiener Städtische Wechselseitiger Versicherungsverein since January 2021.

Rudolf Ertl
1st Deputy Chairman
Year of birth: 1946
Date first appointed: 2014
End of current term of office: 2024
Rudolf Ertl is Doctor of Laws and has been with the Group since 1972. He was a Member of the Managing Board of Wiener Städtische until the end of 2008 and a Member of the Managing Board of Donau Versicherung until June 2009. He was a Member of the Managing Board of Wiener Städtische Wechselseitiger Versicherungsverein until the end of 2020 and has been a Member of the Supervisory Board of Wiener Städtische Wechselseitiger Versicherungsverein since January 2021. The insurance expertise and Group experience he has gained over many years, and his knowledge of the CEE region make Rudolf Ertl a major asset to the Company as 1st Deputy Chairman of the Supervisory Board.

Robert Lasshofer
2nd Deputy Chairman
Year of birth: 1957
Date first appointed: 2021
End of current term of office: 2024
Robert Lasshofer has decades of top experience in the insurance industry and has been the General Manager and Chairman of the Managing Board of Wiener Städtische Wechselseitiger Versicherungsverein since 2021. He was General Manager and Chairman of the Managing Board of Wiener Städtische until the end of 2020. He has a degree in economics and is acting president of the Austrian Insurance Association (VVO).

Martina Dobringer
Year of birth: 1947
Date first appointed: 2011
End of current term of office: 2024
Martina Dobringer held various management positions in the Coface group starting in 1989 and brings her extensive knowledge of the international insurance industry with her. As Chairwoman of the Managing Board of Coface Central Europe Holding AG, she laid the cornerstone for Coface's successful expansion into this region. From 2001 to 2011, she was General Manager and Chairwoman of the Managing Board of Coface Austria Holding AG. In 2011, she was awarded the Grand Decoration of Honour in Silver for Services to the Republic of Austria, and in 2006 she became the first Austrian businesswoman to receive the highest French honour ("Chevalier dans l'ordre de la Légion").

Zsuzsanna Eifert
Year of birth: 1978
Date first appointed: 2021
End of current term of office: 2024
Zsuzsanna Eifert graduated in finance and accounting in Budapest and has many years of experience in the telecommunications sector in Central and Eastern Europe. She is currently head of Internal Audit and Risk Management for the Hungarian Telekom subsidiary Magyar Telekom Group. At T-Mobile Austria, she was the head of Internal Audit, Risk Management and Internal Controls. She previously held these positions at T-Mobile CZ and Slovak Telekom, which also belong to Deutsche Telekom AG. From 2008 to 2011, Zsuzsanna Eifert was CFO of the telecommunications company Invitel International Group.

Gerhard Fabisch
Year of birth: 1960
Date first appointed: 2017
End of current term of office: 2024
Gerhard Fabisch studied business administration and economics. He joined the Steiermärkische Bank und Sparkassen AG in 1985 and was made a member of the Managing Board in 2001 and Chairman of the Managing Board in 2004. Steiermärkische Bank und Sparkassen AG has a number of affiliated companies abroad, including in Croatia, Serbia and Bosnia-Herzegovina.

Peter Mihók
Year of birth: 1948
Date first appointed: 2019
End of current term of office: 2024
Since 1992, Peter Mihók has been Chairman of the Slovakian Chamber of Trade and Industry, Honorary Chair of the World Chambers Federation of the International Chamber of Commerce in Paris and advisor in the EU Economic and Social Committee in Brussels, among other things. He studied at the University of Economics in Bratislava and received a Ph.D. degree in the area of East-West economic relations and an honorary doctorate from the University of Economics in Bratislava. In addition to numerous other awards, he received the Grand Decoration of Honour in Gold for Services Rendered to the Republic of Austria in 2013 from Heinz Fischer, the President of Austria at that time.

Heinz Öhler
Year of birth: 1945
Date first appointed: 2002
End of current term of office: 2024
Heinz Öhler joined the Tiroler Gebietskrankenkasse in 1970, where he initially held a position as head of the Finance Department and later held an executive position until 2011. In this position he managed country-wide projects and represented regional health insurance funds in a variety of ministerial committees, among other things. In March 2007, he was awarded the Grand Decoration of Honour in Gold for Services to the Republic of Austria for his work related to Austrian social security. He has held many positions in the sports world, including being appointed as a Member of the Tyrolean State Sports Council in November 2016. Heinz Öhler was elected Chairman of the Supervisory Board of Alpenländische Gemeinnützige WohnbauGmbH, Innsbruck, in June 2021.

Georg Riedl
Year of birth: 1959
Date first appointed: 2014
End of current term of office: 2024
After completing his legal studies at the University of Vienna, Georg Riedl has worked as an independent lawyer since 1991. His areas of expertise include company and tax law, mergers & acquisitions, as well as private foundation law and contract law, at which his activities cover national and international transactions. George Riedl has been a Member of the Managing Board of Wiener Städtische Wechselseitiger Versicherungsverein since July 2021.

Gabriele Semmelrock-Werzer
Year of birth: 1958
Date first appointed: 2017
End of current term of office: 2024
After holding positions at the Austrian branches of Chase Manhattan Bank AG and Crèdit Lyonnais AG, Gabriele Semmelrock-Werzer worked for Erste Group Bank AG in a variety of areas starting in 1995. She headed the Group Investor Relations department from 1999 to 2010, and in addition to international communications also actively assisted the expansion of the Erste Group into the CEE region and spent time in Prague and Bucharest. Since 2011, she has been Chairwoman of the Managing Board of Kärntner Sparkasse AG, which also holds a 70% interest in Sparkasse d.d. in Slovenia.

Katarína Slezáková
Year of birth: 1976
Date first appointed: 2020
End of current term of office: 2024
Katarína Slezáková graduated from the Faculty of Business Management at the University of Economics in Bratislava and has many years of experience in marketing and communications for technology and industrial companies (e.g. Siemens IT Solutions and Services Slovakia, Siemens s.r.o. Slovakia, Siemens AG Österreich, Medirex a.s.). Katarína Slezáková is currently the Head of Marketing for CzechToll and SkyToll, two companies in the Czech Republic and Slovakia that are leaders in the area of intelligent transport information systems.

Gertrude Tumpel-Gugerell
Year of birth: 1952
Date first appointed: 2012
End of current term of office: 2024
Gertrude Tumpel-Gugerell was Vice Governor of the National Bank of Austria (OeNB) from 1998 to 2003 and member of the Board of Directors from 1997 to 2003. She also has many years of international experience, at the European level in particular. She was the Austrian Vice Governor to the International Monetary Fund and a member of the Economic and Financial Committee – the most important economic policy advisory committee of the European Union. Gertrude Tumpel-Gugerell was responsible for the Economics and Financial Markets divisions at the National Bank of Austria. From 2003 to 2011, she was a member of the Executive Board of the European Central Bank.

The curriculum vitae of the members of the Supervisory Board are available on the website at www.vig.com/supervisory-board.

Changes during the reporting year
Zsuzsanna Eifert and Robert Lasshofer were elected as new members of the Supervisory Board at the Annual General Meeting on 21 May 2021. Their election became effective upon entry of the amendment to the articles of association in the commercial register on 15 July 2021.

In 2021, the Supervisory Board elected Robert Lasshofer as 2nd Deputy Chairman of the Supervisory Board effective at the end of the constitutive meeting of the Supervisory Board on 6 September 2021.

SUPERVISORY BOARD INDEPENDENCE

In accordance with Rule 53 of the Austrian Code of Corporate Governance, the Supervisory Board of VIG Holding has established the following criteria defining independence:

- The Supervisory Board Member has not been a Member of the Managing Board or a senior manager of the Company or subsidiary of the Company in the last five years.
- The Supervisory Board Member does not have a business relationship with the Company or a subsidiary of the Company that is of such significant scope for the Supervisory Board Member that it affects their activities on the Supervisory Board to the detriment of the Company. This also applies to business relationships with companies in which the Supervisory Board Member has a considerable economic interest. The approval of individual transactions by the Supervisory Board in

accordance with § 95 (5) (12) of the Austrian Stock Corporation Act (AktG) or § 15 (2) (l) of the Articles of Association does not automatically lead to a classification of non-independence. For the purpose of clarification, it is expressly noted that purchase or existence of insurance policies with the Company has no adverse effect on independence.
- The Supervisory Board Member has not been an auditor of the Company's financial statements, or held an ownership interest in or been an employee of the auditing company executing such audits in the last three years.
- The Supervisory Board Member is not a member of the Managing Board of another company that has a member of the Company's Managing Board on its Supervisory Board.
- The Supervisory Board Member is not a close family member (direct descendant, spouse, partner, parent, uncle, aunt, brother, sister, niece, nephew) of a Member of the Managing Board or individuals holding one of the positions described above.

The Supervisory Board as a whole is considered to be independent if at least 50% of the members elected by the Annual General Meeting satisfy the criteria above for the independence of a Supervisory Board Member.

Each Member of the Supervisory Board has declared whether they can be considered independent based on the criteria specified by the Supervisory Board. Peter Mihók and Robert Lassofer have each stated that they are not independent based on the independence criteria specified by the Supervisory Board. All other Supervisory Board Members were independent based on the criteria indicated.

No Supervisory Board Member holds more than 10% of the Company's shares.

The following Supervisory Board Members exercised supervisory mandates or comparable positions in other Austrian or foreign listed companies as of 31 December 2021:

Georg Riedl
AT & S Austria Technologie & Systemtechnik Aktiengesellschaft

Robert Lasshofer
AT & S Austria Technologie & Systemtechnik Aktiengesellschaft

Gertrude Tumpel-Gugerell
AT & S Austria Technologie & Systemtechnik Aktiengesellschaft
Commerzbank AG
OMV Aktiengesellschaft

PROCEDURES FOLLOWED BY THE MANAGING BOARD AND BY THE SUPERVISORY BOARD AND ITS COMMITTEES

Managing Board
The Managing Board manages the business of the Company under the leadership of its Chairperson and within the constraints of the law, articles of association, procedural rules of the Managing Board and procedural rules of the Supervisory Board.

The Managing Board meets when needed (generally each week or every two weeks) to discuss current business developments and makes the necessary decisions and resolutions during these meetings. The Managing Board Members continuously exchange information with each other and the heads of various departments.

Supervisory Board
The Supervisory Board performs all activities defined under the law, articles of association and the procedural rules of the Supervisory Board. In order to ensure effectiveness and efficiency of its activities and procedures, the Supervisory Board examines its procedures regularly, but at least once a year in the form of a self-evaluation. The Supervisory Board's evaluation of its activities in 2021 found that its organisational structure and procedures were satisfactory in terms of efficiency and in compliance with the law. It found no need for change or desire for change in the practices followed to date.

The Supervisory Board and its committees, Chairpersons and Deputy Chairpersons continuously monitor and regularly examine Company management as well as the activities of the Managing Board in terms of managing and monitoring the Group. Detailed presentations and discussions during meetings of the Supervisory Board and its committees are used for this purpose, as are thorough and, in some cases, in-depth discussions with the members of the Managing Board who provide detailed explanations and supporting documentation relating to the management and financial position of the Company and the Group. Strategy, business development (overall and in individual regions), risk management, the internal control system, internal audit activities, the compliance function, actuarial function and reinsurance – at the VIG Holding level as well as at Group level – are also discussed during these meetings.

The Supervisory Board and the Audit Committee also directly engage with the financial statements auditor and the consolidated financial statements auditor in order to familiarise themselves with the accounting process and audit progress, and to inquire whether the audit has produced any important findings. Provision was made for exchanges between the Members of the Audit Committee and the (consolidated) financial statements auditor in such meetings without the presence of the Managing Board, but no Member of the Audit Committee took advantage of this opportunity during the reporting year. During the meetings about annual and consolidated financial statements, the audit reports are discussed with the audit managers both in the Audit Committee and in the entire Supervisory Board. The Audit Committee examined the Solvency and Financial Condition Report (SFCR) at both the solo and Group levels and reported its findings to the Supervisory Board. No facts or circumstances were found that would have provided grounds for objection.

The internal audit department provides quarterly reports to the Audit Committee. If necessary, the head of internal audit provides detailed explanations of individual issues and audit focal points. The head of internal audit also submits the annual audit plan to the Audit Committee for approval. The Managing Board explains the organisation and effectiveness of the internal control system, internal audit and the risk management system to the Audit Committee at least once a year, and provides the Audit Committee with a written report on this subject so that it can confirm the efficiency of the systems. The Audit Committee also examines the report and assessment of the functioning of the risk management system prepared by the (consolidated) financial statements auditor and reports its findings to the Supervisory Board.

The Audit Committee also dealt with the VIG Holding and VIG Group ORSA reports and the IT security report in 2021 and reported on them to the Supervisory Board. The Audit Committee and Supervisory Board as a whole also received the 2021 sustainability report (consolidated non-financial report) from the Managing Board, and reviewed and carefully examined it.

At least once a year, the Managing Board presents the Supervisory Board with the measures to be taken by the VIG companies in order to prevent corruption, and the Supervisory Board discusses those.

When preparing the proposal for the Annual General Meeting regarding the election of a new Supervisory Board Member, the Supervisory Board takes into account the professional and personal requirements provided for by law and the Austrian Code of Corporate Governance that a Supervisory Board Member must satisfy and observe.

The Audit Committee and Supervisory Board also strictly ensure that all of the requirements and conditions provided for under the law and Austrian Code of Corporate Governance are fully satisfied when preparing the proposal regarding the election of the (consolidated) financial statements auditor for the Annual General Meeting. As a public-interest entity, the special additional rules for external and internal rotation applicable to insurance companies and the special tendering process are observed. In addition, after the audit of the consolidated financial statements has been completed, the Supervisory Board is provided with a list showing the total audit expenses of all Group companies. This list provides a separate breakdown of expenses relating to the consolidated financial statements auditor and the members of the network to which the consolidated financial statements auditor pertains. The same goes for other financial statements auditors who work for the Group.

The Supervisory Board established five committees to increase its efficiency and to address complex matters: Committee for Urgent Matters (Working Committee), Audit Committee (Accounts Committee), Committee for Managing Board Matters (Personnel Committee), Strategy Committee and Nomination Committee.

The Supervisory Board also dealt with IT security issues in financial year 2021.

The Managing Board and Supervisory Board prepared a remuneration report for financial year 2021.

In 2021, the Supervisory Board appointed Hartwig Löger as Deputy Chairman of the Managing Board effective 15 September 2021.

The Supervisory Board also dealt with important sustainability issues. Sustainability – such as the EU requirements for sustainable finance or an update on dealing with sustainability risks – was regularly discussed in Supervisory Board meetings during the reporting period.

SUPERVISORY BOARD COMMITTEES

COMMITTEE FOR URGENT MATTERS (WORKING COMMITTEE)

The Committee for Urgent Matters (Working Committee) decides on matters that require approval of the Supervisory Board, but cannot be deferred to the next ordinary Supervisory Board meeting because of particular urgency.

Günter Geyer (Chairman)
Substitute: Gertrude Tumpel-Gugerell

Rudolf Ertl
Substitute: Martina Dobringer

Robert Lasshofer
Substitute: Georg Riedl

AUDIT COMMITTEE (ACCOUNTS COMMITTEE)

The Audit Committee (Accounts Committee) is responsible for the duties assigned to it by law and is, in particular, responsible for the duties assigned in § 92 (4a)(4) of the Austrian Stock Corporation Act (AktG), § 123 (9) of the Austrian Insurance Supervision Act (VAG) and Regulation (EU) No. 537/2014, namely:

1. to monitor the accounting process and provide recommendations or suggestions to ensure its reliability;

2. to monitor the effectiveness of the Company's internal control system and the internal audit function and risk management system;

3. to monitor the audit of the financial statements and consolidated financial statements taking into account findings and conclusions in reports published by the supervisory authority for financial statement auditors in accordance with § 4 (2)(12) of the Austrian Auditor Supervision Act (APAG);

4. to check and monitor the independence of the financial statement auditor (consolidated financial statement auditor), in particular with respect to the additional services provided for the audited company; Art. 5 of Regulation (EU) No. 537/2014 and § 271a (6) UGB apply;

5. to report the results of the financial statement audit to the Supervisory Board and explain how the financial statement audit has contributed to the reliability of the financial reports and the role of the Audit Committee in this;

6. to audit the annual financial statements and prepare their approval, examine the proposal for appropriation of profits, the management report, the solvency and financial condition report and corporate governance report, and present a report on the results of the audit to the Supervisory Board;

7. to audit the consolidated financial statements and Group management report, the solvency and financial condition report at Group level and the corporate governance report at consolidated level, and report the results of the audit to the Supervisory Board;

8. to perform the procedure to elect the financial statement auditor (consolidated financial statement auditor) taking into account the appropriateness of the fees in accordance with Art. 4 of Regulation (EU) No. 537/2014 and the rotation periods in Art. 17 of Regulation (EU) No. 537/2014, and recommend appointment of a financial statements auditor (consolidated financial statements auditor) to the Supervisory Board in accordance with Art. 16 of Regulation (EU) No. 537/2014.

Furthermore, in a meeting (another meeting, in addition to the meeting required by law), the Audit Committee (Accounts Committee) specifies how the two-way communication between the (consolidated) financial statements auditor and the Audit Committee (Accounts Committee) has to take place, while making provision for exchanges to take place between the Audit Committee (Accounts Committee) and the (consolidated) financial statements auditor without the presence of the Managing Board.

Members of the Audit Committee are experienced financial experts with knowledge and practical experience in finance, accounting and reporting that satisfy the requirements of the Company.

Chairwoman:
Gertrude Tumpel-Gugerell

Deputy Chairwoman:
Martina Dobringer

Other members:
Zsuzsanna Eifert
Rudolf Ertl
Günter Geyer
Robert Lasshofer
Peter Mihók
Katarína Slezáková

If a member is unable to attend, Gabriele Semmelrock-Werzer will attend the meeting, and if she is also unable to attend, Heinz Öhler will attend. If Gertrude Tumpel-Gugerell is unable to attend, the meeting will be chaired by Martina Dobringer.

COMMITTEE FOR MANAGING BOARD MATTERS (PERSONNEL COMMITTEE)

The Committee for Managing Board Matters (Personnel Committee) deals with personnel matters of the Managing Board. The Committee for Managing Board Matters therefore decides on employment contract terms with Members of the Managing Board and their remuneration and examines remuneration policies at regular intervals.

Günter Geyer (Chairman)
Rudolf Ertl
Georg Riedl

Substitute in the event that a member is unable to attend: Robert Lasshofer

STRATEGY COMMITTEE

The Strategy Committee cooperates with the Managing Board and, when appropriate, with experts that it consults in order to prepare fundamental decisions that will subsequently be decided upon by the entire Supervisory Board.

Günter Geyer (Chairman)
Substitute: Gertrude Tumpel-Gugerell

Zsuzsanna Eifert
Substitute: Gabriele Semmelrock-Werzer

Rudolf Ertl
Substitute: Martina Dobringer

Robert Lasshofer
Substitute: Georg Riedl

Peter Mihók
Substitute: Katarína Slezáková

NOMINATION COMMITTEE

The Nomination Committee submits proposals to the Supervisory Board for filling positions that become available on the Managing Board and handles issues of successor planning.

Günter Geyer (Chairman)
Martina Dobringer
Rudolf Ertl
Robert Lasshofer

Substitute in the event that a member is unable to attend: Georg Riedl

The Supervisory Board gave its consent to VIG Holding and other companies in VIG Insurance Group that allowed them to use the legal services of Georg Riedl, Supervisory Board Member, and engage him or his law firm to act as a representative and provide advisory services on a project-related basis under normal market terms. Georg Riedl did not provide any advisory services as a lawyer for VIG Holding or any VIG Group company in financial year 2021. Supervisory Board Members Gerhard Fabisch and Gabriele Semmelrock-Werzer are members of the managing boards of companies with which distribution agreements were concluded under normal market and industry terms and conditions. The Company did not enter into any other agreements with Supervisory Board Members in 2021 that would have required the approval of the Supervisory Board.

NUMBER OF MEETINGS OF THE SUPERVISORY BOARD AND ITS COMMITTEES IN THE FINANCIAL YEAR 2021

One Annual General Meeting and five Supervisory Board meetings distributed across the financial year were held in 2021. Five meetings of the Audit Committee (Accounts Committee) were also held. Some of the meetings were held without the physical presence of the participants in accordance with § 1 of the Austrian Corporate COVID-19 Act (COVID-19-GesG). The Annual General Meeting was held as a virtual Annual General Meeting on the basis of § 1 (2) COVID-19-GesG and the COVID-19-GesV. The financial statements and consolidated financial statements auditor, KPMG Austria GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft (KPMG), attended four Audit Committee meetings and three Supervisory Board meetings in 2021, including the Supervisory Board meeting that addressed the audit of the 2020 annual financial statements and the 2020 consolidated financial statements as well as formal approval of the 2020 annual financial statements, and also attended the Annual General Meeting. Three meetings of the Committee for Managing Board Matters (Personnel Committee) were held in 2021. The Committee for Urgent Matters (Working Committee) held one meeting in 2021. The Strategy Committee and Nomination Committee did not meet in 2021. Strategic matters were handled by the Supervisory Board as a whole.

No Member of the Supervisory Board attended less than half of the Supervisory Board meetings.

The following table shows the attendance of ordinary members at meetings, taking into account attendance by their substitutes:

MEETING ATTENDANCE BY MEMBERS OF THE SUPERVISORY BOARD IN FINANCIAL YEAR 2021

Name	Supervisory Board	Audit Committee[2]	Working Committee[2]	Strategy Committee[2]	Personnel Committee[2]	Nomination Committee[2]
	5 meetings	5 meetings	1 meeting	no meeting	3 meetings	no meeting
Günter Geyer (C)	5/5	5/5	1/1		3/3	
Rudolf Ertl (1st DC)	5/5	5/5	0/1		3/3	
Robert Lasshofer (2nd DC)[1]	3/3	3/3				
Martina Dobringer	5/5	5/5	1/1			
Zsuzsanna Eifert[1]	3/3	3/3				
Gerhard Fabisch	4/5					
Peter Mihók	5/5	5/5				
Heinz Öhler	5/5					
Georg Riedl	5/5	2/2	1/1		3/3	
Gabriele Semmelrock-Werzer	3/5					
Katarina Slezáková	5/5	5/5				
Gertrude Tumpel-Gugerell	5/5	5/5				

1 Elected to the Supervisory Board in the Annual General Meeting of 21 May 2021. Appointment effective from: 15 July 2021.

2 New composition of committees or new deputy arrangements in the event of impediment from 6 September 2021 onwards

DIVERSITY CONCEPT

With around 50 insurance companies and more than 25,000 employees in Austria and Central and Eastern Europe, VIG Insurance Group combines many countries, languages and cultural backgrounds. Diversity is a core value in the VIG mission statement and a key priority in its HR strategy.

VIG Insurance Group follows a bottom-up approach with respect to diversity management for the Company's boards. By applying diversity management to all employees, the VIG Insurance Group expects to generate corresponding diversity in the candidate pool for internal successor planning in the long term.

For VIG Insurance Group, diversity reflects both the similarities and the differences it encounters in the Group, its markets and its partners as well as customers. Diversity management is based on genuine appreciation and open acceptance of diversity, and makes conscious use of this diversity. VIG companies include this understanding of diversity in the VIG Code of Business Ethics: *"We do not tolerate any kind of discrimination. We are committed to promoting equal opportunities with regard to the employment and promotion of staff, regardless of their faith, religion, gender, beliefs, ethnicity, nationality, sexual orientation, age, skin colour, disability or civil status."*

Group and VIG Holding level

The diversity concept focuses on the criteria of gender, generations and internationality at the VIG Holding level, and refined and developed measures for the following criteria:

- Gender: Ensure equal gender treatment in all areas (career and development options, benefits and income, etc.)
- Generations: Use mixed-age teams and take into account the various phases of life to develop full potential. Generation-appropriate offers and support in the various phases of life, learn from one another, life balance, fair recruitment
- Internationality: Group-wide exchange of know-how (local expertise), collaborative learning, use of the internal Group job market and ensuring an appropriate mix of people from different countries within VIG Holding

The criteria of gender, generations and internationality are also taken into account when new Supervisory Board Members are proposed for election at General Meetings. VIG Insurance Group has relied on the concept of local entrepreneurship for decades, thereby also promoting a very internationally diverse "community" of Group Managing Board Members and CEOs.

The topic of diversity is a key element in Group-wide management development training programmes, in terms of content as well as the participants and lecturers.

Level of the VIG insurance companies

In accordance with the principle of local entrepreneurship, the VIG insurance companies choose their own diversity priorities and are independently responsible for their implementation.

Diversity Advisor

As Diversity Advisor, Angela Fleischlig-Tangl advises both VIG Holding and local VIG companies on matters related to diversity management.

MEASURES TO PROMOTE WOMEN IN MANAGING BOARD, SUPERVISORY BOARD AND MANAGEMENT POSITIONS

Appreciation of diversity and, therefore, removing barriers in women's careers is one of the key elements of the HR strategy at VIG Insurance Group. Gender is one of the three priorities of the diversity concept at both the Group and VIG Holding level.

Nomination procedures for Group-wide training programmes for management, high potentials and experts are also required to have as balanced a gender representation as possible, with the local human resources department bearing ultimate responsibility.

Women Supervisory Board members

Women hold 24.1% of the positions in the Supervisory Boards of the fully consolidated VIG insurance companies in the Group (as at 31 December 2021) and 41.7% of the positions in VIG Holding.

Women Managing Board members

Women hold 25.4% of the positions on the Managing Boards of the fully consolidated VIG insurance companies and 23.7% of the Chairpersons are women. Elisabeth Stadler is the Chairwoman of the VIG Group.

Women in management positions
Including distribution, women hold 43.1% of the management positions at the level directly below the managing board of fully consolidated VIG insurance companies across Europe (not including distribution: 48.3%).

GENERATIONS AND INTERNATIONALITY

The average age of all Managing Board Members of the fully consolidated insurance companies is 50.3 years (as at 31 December 2021), and the average age of Supervisory Board Members is 57.2 years.

22 different nationalities (based on citizenship) are represented in the managing boards of the fully consolidated VIG insurance companies, and 19 different nationalities in the supervisory boards. Further information is available in the Employees section of the Sustainability Report.

EXTERNAL EVALUATION REPORT

C-Rule 62 of the Austrian Code of Corporate Governance provides for voluntary external evaluation of compliance with the C-Rules of the Code at least every three years. VIG Holding performs these evaluations every three years. The last evaluation was performed for the consolidated corporate governance report for financial year 2020 and concluded with a positive report. The next evaluation is scheduled for financial year 2023.

Vienna, 16 March 2022

The Managing Board:

Elisabeth Stadler General Manager (CEO), Chairwoman of the Managing Board	**Hartwig Löger** Deputy General Manager, Deputy Chairman of the Managing Board	**Liane Hirner** CFRO, Member of the Managing Board	**Peter Höfinger** Member of the Managing Board
Gerhard Lahner COO, Member of the Managing Board	**Gábor Lehel** CIO, Member of the Managing Board	**Harald Riener** Member of the Managing Board	**Peter Thirring** CTO, Member of the Managing Board

Supervisory Board report

The Supervisory Board and its committees, Chair and Deputy Chairs periodically and repeatedly monitored in detail the management of the Company and the activities of the Managing Board in connection with its management and monitoring of the Group. This purpose was served by detailed presentations and discussions during meetings of the Supervisory Board and its committees as well as by detailed discussions on individual topics with Managing Board members who provided comprehensive explanations and evidence relating to management, the financial position of the Company and that of the Group. Among other things, the strategy, business development (overall and in individual regions), risk management, the internal control system, internal audit, compliance function and actuarial function activities and reinsurance, both at the VIG Holding and Group level, and other important topics for the Company and VIG Insurance Group were discussed during these meetings.

In accordance with the Solvency II requirements, starting in 2016 non-financial aspects must be part of the performance expectations for variable remuneration of Managing Board Members. VIG Holding is committed to social responsibility and the importance of having employees drive forward performance, innovation and expertise. Goal fulfilment for Managing Board Members also depended on both financial and non-financial criteria in the 2021 reporting year. Detailed information on the principles underlying the remuneration system is available in the remuneration policy and 2021 remuneration report.

The Supervisory Board has formed five committees from its Members.

Information on the responsibilities and composition of these committees is available on the Company's website and in the 2021 consolidated corporate governance report.

One Annual General Meeting and five Supervisory Board meetings distributed across the financial year were held in 2021. Five meetings of the Audit Committee (Accounts Committee) were also held. Some of the meetings were held without the physical presence of the participants in accordance with § 1 of the Austrian Corporate COVID-19 Act (COVID-19-GesG). The Annual General Meeting was held as a virtual Annual General Meeting on the basis of § 1 (2) COVID-19-GesG and the COVID-19-GesV. The financial statement and consolidated financial statement auditor, KPMG Austria GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft, FN 269873y (KPMG), attended four Audit Committee meetings and three Supervisory Board meetings in 2021, including the Supervisory Board meeting that addressed the audit of the 2020 annual financial statements and the 2020 consolidated financial statements as well as formal approval of the 2020 annual financial statements, and also attended the Annual General Meeting. KPMG also informed the Audit Committee about the planning and procedure used to audit the financial statements and consolidated financial statements. Three meetings of the Committee for Managing Board Matters (Personnel Committee) were held in 2021. The Committee for Urgent Matters (Working Committee) held one meeting. The Strategy Committee and Nomination Committee did not meet in 2021. Strategic matters were handled by the Supervisory Board as a whole.

No agenda items were discussed in Supervisory Board meetings in 2021 without the participation of members of the Managing Board.

No Member of the Supervisory Board attended less than half of the Supervisory Board meetings. Detailed information on meeting attendance by Supervisory Board members in financial year 2021 is available in the 2021 Corporate Governance Report. In order to ensure the effectiveness and efficiency of its activities and procedures, the Supervisory Board performed a self-evaluation of its procedures. The Supervisory Board's evaluation of its activities found that its organisational structure and procedures were satisfactory in terms of efficiency and in compliance with the law. It found no need for change or desire for change in the practices followed to date.

Acting upon the proposal and motion of the Supervisory Board, the general meeting of 25 September 2020 selected KPMG to be the financial statements auditor and consolidated financial statements auditor for financial year 2021, and KPMG consequently performed these duties in financial year 2021.

The Audit Committee mainly dealt with the following topics in 2021:

During one meeting of the Audit Committee, the members of the committee consulted with the (consolidated) financial statements auditor on specification of two-way communications and audit planning.

By inspecting relevant documents, meeting with the Managing Board and discussions with the (consolidated) financial statements auditor, the Audit Committee was able to monitor the accounting process and the procedure used for auditing the financial statements and consolidated financial statements, and found no facts or circumstances providing grounds for objection. The Audit Committee also reviewed the possibilities of providing recommendations or suggestions to ensure the reliability of the accounting process and, based on the comprehensive information and documents obtained by the Audit Committee during its review, found that the processes that had been established were adequate.

The Audit Committee also reviewed and monitored the independence of the auditor of the financial statements and consolidated financial statements, and after reviewing suitable documents and supporting records submitted to the Committee, particularly with respect to the appropriateness of the fee and the additional services provided to the Company, was satisfied with the auditor's independent status. While reviewing and monitoring the independence of the financial statements auditor and consolidated financial statements auditor, the Audit Committee did not find any circumstances that would raise doubts about its independence and impartiality.

The Audit Committee also dealt with the VIG Holding and VIG Group ORSA reports and the IT security report in 2021 and reported on them to the Supervisory Board. The Audit Committee monitored the effectiveness of the internal control system, internal audit and the risk management system by obtaining descriptions of the processes and organisation of these systems from the Managing Board, the (consolidated) financial statements auditor and the individuals directly responsible for these areas and deemed them, including the IT security measures, to be effective.

The Audit Committee reported on these monitoring activities to the Supervisory Board and stated that no deficiencies had been identified. The Supervisory Board was also given the opportunity during Supervisory Board meetings to verify the functional adequacy of the existing control and auditing systems. In addition, the audit plan and the quarterly reports prepared by the internal audit department were debated by the Audit Committee and the Supervisory Board and discussed with the head of the internal audit department and the Group internal audit department.

The Audit Committee examined the Solvency and Financial Condition Reports (SFCRs) at both the solo and Group levels and reported its findings to the Supervisory Board. No facts or circumstances were found that would have provided grounds for objection.

In 2021, the Audit Committee dealt with the selection of the financial statement and consolidated financial statement auditor for financial year 2022 and also carried out a selection procedure for appointing the financial statement and consolidated financial statement auditor for financial year 2023 and submitted a proposal to the Supervisory Board, with a statement of reasons. It was determined that there were no grounds for exclusion of KPMG or circumstances that would give rise to concerns about impartiality, and that sufficient protective measures had been taken to ensure an independent and impartial audit. The Audit Committee reported to the Supervisory Board on the insights of these evaluations and proposed to the Supervisory Board and subsequently to the general meeting that KPMG be selected as auditor of the financial statements and consolidated financial statements.

The General Meeting selected KPMG as auditor of the financial statements and consolidated financial statements for 2022.

The Audit Committee also received the 2021 annual financial statements, management report, 2021 consolidated corporate governance report and 2021 sustainability report (consolidated non-financial report) from the Managing Board, and reviewed and carefully examined them. The Managing Board's proposed appropriation of profits was also reviewed with respect to capital adequacy and its effects on the solvency and financial position of the Company during the course of this examination.

The Audit Committee also examined the 2021 consolidated financial statements and Group management report. In addition, the auditor's reports prepared by (consolidated) financial statements auditor KPMG for the 2021 annual financial statements and management report and the 2021 consolidated financial statements and Group management report were reviewed by the Audit Committee and examined. As a result of this examination, a unanimous resolution was adopted to recommend to the Supervisory Board that the annual financial statements be accepted. The Supervisory Board found no grounds for objection.

The (consolidated) financial statements auditor provided the Audit Committee with an additional report in accordance with Art. 11 of Regulation (EU) No. 537/2014 on specific requirements regarding statutory audit of public-interest entities that explained the results of the financial statements audit and consolidated financial statements audit. This additional report prepared by the financial statements auditor was also provided to the Supervisory Board.

The Supervisory Board dealt with the following topics in particular:

The audit results and all resolutions adopted by the Audit Committee were reported to the Supervisory Board in its next meeting, along with an explanation of how the financial statement audit had contributed to the reliability of the financial reporting and what role the Audit Committee had played.

The Supervisory Board also dealt with IT security issues in financial year 2021.

The Managing Board and Supervisory Board prepared a remuneration report for financial year 2021.

In 2021, the Supervisory Board appointed Hartwig Löger as Deputy Chairman of the Managing Board effective 15 September 2021.

The Supervisory Board concurred with the Audit Committee's proposal for the financial statement and consolidated financial statement auditor for 2023.

The 2021 annual financial statements together with the management report and 2021 consolidated corporate governance report, the 2021 consolidated financial statements together with the Group management report, and the Managing Board's proposed appropriation of profits were taken up and examined in detail by the Supervisory Board. The proposed appropriation of profits was checked, in particular, to ensure that it was reasonable when capital requirements were taken into account. The proposal complies with applicable legal requirements and proactively considers the macroeconomic and financial situation and its impact on the company's solvency and financial position in light of the COVID-19 pandemic. The proposal is in line with the continuously pursued prudent and sustainable capital planning to ensure a solid solvency and liquidity position in the long term.

The Supervisory Board also dealt with important sustainability issues. Sustainability – such as the EU requirements for sustainable finance or an update on dealing with sustainability risks – was regularly discussed in Supervisory Board meetings during the reporting period. The Supervisory Board also received the 2021 sustainability report (consolidated non-financial report) examined by KPMG from the Managing Board, and reviewed and carefully examined it. As a result of this examination, it found that the 2021 sustainability report (consolidated non-financial report) had been prepared properly and was appropriate. The Supervisory Board found no grounds for objection.

In addition, the auditor's reports prepared by (consolidated) financial statements auditor KPMG for the 2021 annual financial statements and management report and the 2021 consolidated financial statements and Group management report were reviewed by the Supervisory Board and examined. KPMG's audit of the 2021 annual financial statements and management report and the 2021 consolidated financial statements and Group management report did not lead to any reservations. KPMG determined that the annual financial statements comply with statutory requirements and give a true and fair view of the net assets and financial position of the Company as of 31 December 2021, and of the results of operations of the Company for financial year 2021 in accordance with Austrian generally accepted accounting principles. The management report is consistent with the annual financial statements. The disclosures pursuant to § 243a UGB (Austrian Commercial Code) are appropriate. KPMG further determined that the consolidated financial statements also comply with statutory requirements and give a true and fair view of the net assets and financial position of the Group as of 31 December 2021, and of the results of operations and cash flows of the Group for financial year 2021 in accordance with the IFRS as adopted by the EU and § 138 of the

Austrian Insurance Supervision Act (VAG) in combination with § 245a of the Austrian Commercial Code (UGB). The Group management report is consistent with the consolidated financial statements. KPMG also reviewed the 2021 sustainability report (consolidated non-financial report) and determined in accordance with § 269 (3) UGB that the 2021 consolidated corporate governance report had been prepared.

The final results of the review by the Supervisory Board also provided no grounds for objection. The Supervisory Board stated that it had nothing to add to the auditor's reports for the financial statements and consolidated financial statements.

After thorough examination, the Supervisory Board therefore adopted a unanimous resolution to approve the 2021 annual financial statements prepared by the Managing Board, not to raise any objections to the management report, the 2021 consolidated financial statements and Group management report, the 2021 consolidated corporate governance report and the 2021 sustainability report (consolidated non-financial report) and to agree with the Managing Board-proposed appropriation of profits.

The 2021 annual financial statements have therefore been approved in accordance with § 96 (4) of the Austrian Stock Corporation Act (AktG).

The Supervisory Board proposes to the General Meeting that it approves the Managing Board's proposed appropriation of profits and formally approves the actions of the Managing Board and Supervisory Board.

Vienna, April 2022

The Supervisory Board:

Günter Geyer (Chairman)

Business development and economic position

ECONOMIC ENVIRONMENT

After a strong economic recovery in the 2nd and 3rd quarters of 2021, the short-term growth outlook for the eurozone was dampened by high levels of new COVID-19 infections, especially the new Omicron variant of the virus and associated containment measures. There were also supply-side shortages and large increases in energy prices that persisted longer than expected. According to Erste Group estimates, the resulting base effects should lead to an inflation rate of 2.6% for the eurozone in 2021. Even if renewed containment measures in the 4th quarter of 2021 have a dampening effect, GDP growth of 5.3% is possible for the eurozone in 2021 (real GDP in 2020: -6.5%).

Based on estimates by the National Bank of Austria (OeNB), the 4th lockdown in November and December 2021 should add up to a 0.5% loss in annual economic output in Austria. At the same time, as for previous lockdowns, the government announced support measures for the sectors and economic actors that were affected. The statistical data from the last 1.5 years of the pandemic show that the negative economic effects of the containment measures have decreased with each lockdown. The negative impact of the renewed containment measures was also partially compensated by the strong economic recovery in the 2nd quarter of 2021 (+13.0%) and 3rd quarter of 2021 (+5.7%). Based on this, the Erste Group expects GDP growth of 4.8% for 2021. The factors driving inflation in the eurozone also apply to Austria, where an inflation rate of 2.8% is expected for 2021.

The strong economic recovery continued throughout the CEE region and almost all the economies are expected to have reached their pre-crisis levels during the course of 2021. While the figures for the 3rd quarter of 2021 confirm the recovery of economic activity, manufacturing is also being adversely affected by supply restrictions here. Economic growth was mainly driven by domestic demand in the 3rd quarter of 2021, while net exports slowed growth everywhere except Croatia. That is one of the reasons the Erste Group ultimately lowered its GDP forecast for the region to 5.5% for 2021. Risks related to the COVID-19 pandemic and supply chain bottlenecks naturally continue to exist. However, tightening the measures aimed at flattening infection curves throughout the CEE region should keep the overall effect on growth small in 2021.

In many CEE countries, inflation exceeded the upper limit of the national bank inflation target in 2021. More than 90% of the average increase in headline inflation observed in the CEE region in 2021 was due to increases in fuel prices, housing and energy costs as well as food prices. Unlike the European Central Bank (ECB) – under the impression of a tighter labour markets, among other things – the regional central banks have already reacted and initiated a cycle of interest rate increases. The Erste Group expects inflation to be 4.5% for the region as a whole in 2021.

LEGAL ENVIRONMENT

COVID-19 LEGISLATION

A great deal of pandemic-related European and national legislation was enacted in 2021 and existing legislation from 2020 was extended in order to control and mitigate the effects of the COVID-19 pandemic. This also had significant effects on VIG Holding and the Group. In Austria, for example, the amendment to corporate law was maintained to the effect that board meetings could also be held without the physical presence of the participants. In addition, the deadlines for holding general meetings and preparing annual financial statements as well as notification deadlines under Austrian insurance supervisory law and in court and administrative proceedings were extended (again). Labour and tax regulations for home offices were also further standardised. Legal changes with respect to customer areas, workplaces and events, and the lockdown restrictions had a significant impact on VIG Holding and its subsidiaries.

SUSTAINABLE FINANCE

The European Commission aims to make Europe the first climate-neutral continent in the world by 2050 under its "European Green Deal" initiative. In 2021, this political objective became legally binding on all Member States and therefore indirectly applicable to VIG Holding and the VIG

Group under European Climate Law. A number of directly applicable European regulations were adopted from 2019 to 2021 to achieve this goal, in particular the so-called "Taxonomy Regulation" and "Disclosure Regulation". The first creates a system for classifying environmentally sustainable activities and represents a voluntary minimum standard for classifying VIG Holding and Group investments and non-life insurance premiums starting as of 1 January 2022. The second applies to Group companies that offer insurance-based investment products and includes pre-contractual and periodic information duties to make disclosures at both the company and product levels with respect to sustainability risks and the adverse sustainability impacts of investments for all life insurance policies concluded on or after 10 March 2021.

DIGITAL RESILIENCE

Regulating the digital security of the financial sector was also a focus of attention at the European level during the reporting period. In September 2020, the European Commission published a legislative proposal for a Digital Operational Resilience Act (DORA) that is aimed at requiring financial market participants to implement all the security measures needed to mitigate cyberattacks and other risks. Based on current information, it is not expected to be applicable before 2023.

BREXIT

The Trade and Cooperation Agreement concluded by the EU and United Kingdom at the end of 2020 formally came into force on 1 May 2021. It is mainly a free-trade agreement for goods and services. It also includes a number of provisions concerning cooperation in other areas (e.g. the coordination of social security, law enforcement and judicial cooperation). With respect to direct insurance, the loss of the freedom to provide services means the possibilities for offering and providing reciprocal services are now very limited. Some countries have therefore adopted transitional arrangements. With respect to reinsurance, it remains to be seen whether the European Commission will reach a decision on the equivalence of supervisory regimes and therefore whether reinsurance companies with registered offices in the United Kingdom are to be treated the same as those with registered offices in the European Union.

GROUP BUSINESS DEVELOPMENT AND FINANCIAL PERFORMANCE INDICATORS

GENERAL INFORMATION

The around 50 VIG insurance companies operate in the following reporting segments: Austria, Czech Republic, Poland, Extended CEE, Special Markets and Group Functions. These six segments are explained in the segment reporting section starting on page 38. The Extended CEE segment includes the countries of Albania incl. Kosovo, Baltic states, Bosnia-Herzegovina, Bulgaria, Croatia, Hungary, Moldova, North Macedonia, Romania, Serbia, Slovakia and Ukraine. The Special Markets segment consists of the four countries Germany, Georgia, Liechtenstein and Turkey. The Montenegro and Belarus markets were not included in the scope of consolidation in 2021 due to immateriality. More information on the scope of consolidation and consolidation methods is provided on page 83 of the notes to the consolidated financial statements. The notes to the consolidated financial statements provide detailed information on changes in the scope of consolidation starting on page 84.

VIG Insurance Group operates with more than one company and brand in most of its markets. The market presence of each company in a country is also aimed at different target groups. Their product portfolios differ accordingly. Use of this multi-brand strategy does not mean, however, that potential synergies remain unexploited. Structural efficiency and the cost-effective use of resources are examined regularly. Back offices that perform administrative tasks for more than one company are already being used successfully in many countries. Mergers of insurance companies are considered if the additional synergies that can be achieved outweigh the benefits of a diversified market presence. To ensure uniform management, specific country responsibilities also exist at Managing Board level. As part of the VIG 25 strategic programme, the country responsibilities of the members of the VIG Holding Managing Board were reassigned and, in addition to the CEO (Chief Executive Officer) and CFRO (Chief Financial and Risk Officer), a CTO (Chief Technical Officer), a COO (Chief Operations Officer) and a CIO (Chief Innovation Officer) were also established at the Managing Board level.

To improve readability, company names have been shortened throughout the entire report. A list of full company names is provided starting on page 184. In order to avoid duplicate information, reference will be made below to appropriate information in the notes. Changes in significant balance sheet and income statement items are presented in both the segment reporting and the notes to the financial statements. Additional disclosures in the management report below are intended to explain these data in more detail.

FINANCIAL PERFORMANCE INDICATORS

The key financial performance indicators that form the basis for assessing the business development are presented below.

ABBREVIATED CONSOLIDATED INCOME STATEMENT

	2021	2020	Δ in %	Δ absolute
in EUR millions				
Premiums written – gross	11,002.6	10,428.5	5.5%	574.1
Net earned premiums – retention	9,705.6	9,336.6	4.0%	369.0
Financial result excl. result from shares in at equity consolidated companies	**607.0**	624.8	**-2.8%**	**-17.8**
Income from investments	1,159.5	1,263.8	-8.3%	-104.3
Expenses for investments and interest expenses	-552.5	-639.0	-13.5%	86.5
Result from shares in at equity consolidated companies	24.9	-28.5	-187.2%	53.4
Other income	165.8	145.7	13.8%	20.1
Expenses for claims and insurance benefits – retention	-7,136.6	-7,030.6	1.5%	-106.0
Acquisition and administrative expenses	-2,536.8	-2,328.5	8.9%	-208.3
Other expenses	-317.9	-232.2	36.9%	-85.7
Business operating result	**512.0**	487.3	**5.1%**	**24.8**
Adjustments*	-0.7	-141.4	-99.5%	140.7
Result before taxes	**511.3**	345.9	**47.8%**	**165.5**
Taxes	-123.3	-103.2	19.5%	-20.2
Result for the period	**388.0**	242.7	**59.9%**	**145.3**
Non-controlling interests in net result for the period	-12.3	-11.2	9.9%	-1.1
Result after taxes and non-controlling interests	**375.7**	231.5	**62.3%**	**144.2**
Earnings per share (in EUR)	**2.94**	1.81	**62.3%**	**1.1**

*The value consists of impairments of intangible assets (mainly impairments from goodwill)

Premium volume
A detailed disclosure of premium development is included in Note 15. Premiums written – gross in the notes to the consolidated financial statements.

VIG Insurance Group wrote EUR 11,002.6 million in premiums in 2021, an increase of 5.5% compared to the same period in the previous year (2020: EUR 10,428.5 million). It retained EUR 9,878.6 million of the gross premiums written (2020: EUR 9,415.8 million). EUR 1,124.0 million was ceded to reinsurance companies in 2021 (2020: EUR 1,012.6 million).

The other property and casualty (+8.0%) and motor lines of business (motor third party liability +7.0%, motor own damage +8.7%) recorded particularly good premium growth in 2021. Premium growth was especially strong in the Czech Republic (+7.7%), Extended CEE (+9.3%) and Group Functions (+13.2%) segments. In the Extended CEE segment, the Baltic states (+9.1%), Croatia (+23.1%), Hungary (+13.6%) and Romania (+17.2%) recorded particularly dynamic premium growth. Overall, the Group generated 61.8% of its premiums outside Austria in 2021.

Net earned premiums rose 4.0%, from EUR 9,336.6 million in 2020 to EUR 9,705.6 million in 2021. Net reinsurance cessions were EUR 1,117.3 million in 2021 (2020: EUR 1,005.8 million).

Expenses for claims and insurance benefits – retention
A detailed disclosure of expenses for claims and insurance benefits is included in Note 19. Expenses for claims and insurance benefits – retention in the notes to the consolidated financial statements.

Group expenses for claims and insurance benefits less reinsurers' share were EUR 7,136.6 million in 2021, representing a year-on-year increase of 1.5% (2020: EUR 7,030.6 million). The increase was the result of a significantly higher volume of business in the non-life lines of business.

Acquisition and administrative expenses
A detailed disclosure of acquisition and administrative expenses is included in Note 20. Acquisition and administrative expenses in the notes to the consolidated financial statements.

Acquisition and administrative expenses for all consolidated VIG companies increased by 8.9% year-on-year to EUR 2,536.8 million in 2021, primarily due to an increase in commission expenses (2020: EUR 2,328.5 million).

Financial result
A detailed disclosure of the financial result (excluding shares in at equity consolidated companies) is included in Note 16. Financial result excl. result from shares in at equity consolidated companies in the notes to the consolidated financial statements.

The financial result (incl. the result from shares in at equity consolidated companies) was EUR 631.9 million in 2021 (2020: EUR 596.3 million). The year-on-year increase of 6.0% was mainly due to a better result from shares in at equity consolidated companies.

Result before taxes
The Group result before taxes was EUR 511.3 million in 2021 (2020: EUR 345.9 million). The substantial 47.8% increase in profits was mainly the result of a significant improvement in the combined ratio and the good development of the financial result. In addition, the result for the previous year was reduced by EUR 141.4 million in impairments of goodwill and other intangible assets.

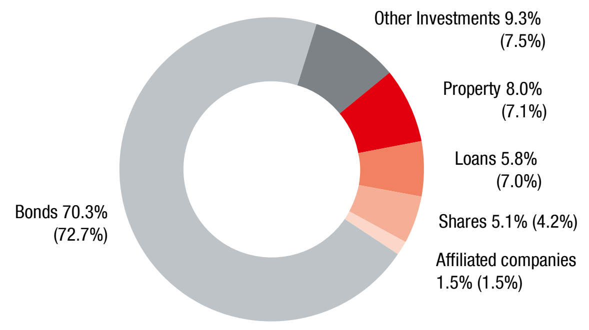
The business operating result was EUR 512.0 million in 2021, 5.1% higher than the value in the previous year (2020: EUR 487.3 million).

Investments
A brief presentation of the investments is included in the notes to the consolidated financial statements starting on page 94.

Total investments, including cash and cash equivalents, were EUR 37,266.1 million as of 31 December 2021 (31 December 2020: EUR 36,646.3 million). The year-on-year increase was primarily due to an increase in cash and cash equivalents resulting from the issue of additional debt and hybrid capital.

The investments include property, shares in at equity consolidated companies and all financial assets, using the look-through approach for consolidated special funds, as well as other fund investments allocated to the asset classes. Financial instruments for unit- and index-linked life insurance are not included. These increased 7.0% from EUR 7,968.0 million in 2020 to EUR 8,525.3 million in 2021, mainly due to the positive performance achieved by the financial instruments for unit- and index-linked life insurance.

BREAKDOWN OF INVESTMENTS 2021



2020 values in parenthesis

Shareholders' equity
Shareholders' equity increased 5.9% to EUR 5,597.9 million in 2021 (2020: EUR 5,285.8 million). The development was primarily due to the EUR 300 million issue of hybrid capital. The shareholders' equity attributable to shareholders increased from EUR 5,162.7 million in 2020 to EUR 5,478.2 million in 2021 for the reason indicated above.

Underwriting provisions
A detailed disclosure of underwriting provisions is included in Note 10. Underwriting provisions in the notes to the consolidated financial statements.

Underwriting provisions were EUR 32,546.2 million as of 31 December 2021. This represents an increase of 1.0% over the previous year (2020: EUR 32,230.1 million).

Cash flow

The significant increase in business operations was also reflected in the cash flow from operating activities, which rose from EUR 310.6 million in 2020 to EUR 522.1 million in 2021. The cash flow from investing activities decreased from EUR 98.6 million in 2020 to EUR -415.5 million in 2021 due to an increase in investments. Financing activities produced a cash flow of EUR 597.7 million in 2021 (2020: EUR -123.6 million). The positive change compared to the previous year was mainly due to the issue of the VIG Holding hybrid bond and sustainability bond. The Group had cash and cash equivalents of EUR 2,456.3 million at the end of 2021 (2020: EUR 1,745.1 million). The amount of interest and dividends received was EUR 719.7 million in 2021 (2020: EUR 754.5 million).

Earnings per share

Earnings per share is a key figure equal to the result for the period (less non-controlling interests) divided by the average number of shares outstanding. The number of shares remained unchanged compared to the previous year.

Earnings per share were EUR 2.94 in 2021 (2020: EUR 1.81). This therefore represented an increase of 62.3% compared to the previous year.

Operating Return on Equity (Operating RoE)

Operating return on equity (operating RoE) measures the profitability of the Group by expressing the business operating result as a ratio of the capital employed. This ratio is calculated by dividing the business operating result by the average shareholders' equity. Shareholders' equity adjusted for a provision for unrealised gains and losses is used for this purpose.

The Group earned an operating return on equity of 10.9% in 2021 (2020: 11.1 %).

Operating Return on Equity	31.12.2021	31.12.2020	31.12.2019
in EUR millions			
Shareholders' equity	5,597.9	5,285.8	5,190.7
Unrealised gains and losses recognised in equity	-568.1	-906.6	-777.2
Adjusted shareholders' equity	5,029.8	4,379.2	4,413.5
Average adjusted shareholders' equity	4,704.5	4,396.3	
Business operating result	512.0	487.3	
Operating RoE in %	10.9	11.1	

Combined ratio significantly below 100%

The combined ratio is calculated as the sum of underwriting income and expenses, net payments for claims and insurance benefits, including the net change in underwriting provisions, and acquisition and administrative expenses, divided by net earned premiums in the property and casualty balance sheet unit.

The Group combined ratio improved to 94.2% in 2021, primarily due to better claims development in the Czech Republic, Poland and Extended CEE segments (2020: 95.0%).

Combined ratio	2021	2020
in EUR millions		
Net earned premiums – retention	5,653.0	5,358.8
Expenses for claims and insurance benefits – retention	-3,475.4	-3,367.4
Acquisition and administrative expenses, including other underwriting income and expenses	-1,847.0	-1,724.6
Total expenses	-5,322.4	-5,092.0
Combined ratio in %	94.2	95.0

BRANCH OFFICES

VIG Insurance Group has branch offices in Germany, France, Italy, Kosovo, Slovenia, the Baltic states Estonia, Latvia and Lithuania, and the Northern European countries of Sweden, Norway and Denmark. Information on existing branch offices and any significant changes compared to the previous year are discussed in more detail for the respective reportable segments in the section below, if applicable. A list of the addresses of the insurance companies and branch offices is also provided on page 193.

BUSINESS DEVELOPMENT AND FINANCIAL PERFORMANCE INDICATORS BY REPORTABLE SEGMENT

The reportable segments Austria, Czech Republic, Poland, Extended CEE, Special Markets and Group Functions are discussed below. The discussion focuses on presenting business development in these reportable segments and the market position held by the VIG Group in the respective countries. A detailed presentation of the consolidated income statement by reportable segments and premiums written by reportable segments and lines of business is provided on page 91 in the notes to the consolidated financial statements and in Note 15. Premiums written – gross on page 147.

PREMIUMS WRITTEN BY REPORTABLE SEGMENT

in EUR millions	2021	2020	Δ in %	Δ absolute
Austria	4,048.4	4,030.7	0.4%	17.7
Czech Republic	1,864.9	1,732.4	7.7%	132.5
Poland	1,279.8	1,196.2	7.0%	83.6
Extended CEE[1]	2,886.7	2,640.5	9.3%	246.3
Special Markets[2]	531.7	531.6	0.0%	0.0
Group Functions[3]	1,965.0	1,736.5	13.2%	228.5
Consolidation	-1,574.0	-1,439.5	9.3%	-134.5
Total	11,002.6	10,428.5	5.5%	574.1

[1] Extended CEE: Albania incl. Kosovo, Baltics, Bosnia-Herzegovina, Bulgaria, Croatia, Hungary, Moldova, North Macedonia, Romania, Serbia, Slovakia, Ukraine
[2] Special Markets: Germany, Georgia, Liechtenstein, Turkey
[3] Group functions: VIG Holding, VIG Re, Wiener Re, VIG Fund, corporate IT service providers and intermediate holding companies

RESULT BEFORE TAXES BY REPORTABLE SEGMENT

in EUR millions	2021	2020	Δ in %	Δ absolute
Austria	234.7	178.7	31.3%	55.9
Czech Republic	186.9	192.1	-2.7%	-5.2
Poland	69.9	22.6	> 100%	47.3
Extended CEE[1]	188.6	31.2	> 100%	157.4
Special Markets[2]	37.9	25.8	46.5%	12.0
Group Functions[3]	-210.8	-107.6	96.0%	-103.3
Consolidation	4.3	3.0	42.3%	1.3
Total	511.3	345.9	47.8%	165.5

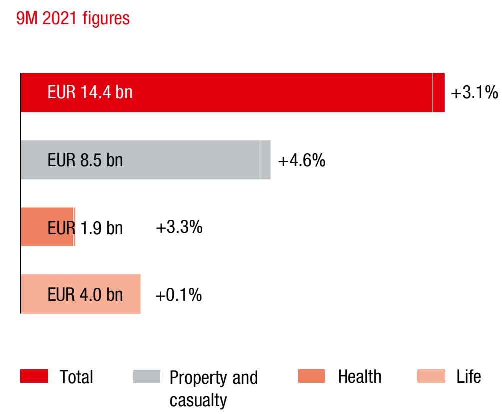
[1] Extended CEE: Albania incl. Kosovo, Baltics, Bosnia-Herzegovina, Bulgaria, Croatia, Hungary, Moldova, North Macedonia, Romania, Serbia, Slovakia, Ukraine
[2] Special Markets: Germany, Georgia, Liechtenstein, Turkey
[3] Group functions: VIG Holding, VIG Re, Wiener Re, VIG Fund, corporate IT service providers and intermediate holding companies

AUSTRIA

AUSTRIAN INSURANCE MARKET

The top 5 insurance groups in the country generated around 71% of the premium volume in Austria in the 1st to 3rd quarters of 2021. The two largest insurance groups generated around 44%.

MARKET GROWTH IN THE 1ST TO 3RD QUARTERS OF 2021 COMPARED TO THE PREVIOUS YEAR



Source: Austrian Insurance Association

The Austrian insurance companies generated a total premium volume of EUR 14.4 billion in the first three quarters of 2021. The COVID-19 pandemic was still having a significant negative effect on economic output at the beginning of 2021. According to the Austrian Insurance Association (VVO), this led to a moderate year-on-year increase in premium volume of 0.5% in the 1st quarter of 2021. The recovery that followed in the 1st half of 2021 led to a total year-on-year increase of 3.1% for the 1st to 3rd quarters of 2021. The increase was mainly due to growth in property and casualty insurance (+4.6%) and health insurance (+3.3%). Life insurance remained stable with an increase of 0.1%.

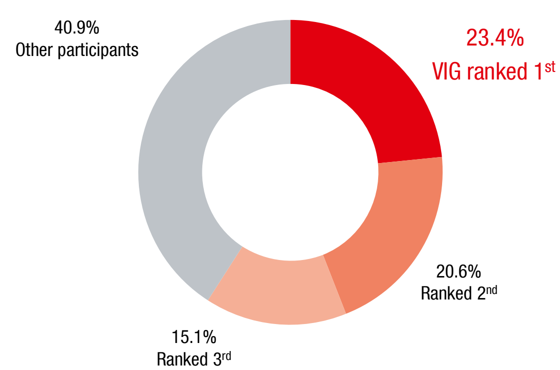
Industrial insurance, which recorded a double-digit increase of 11.1%, was the main driver of the growth in property and casualty insurance. Premium volume rose 7.0% year-on-year for motor own damage insurance. This increase was primarily the result of price changes. Motor third party liability recorded an increase of 2.4%. The non-motor lines of business rose 5.1%, with travel insurance recording a sharp increase of 23.6%.

While regular premium life insurance fell slightly year-on-year by minus 0.7% in the 1st to 3rd quarters of 2021, single premium life insurance recorded an increase in premium volume. After decreasing sharply in the 1st quarter of 2021, single premium life insurance achieved an increase of 5.8% during the first nine months of 2021. Premiums in health insurance recorded a year-on-year increase of 3.3%.

According to calculations based on data from the International Monetary Fund (IMF) and Austrian Insurance Association (VVO), the average per capita expenditure for insurance in Austria was EUR 2,016 in 2020. Of this, EUR 1,410 was spent in the non-life insurance area and EUR 607 in the life insurance area.

MARKET SHARES OF THE MAJOR INSURANCE GROUPS

Per cent of total premium volume



Source: Austrian Insurance Association; as of 9M 2021

VIG COMPANIES IN AUSTRIA

VIG Insurance Group is represented by the two insurance companies Wiener Städtische and Donau Versicherung in Austria. s Versicherung, which was merged with Wiener Städtische in 2018, continues to exist as a brand for bancassurance customers. Wiener Städtische also operates via branches in Italy and Slovenia. VIG Holding operates out of Austria as a reinsurer of the Group and an insurer in the cross-border corporate business. Since 2019, it has also been active in the traditional industrial insurance business through branch offices in the Northern European countries of Sweden, Norway and Denmark. VIG Holding is assigned to the Group Functions segment.

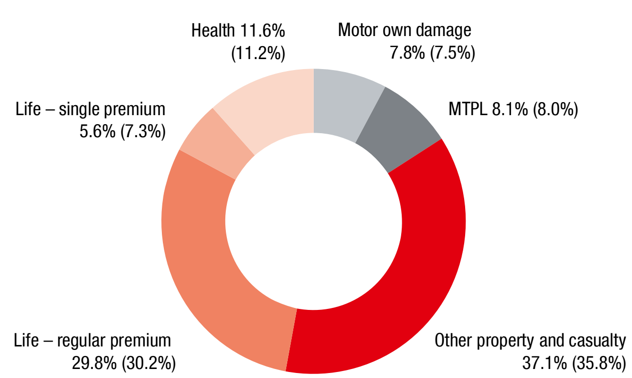
With a market share of 23.4% in the 1st to 3rd quarters of 2021, the VIG insurance companies represent Austria's largest insurance group. Together they hold first place in the market in property and casualty and in life insurance, and second place in health insurance.

FINANCIAL PERFORMANCE INDICATORS IN THE AUSTRIA REPORTABLE SEGMENT

Premium development

The Austrian VIG insurance companies wrote EUR 4,048.4 million in premiums in 2021, thereby keeping premiums stable at the previous year level with a slight increase of 0.4% (2020: EUR 4,030.7 million). Net earned premiums were EUR 3,242.5 million in 2021 (2020: EUR 3,275.6 million).

PREMIUMS BY LINE OF BUSINESS



Values for 2020 in parentheses

Result before taxes
The Austria segment generated a result before taxes of EUR 234.7 million in 2021 (2020: EUR 178.7 million). This corresponds to an increase of 31.3%, due in part to COVID-19-related impairments in the previous year and a higher current result from shares in at equity consolidated companies.

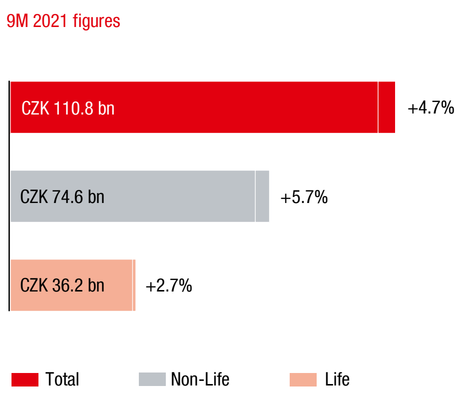
Combined ratio
The combined ratio was 92.8% in 2021, almost the same level as in the previous year (2020: 92.7%).

CZECH REPUBLIC

CZECH INSURANCE MARKET

In the 1st to 3rd quarters of 2021 the insurance market in the Czech Republic continued to be dominated by the top 5 insurance groups, which together generate 85% of total premium volume.

MARKET GROWTH IN THE 1ST TO 3RD QUARTERS OF 2021 COMPARED TO THE PREVIOUS YEAR



Source: Czech Insurance Association

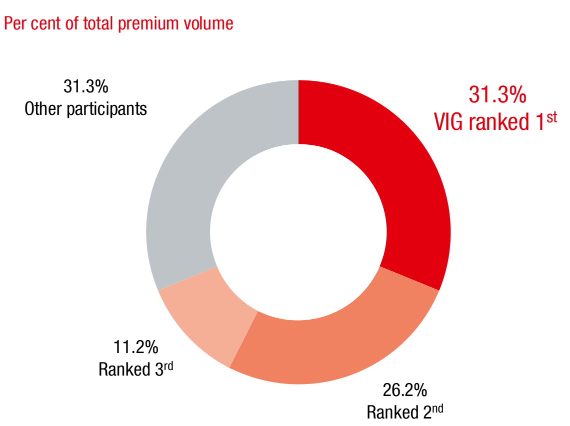
Despite the ongoing COVID-19 pandemic, the growth of the Czech insurance market continued in the first nine months of 2021. Premium volume rose 4.7% year-on-year (based on the calculation method of the Czech Insurance Association ČAP) from CZK 105.8 billion to CZK 110.8 billion. The increase was due to growth in both the non-life and life sectors.

Premiums rose 5.7% in the non-life sector. The increase was driven by the dominant motor third party liability (+5.7%) and motor own damage (+6.7%) lines of business, although the growth rate was slower for both lines compared to the same period in the previous year. Both lines continue to benefit from a growing number of newly insured vehicles and rising prices. The non-motor lines of business also recorded an increase of 5.2%.

The life insurance sector recorded year-on-year growth of 2.7% in the 1st to 3rd quarters of 2021. This sector is dominated by regular premium life insurance, which recorded a gain of 2.8%, while single premium business reduced by 2.5%.

According to calculations based on data from the International Monetary Fund (IMF) and Czech Insurance Association, the average per capita expenditure for insurance in the Czech Republic was EUR 586 in 2020. EUR 382 of this amount was for non-life insurance and EUR 204 for life insurance.

MARKET SHARES OF THE MAJOR INSURANCE GROUPS



Source: Czech Insurance Association; as of 9M 2021

VIG COMPANIES IN THE CZECH REPUBLIC

VIG Insurance Group is represented by two companies, Kooperativa and ČPP, in the Czech Republic. With a market share of 31.3% it is the largest insurance group in the Czech

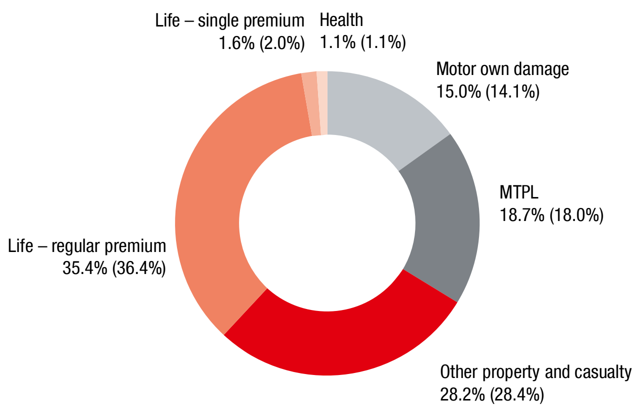
Republic in the 1st to 3rd quarters of 2021. It holds first place in the market for both life and non-life insurance.

The Group reinsurance company VIG Re, which has its headquarters in Prague, is assigned to the Group Functions segment.

FINANCIAL PERFORMANCE INDICATORS IN THE CZECH REPUBLIC REPORTABLE SEGMENT

Premium development
The VIG insurance companies in the Czech Republic segment wrote EUR 1,864.9 million in premiums in 2021, representing a strong increase of 7.7% (2020: EUR 1,732.4 million). This was primarily due to good performance in the motor lines of business as well as in the other property and casualty and regular premium life insurance lines of business. Net earned premiums were EUR 1,399.8 million in 2021 (2020: EUR 1,295.5 million). This represented an increase of 8.0% compared to the previous year.

PREMIUMS BY LINE OF BUSINESS



Values for 2020 in parentheses

Result before taxes
A result before taxes of EUR 186.9 million was recorded in the Czech Republic segment in 2021 (2020: EUR 192.1 million). This corresponds to a decline of 2.7% compared to the previous year, which mainly resulted from a decrease in the result in the life business due to higher acquisition costs in connection with the increase in new business.

Combined ratio
Due to an improvement in the claims ratio in the motor lines of business, the combined ratio continued to decline compared to the previous year to an excellent 90.1% in 2021 (2020: 90.7%).

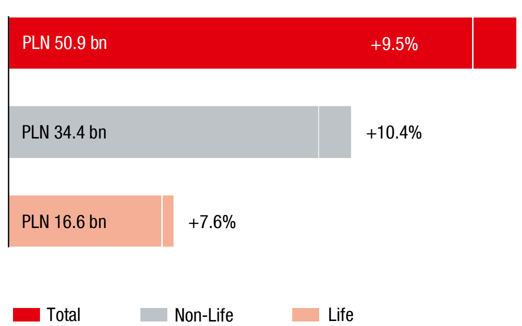
POLAND

POLISH INSURANCE MARKET

The five largest insurance groups in the country generated around 73% of the total premium volume in the first three quarters of 2021. The three largest insurance groups contributed around 59%.

MARKET GROWTH IN THE 1ST TO 3RD QUARTERS OF 2021 COMPARED TO THE PREVIOUS YEAR

9M 2021 figures



Source: Financial Market Authority Poland

The Polish insurance market recorded a year-on-year increase of 9.5% in local currency terms in the 1st to 3rd quarters of 2021. The growth was driven by increases in both non-life premiums (+10.4%) and life premiums (+7.6%).

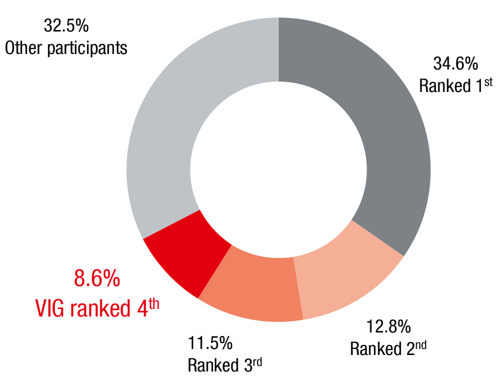
Premium volume in the motor lines of business, which dominate the non-life business with a share of around 53%, rose in the first nine months of 2021. Motor third party liability recorded an increase of 2.4%, and motor own damage insurance recorded strong growth of 10.6%. Performance was also predominantly positive in the non-motor lines of business, which recorded an impressive 16.7% increase in premium volume in the 1st to 3rd quarters of 2021. Health insurance products in the non-life business rose sharply by 33.5% compared to the same period in the previous year.

The positive performance achieved by life insurance in the 1st to 3rd quarters of 2021 was mainly due to a large increase in single premium business (+24.9%). Premiums from regular premium life insurance also increased 4.1%.

According to calculations based on data from the International Monetary Fund (IMF) and Polish financial market authority, the average per capita expenditure for insurance in Poland was EUR 376 in 2020. Out of this, EUR 253 was spent on non-life insurance and EUR 123 on life insurance.

MARKET SHARES OF THE MAJOR INSURANCE GROUPS

Per cent of total premium volume



Source: Financial Market Authority Poland; as of 9M 2021

VIG COMPANIES IN POLAND

VIG Insurance Group is represented by Compensa Life and Non-Life, InterRisk, Vienna Life and Wiener TU in the Polish market. InterRisk also invested in the mutual insurance association TUW "TUW" in 2019. In November 2020, VIG Insurance Group signed a share purchase agreement with the Dutch company Aegon N.V. to acquire its companies in Hungary, Poland, Romania and Turkey. The acquisition will allow VIG Insurance Group to strengthen its market position and significantly expand its potential in the pension fund business in Poland. The transaction is subject to the approvals required under supervisory law. Approval under competition law has already been provided.

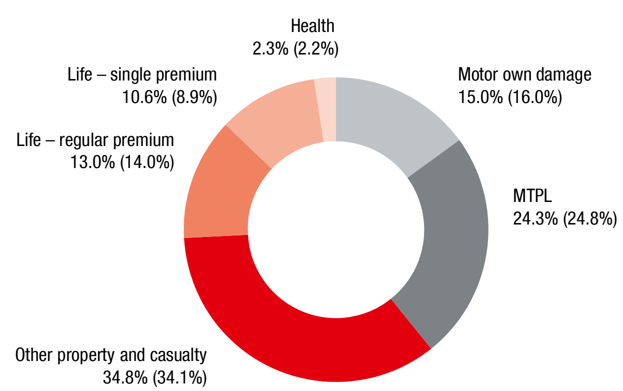
VIG Insurance Group held fourth place in the overall market with a market share of 8.6% in the first nine months of 2021. In the non-life sector it is positioned as fourth in the ranking of top insurers, and in the life sector it is positioned as fifth.

FINANCIAL PERFORMANCE INDICATORS IN THE POLAND REPORTABLE SEGMENT

Premium development

The Poland segment recorded total premiums written of EUR 1,279.8 million in 2021, representing an increase of 7.0% compared to the previous year (2020: EUR 1,196.2 million). This increase was mainly due to growth in the other property and casualty and single premium life insurance lines of business. Net earned premiums were EUR 983.0 million in 2021, 6.1% higher than in the previous year (2020: EUR 926.6 million).

PREMIUMS BY LINE OF BUSINESS



Values for 2020 in parenthesis

Result before taxes

The result before taxes was EUR 69.9 million in 2021 (2020: EUR 22.6 million). The strong increase was due to the fact that the result for the previous period was decreased by provisions for expenses arising from a change in the surrender terms for the repurchase of certain life insurance products and a significant improvement in the combined ratio for 2021.

The business operating result in the Poland segment was EUR 70.5 million in 2021 (2020: EUR 38.2 million).

Combined ratio

Due to a better claims development the combined ratio improved to 93.2% in 2021 (2020: 96.7%).

EXTENDED CEE

The Extended CEE reportable segment includes the countries of Albania incl. Kosovo, Baltic states, Bosnia-Herzegovina, Bulgaria, Croatia, Hungary, Moldova, North Macedonia, Romania, Serbia, Slovakia and Ukraine, which generated 27.2% of Group premiums in 2021.

Albania including Kosovo

VIG Insurance Group operates in the Albanian insurance market with Sigma Interalbanian and Intersig. With a market share of 21.1% it ranked second in the first nine months of 2021. Sigma Interalbanian is also represented by a branch in Kosovo, where it held seventh place in the market with a market share of 9.0% in the 1st to 3rd quarters of 2021.

Baltic states

VIG insurance companies are represented in all three Baltic states. Compensa Life has its headquarters in Estonia and is also represented by branches in Latvia and Lithuania. BTA Baltic operates in Latvia and has branches in Estonia and Lithuania. After merging in 2020, the non-life companies Compensa Non-Life and Seesam operated in Lithuania as a single company, Compensa Non-Life. It maintains branches in Latvia and Estonia.

Their market share of 25.1% made the VIG insurance companies the market leader in the Baltic states in the 1st to 3rd quarters of 2021. They also hold first place in the non-life sector and second place for life insurance.

Bosnia-Herzegovina

VIG Insurance Group is represented by Wiener Osiguranje, which has its headquarters in Banja Luka in the Serbian Republika Srpska in Bosnia-Herzegovina, and by Vienna Osiguranje, which is headquartered in Sarajevo. The market share was 8.3% based on data for the 1st to 3rd quarters of 2021, which puts the VIG insurance companies in fifth place in the market.

Bulgaria

The three insurance companies Bulstrad Life, Bulstrad Non-Life and Nova are represented in the Bulgarian insurance market. Together they had a market share of 13.3% in the 1st to 3rd quarters of 2021. That makes the VIG insurance companies the leading insurance group in Bulgaria. They hold third place in both the non-life and life sectors. The PAC Doverie pension fund also belongs to VIG Insurance Group.

Croatia

The VIG insurance company Wiener Osiguranje operates in Croatia. Its market share of 10.5% in the 1st to 3rd quarters of 2021 put it in fourth place in the Croatian insurance market.

Moldova

The VIG insurance company Donaris operates in Moldova. It had a market share of 12.1% in the first nine months of 2021, putting it in fifth place in the market. It also holds fourth place in the non-life sector.

North Macedonia

The VIG insurance companies Makedonija Osiguruvanje, Winner Non-Life and Winner Life together held a market share of 18.4% in the 1st to 3rd quarters of 2021. That makes the VIG companies the leading insurance group in North Macedonia.

Romania

Three VIG insurance companies, the non-life insurer Omniasig, composite insurer Asirom and life insurer BCR Life, operate in the Romanian insurance market. Their market share of 20.7% makes the VIG insurance companies the market leader in Romania. They hold the second place for both life insurance and non-life insurance.

In November 2020, VIG Insurance Group signed a share purchase agreement with the Dutch company Aegon N.V. to acquire its companies in Hungary, Poland, Romania and Turkey. The acquisition will allow VIG Insurance Group to significantly expand its potential in the pension fund business in Romania. The transaction is subject to the approvals required under supervisory law. Approval under competition law has already been provided.

Serbia
The VIG insurance company Wiener Städtische Osiguranje operates in Serbia. It held fourth place in the market with a market share of 10.8% in the 1st to 3rd quarters of 2021. It is in fifth place in the non-life sector and second place in the life sector.

Slovakia
Two VIG insurance companies, Kooperativa and Komunálna, are represented in the Slovakian insurance market. Their market share of 28.7% put them in first place in Slovakia in the 1st to 3rd quarters of 2021. They hold second place for non-life insurance and first place for life insurance.

Ukraine
Following the merger of Globus and UIG, the VIG non-life insurance companies Kniazha and UIG and life insurance company Kniazha Life were operating in Ukraine. The VIG insurance companies held third place in the overall market with a market share of 7.0% in the 1st to 3rd quarters of 2021. They are in second place in the non-life sector and sixth place in the life sector.

Hungary
The VIG Insurance Group operates with the insurance company Union Biztosító in Hungary. It had a market share of 8.1% in 2020, which put it in sixth place in the market. It was in sixth place for non-life insurance in 2020 and fourth place for life insurance.

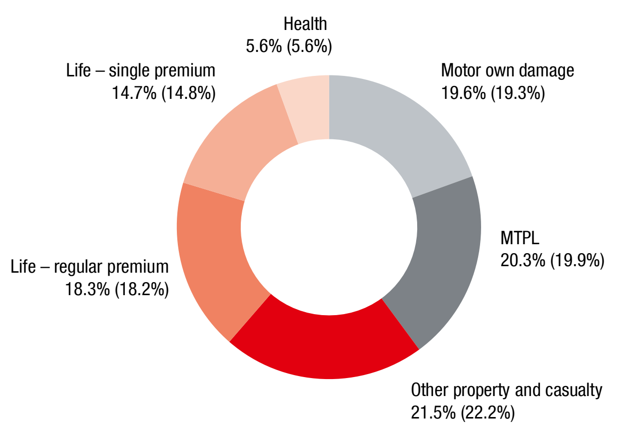
In November 2020, VIG Insurance Group signed a share purchase agreement with the Dutch company Aegon N.V. to acquire its companies in Hungary, Poland, Romania and Turkey. The acquisition will make VIG Insurance Group the market leader in Hungary. The transaction is subject to the approvals required under supervisory law. Approval under competition law has already been provided.

The cooperation agreement signed with the Hungarian state-owned holding company Corvinus Nemzetközi Befektetési Zrt. ("Corvinus") on 21 February 2022 provides for a non-controlling minority interest of 45% in the Hungarian VIG companies. Closing of the transaction is subject to the approvals required under supervisory and competition law and closing of the transaction with Aegon.

FINANCIAL PERFORMANCE INDICATORS IN THE EXTENDED CEE REPORTABLE SEGMENT

Premium development
The VIG insurance companies in the Extended CEE segment wrote EUR 2,886.7 million in premiums in 2021, representing a year-on-year increase of 9.3% (2020: EUR 2,640.5 million) The increase is mainly the result of the good performance in the motor business lines in Bulgaria, Hungary, Romania, Slovakia and Ukraine. The life business lines in the Baltic states, Hungary and Slovakia and the other property and casualty business line in the Baltic states, Croatia and Hungary also showed a very positive development. Net earned premiums were EUR 2,200.7 million in 2021 (2020: EUR 2,054.1 million), an increase of 7.1% compared to the previous year.

PREMIUMS BY LINE OF BUSINESS



Values for 2020 in parenthesis

Result before taxes
Due to an improved combined ratio and the absence of the goodwill impairment in Bulgaria and Croatia of EUR 104.8 million in the previous year, the result before taxes for the Extended CEE segment rose to EUR 188.6 million in 2021 (2020: EUR 31.2 million).

Combined ratio
The combined ratio of 92.3% in the Extended CEE segment in 2021 represented a significant improvement to the previous year's level due to positive claims development and the reallocation of technical reserves (2020: 94.5%).

SPECIAL MARKETS

The Special Markets segment includes the countries of Germany, Georgia, Liechtenstein and Turkey.

Germany
The VIG insurance companies InterRisk Non-Life and InterRisk Life operate in Germany. The InterRisk companies distribute exclusively through around 10,000 independent sales partners. InterRisk Non-Life specialises in accident and liability insurance and selected property insurance products. InterRisk Life focuses on retirement provision and occupational disability solutions, as well as protection for surviving dependants. The VIG companies continue to operate successfully in the German market as profitable niche providers.

The Group internal reinsurance company VIG Re has also been represented by a branch in Germany since 2017. It is assigned to the Group Functions segment.

Georgia
VIG Insurance Group is represented by two companies in Georgia, GPIH and IRAO. With a market share of 24.4%, the companies became the leading insurance group in Georgia in the 1st to 3rd quarters of 2021.

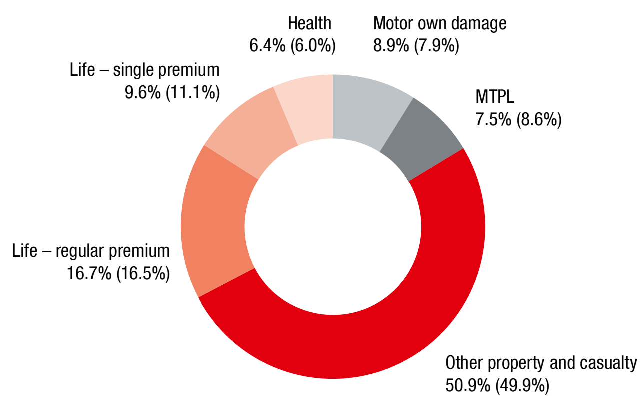
Liechtenstein
The VIG insurance company Vienna-Life operates in Liechtenstein. Vienna-Life primarily offers unit- and index-linked life insurance and holds eleventh place in the market in Liechtenstein.

Turkey
The VIG non-life insurance company Ray Sigorta operates in Turkey. Its market share of 2.1% puts it in 14th place in the Turkish insurance market. In November 2020, VIG Insurance Group signed a share purchase agreement with the Dutch company Aegon N.V. to acquire its companies in Hungary, Poland, Romania and Turkey. The acquisition allows VIG Insurance Group to enter the life insurance business in Turkey. The transaction is subject to the approvals required under supervisory law. Approval under competition law has already been provided.

FINANCIAL PERFORMANCE INDICATORS IN THE SPECIAL MARKETS REPORTABLE SEGMENT

Premium development
Premiums written by the VIG insurance companies in the Special Markets segment remained at the previous year's level at EUR 531.7 million in 2021 (2020: EUR 531.6 million). Premiums written rose 12.6% after adjusting for exchange rate effects, mainly due to currency changes in Turkey. Net earned premiums were EUR 325.9 million in 2021 (2020: EUR 343.9 million), a decrease of 5.2% compared to the previous year.

PREMIUMS BY LINE OF BUSINESS



Values for 2020 in parenthesis

Result before taxes
The result before taxes in the Special Markets segment rose 46.5% in 2021 to EUR 37.9 million (2020: EUR 25.8 million). This increase was primarily due to absence of the goodwill impairment of EUR 12.5 million performed in Georgia in the previous year.

Combined ratio
The combined ratio was 94.4% in 2021, mainly due to rising claims frequencies in Turkey (2020: 88.1%).

GROUP FUNCTIONS

The Group Functions reportable segment includes VIG Holding (including the branches in Northern Europe), VIG Re (including the branches in Germany and France), Wiener Re, the VIG Fund, corporate IT service providers and intermediate holding companies. VIG Holding primarily focuses on managerial tasks for the Group. It also operates as the reinsurer for the Group and in the international corporate business.

The reinsurance company VIG Re was formed in Prague in 2008 and is a successful reinsurance provider for both VIG insurance companies and external partners. It has established itself as an important company in the CEE region and follows a conservative underwriting and investment strategy. Standard & Poor's reaffirmed VIG Re's A+ rating with stable outlook at the end of 2021.

FINANCIAL PERFORMANCE INDICATORS IN THE GROUP FUNCTIONS REPORTABLE SEGMENT

Premium development
Premiums written in the Group Functions segment rose 13.2% in 2021 to EUR 1,965.0 million (2020: EUR 1,736.5 million). In addition to an increase in premiums from the entry into new business areas (Western Europe) in active reinsurance generated by the insurance company VIG Re, an increase in corporate and large customer business and assumed internal Group reinsurance was also recorded in VIG Holding.

Result before taxes
A loss of EUR 210.8 million was recorded in the Group Functions segment in 2021 (2020: loss of EUR 107.6 million). In addition to the strengthening of the technical reserves, this development is attributable to various provisions for strategic projects and digitalisation initiatives, among other things.

BUSINESS DEVELOPMENT BY BALANCE SHEET UNIT

Further information on business development by balance sheet units is provided in the additional disclosures in accordance with the Austrian Insurance Supervision Act (VAG) in the notes to the consolidated financial statements starting on page 174.

Other mandatory disclosures

RESEARCH AND DEVELOPMENT

Although VIG companies do not perform any research activities as defined in § 243 (3) (2) UGB, they contribute their expertise to the development of insurance-specific software models. VIG Holding and – for projects – the VIG companies also cooperate with Digital Impact Labs Leipzig, Plug & Play and VENPACE, a start-up initiative (investment and corporate building) that is located in Germany and jointly funded with other insurance companies, in order to identify technological developments in the market more quickly and internalise them if necessary. The VIG Group also indirectly promotes research activities through its participations in ISTCube to increase basic research in Austria and APEIRON to support research in the biotech and pharmaceutical areas and the fight against COVID-19. viesure was also established as an internal "innovation hub" focusing mainly on Austria.

HOLDINGS, PURCHASE AND SALE OF OWN SHARES

Detailed information on § 243 (3) (3) UGB is available in Note 8. Consolidated shareholders' equity starting on page 134 of the notes to the consolidated financial statements.

INTERNAL CONTROL AND RISK MANAGEMENT SYSTEM IN THE ACCOUNTING PROCESS

Preparation of the consolidated financial statements includes all activities required for presentation and disclosure of the net assets, financial position and results of operations of the Group in accordance with the provisions of the law and the IFRS. The consolidated financial statements consist of the balance sheet, income statement, statement of comprehensive income, statement of changes in equity, cash flow statement, segment report and the notes to the consolidated financial statements, which disclose significant accounting policies and explanatory notes. The financial statement process includes the aggregation of all data from accounting and upstream processes for the annual financial statements.

The internal control system is implemented in the Group accounting process in accordance with the five elementary components of the COSO (Committee of Sponsoring Organisations of the Treadway Commission) framework model for internal control.

Control environment

The organisational structure consists of the local accounting departments of the individual companies and the Group accounting department at the VIG Holding headquarters in Vienna. The accounting departments of the VIG companies prepare both local GAAP and IFRS financial statements and then send the IFRS figures to the Group accounting department.

The IFRS financial statements are prepared in accordance with uniform Group accounting policies. The Group fully applies the rules of IFRS 4 with respect to the valuation of insurance policies. Accordingly, the values recognised under applicable national law are carried over to the IFRS consolidated financial statements.

Standardised software is used to prepare the consolidated financial statements. VIG companies mainly use this software to report their data, most of which is imported into the system as an upload or directly entered on site. The Group accounting department consolidates the data and prepares the consolidated financial statements.

Risk assessment

The annual financial statement process has been documented in order to identify risks in the accounting process and eliminate them as far as possible. The documentation covers the entire process all the way from data entry by the employees of VIG companies and automatic and manual controls and analyses during the consolidation process, to publication of the final annual report.

Control measures

IFRS accounting policies that apply across the Group were set down in a Group accounting manual (IFRS application) that is to be applied by all companies included in the consolidated financial statements. The goal is to ensure uniform implementation of the IFRS across the Group. The manual is reviewed each year and updated or amended when necessary, and is sent to the responsible people in the local reporting departments together with additional information on Group-wide reporting requirements each time before the financial statements are prepared. The subsidiaries are responsible in the control system for compliance with the Group-wide accounting policies and for proper and timely performance of their accounting-related processes.

The Finance department of VIG Holding performs both automatic (using validations) and manual checks (performance analyses and plausibility checks) of the financial statement data that is received. Additional checks in the form of control calculations and reconciliation of intragroup transactions – in particular reinsurance and financing balances – are performed to identify and, if necessary, correct or eliminate any differences.

In addition, an earnings reconciliation statement is prepared, the accuracy of individual parts of the consolidated financial statements is checked, and a plausibility check is performed for the consolidated financial statements as a whole to ensure that the presentation is complete and correct.

The accounting employees also work closely with the Planning and Controlling department (e.g. variance analyses), primarily with respect to performance analyses, when the financial statements are prepared. The data are also regularly provided to the Managing Board for review and checking.

In order to ensure that the annual report is completed correctly and on time by the publication deadline, strict deadlines are set for the quarterly and annual financial statements and the VIG companies are informed of these deadlines at the end of the 3rd quarter at the latest for the coming financial year. In this way, the department preparing the consolidated financial statements ensures in advance that the VIG companies align their processes with the deadlines and can therefore send their data on time.

Information and communication
The intensive collaboration with other areas of the Company, in particular Controlling, generates a lively exchange of information and communications.

In addition to the annual report at the end of each financial year, a half-year report was published in accordance with IAS 34 and statutory provisions.

The Investor Relations department is responsible for reporting to VIG Holding shareholders. This takes place both in personal meetings and via the Company website. Shareholders and other interested parties are provided with access to annual and interim reports, and to regularly updated information on key figures, share prices, the financial calendar, ad hoc news and other relevant topics.

Monitoring
The Finance department is responsible for preparing the Group annual report. Quarterly reports are provided to the Managing Board and Supervisory Board to ensure regular monitoring of the internal control system. Risks are continuously monitored by internal cross-departmental Group controls (e.g. Finance department – Planning and Controlling).

The Internal Audit department also performs quality assurance. It performs independent, objective audit procedures to examine the structure and effectiveness of internal control systems and the value and optimisation potential of operational processes. The Internal Audit department helps the organisation achieve its objectives by systematically evaluating the effectiveness of risk management, the control system and the governance process, including all relevant key functions within the Company, and providing appropriate recommendations for improvement.

Group-wide guidelines exist in order to standardise the handling of significant risks throughout the Group, and also provide a tool for risk monitoring. Local management is responsible for implementing these guidelines in the individual VIG companies.

The auditor takes the internal control system into account during the financial statement audit to the extent that it is relevant to preparation of the consolidated financial statements. The auditor also assesses the effectiveness of the risk management system in accordance with Rule 83 of the Austrian Code of Corporate Governance.

CAPITAL, SHARE, VOTING AND CONTROL RIGHTS AND ASSOCIATED AGREEMENTS

The Company has share capital of EUR 132,887,468.20. It is divided into 128,000,000 no-par value ordinary bearer shares with voting rights, with each share representing an equal portion of the share capital. The number of shares issued remains unchanged since the previous financial year.

Further information on the anticipatory resolutions and authorisations of the Managing Board in general meetings in accordance with § 267 (3a) in conjunction with § 243a (1) UGB is provided in Note 8. Consolidated shareholders' equity starting on page 134 of the notes to the consolidated financial statements.

CONSOLIDATED NON-FINANCIAL REPORT

VIG Holding is publishing a separate consolidated non-financial report for financial year 2021 in accordance with § 267a of the Austrian Commercial Code (Unternehmensgesetzbuch – UGB). It is available in printed form and online on the VIG Insurance Group website (www.vig.com) in the "Corporate Responsibility" menu section under "Downloads".

CORPORATE GOVERNANCE

VIG Holding is committed to application and compliance with the January 2021 version of the Austrian Code of Corporate Governance and publishes a consolidated corporate governance report on the website at www.vig.com under “Investor Relations”.

OUTSOURCING DISCLOSURES

The outsourcing disclosures required under § 156 (1)(1) in conjunction with § 109 VAG are discussed in more detail below.

VIG Holding

A resolution was adopted allowing Group-internal and external service providers to provide IT services for VIG Holding. Outsourcing agreements that had been approved by the supervisory authority existed in 2021 with IBM Austria (Internationale Büromaschinen Ges. m.b.H.) and the Group-internal IT system provider twinformatics GmbH, both headquartered in Austria. twinformatics GmbH has also assumed full responsibility for all IT services for the Austrian VIG insurance companies and concludes any sub-outsourcing required for this purpose while observing statutory and regulatory requirements and after consulting with the VIG insurance companies. In addition to these outsourcing agreements, VIG Holding has not outsourced any critical or important functions or business activities.

VIG Insurance Group

Outsourcing took place in the following areas, in particular, in the Group:

- IT (in particular the operation and maintenance of operating modules, computing centre operation, application development services, data storage)
- Claims handling

The four governance functions were individually outsourced by the operating insurance companies of the Group, in particular the internal audit and actuarial functions and related activities.

While governance functions in VIG Insurance Group were predominantly outsourced to other Group companies, critical or important activities in the IT and claims handling areas were outsourced both inside and outside the Group.

The notification of local supervisory authorities about the outsourcing of critical or important functions or activities or the approval of such outsourcing by these authorities was done by the companies concerned in accordance with applicable national legal requirements.

Expected development and risks of the Group

SIGNIFICANT RISKS AND UNCERTAINTIES

The risk management system is firmly anchored in the management culture of the Company and is based on a clearly defined, conservative risk policy, extensive risk expertise, a developed set of risk management tools and risk-based Managing Board decisions. The detailed risk report for VIG Insurance Group is provided in the notes to the consolidated financial statements starting on page 96.

For information on the financial instruments used for investments, please see the notes to the consolidated financial statements (Principles of significant accounting policies) and the risk report (starting on page 96).

EXPECTED DEVELOPMENT – OUTLOOK FOR 2022

ECONOMIC OUTLOOK

At the beginning of the year, before the developments in Ukraine, which are mainly addressed at the end of this section, the focus in the eurozone was on the pandemic and associated containment measures, which could continue to negatively affect private consumption and the propensity to invest in the short term. The following expectations from January 2022, which do not include potential Ukraine effects, created hopes of normalisation in spite of the still fragile and visibly impaired supply chains and the situation on energy markets. The economic recovery was, as a result, generally expected to continue in 2022, in spite of short-term negative effects. Erste Group analysts therefore expected GDP growth of 4.4% for the eurozone in 2022. Further developments in the pandemic and the situation in Ukraine and all their possible effects remain the biggest risks.

Even though inflation temporarily rose higher than expected in 2021 and is expected to continue at the beginning of 2022, it is expected to drop again in the medium term due to the onset of base effects and decreasing pressure on energy prices. Inflation medium-term will depend on the labour market situation and associated wage pressure.

The outlook for Austria in 2022 is influenced by opposing factors. On the one hand, increased progress in vaccinating the population against COVID-19, strong private consumption and the announced tax reform should pave the way for a solid recovery. The tax reform is expected to support household consumption and business investment starting in mid-2022, while grants from the EU recovery fund should support public investment. On the other hand, infection dynamics, potential travel warnings and restrictions, labour shortages and ongoing supply bottlenecks represent downside risks for economic activity. Based on this, the Erste Group expects the Austrian economy to record average growth of 3.5% in 2022.

In the CEE region, the continued robust labour market and a gradual reduction of backlock demand should provide significant support for further recovery. Regular EU funding and, in particular, the recovery fund should have a noticeable effect on investments (with some political risk of Poland and Hungary not receiving these funds). In addition to the situation in Ukraine, risks related to the COVID-19 pandemic and supply chain bottlenecks also exist here. The more that any restrictions are lifted or downside risks lose their effect, the sooner the region will regain its full potential. The effects of the Russian invasion of Ukraine, which are currently still difficult to assess, will in any case have a negative impact on the growth outlook in the region. As a result, regional GDP growth of only 3.0% is expected for 2022. The pressure on prices due to base effects and, in particular, energy prices is also expected to continue in 2022. Inflation is expected to remain high for at least the first half of 2022. Although inflation is expected to decline during the course of the year as intermediary effects decrease, it is expected to remain higher than the pre-pandemic level, in part because of the relatively strong influence of the labour market. The Erste Group analysts therefore expect an inflation rate of 9.7% in 2022 followed by a noticeable decline in the price level in 2023.

The Russian attack on Ukraine at the end of February 2022 creates increased uncertainty for general economic development and therefore also for economic development in the CEE region and Austria. It was impossible to estimate the consequences at the editorial deadline. Economic dependency due to trade with Russia is relatively manageable, given that Russia is not among the top ten export destinations for the CEE region. Any sanctions against Russia should also have a relatively manageable effect on the local economies of the region. A general increase in uncertainty could nevertheless stand in the way of further recovery from the pandemic in the region. In particular, given that the region obtains a large part of its gas imports from Russia, further increases in energy prices and increases in the prices of other commodities for which Russia is a major exporter could drive inflation higher in Austria and the CEE region. The extent to which further increases in energy costs (or even reduced availability) might lead to production bottlenecks in individual industries remains to be seen. Since the conflict is so close, the yields on bonds from the region will likely increase due to risk premiums. This adds another significant factor to the question facing the European Central Bank (ECB) about how it should design its monetary policy.

OUTLOOK FOR VIG INSURANCE GROUP

As a market leader in Central and Eastern Europe, VIG Insurance Group with its more than 25,000 employees is in an excellent position to take advantage of the opportunities available in this region and the long-term growth options they offer. It is therefore implementing its “VIG 25” strategic programme, which was developed and initiated together with the CEOs of the VIG insurance companies based on trends and developments in the insurance business and is aimed at further increasing the premium volume and improving the combined ratio. Based on the new strategy and current conditions, a range of 150 to 200% was specified for the VIG Group solvency ratio without taking into account transitionals for underwriting provisions used by some individual Group companies. The dividend policy, which provides for a distribution in the range of 30 to 50% of Group net profits, remains unchanged. The dividend per share will continue to be aligned with the Company’s performance.

The Managing Board of Vienna Insurance Group will propose increasing the dividend to EUR 1.25 per share for 2021. This corresponds to an increase of 66.7% compared to the previous year and a dividend payout ratio of 42.6%.

In addition to creating sustainable value and achieving sustainability objectives, one of the key objectives of the programme is to expand the leading market position in Central and Eastern Europe, with the aim of achieving at least a top 3 position in each CEE market, with the exception of Slovenia. The planned acquisition of the CEE business of the Dutch company Aegon N.V., which was not yet finalised by the editorial deadline, is a major step in this direction. The acquisition is expected to be formally concluded in 2022.

The further development of the financial year 2022 will remain influenced by uncertainty factors especially associated with the war in Ukraine and its unforeseeable consequences. Furthermore, the ongoing pandemic, inflation, high commodity prices, supply chain problems and resource scarcity are included among the factors that lead to increased risks and may affect VIG markets accordingly. The consequences of these uncertainty factors and the resulting effects on the business development in 2022 cannot currently be estimated. For 2022, we are aiming for a positive operating performance subject to the aspects mentioned and taking into account the fact that the VIG Group has managed the current challenges in its operating insurance business very well up to this point.

Vienna, 16 March 2022

The Managing Board:

Elisabeth Stadler General Manager (CEO), Chairwoman of the Managing Board	**Hartwig Löger** Deputy General Manager, Deputy Chairman of the Managing Board	**Liane Hirner** CFRO, Member of the Managing Board	**Peter Höfinger** Member of the Managing Board
Gerhard Lahner COO, Member of the Managing Board	**Gábor Lehel** CIO, Member of the Managing Board	**Harald Riener** Member of the Managing Board	**Peter Thirring** CTO, Member of the Managing Board

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CONSOLIDATED FINANCIAL STATEMENTS IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS)

	31/12/2021
Reporting period	1/1/2021–31/12/2021
Reporting date for comparative consolidated balance sheet data	31/12/2020
Reporting period for comparative consolidated income statement data	1/1/2020–31/12/2020
Currency	EUR

Primary financial statements

CONSOLIDATED BALANCE SHEET

Assets	Notes	31.12.2021	31.12.2020
in EUR '000			
Intangible assets	1, A	1,744,169	1,733,077
Right-of-Use Assets		173,348	185,354
Investments	2, B	34,809,790	34,901,186
Property		2,850,588	2,507,413
Owner-occupied property		472,303	477,469
Investment property		2,378,285	2,029,944
Shares in at equity consolidated companies		276,913	291,561
Financial assets		31,682,289	32,102,212
Financial investments for unit- and index-linked life insurance	3, C	8,525,331	7,968,039
Reinsurers' share in underwriting provisions	4, D	1,564,605	1,396,492
Receivables	5, E	2,067,188	1,699,159
Tax receivables and advance payments out of income tax	F	135,053	275,041
Deferred tax assets	6, F	311,447	136,728
Other assets	7, G	390,893	387,845
Cash and cash equivalents		2,456,333	1,745,147
Total		52,178,157	50,428,068

Liabilities and shareholders' equity	Notes	31.12.2021	31.12.2020
in EUR '000			
Shareholders' equity	8	5,597,948	5,285,766
Share capital and reserves		5,478,217	5,162,738
Non-controlling interests		119,731	123,028
Subordinated liabilities	9, K	1,461,286	1,463,909
Underwriting provisions	10, H	32,546,227	32,230,055
Underwriting provisions for unit- and index-linked life insurance	11, I	8,188,793	7,617,216
Non-underwriting provisions	12, J	890,189	876,809
Liabilities excl. Subordinated liabilities	13, K	2,900,280	2,254,306
Tax liabilities out of income tax	F	243,382	290,998
Deferred tax liabilities	6, F	218,884	267,870
Other liabilities		131,168	141,139
Total		52,178,157	50,428,068

The numbers and letters shown for individual items in the consolidated balance sheet and consolidated income statement refer, among other things, 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 starting on page 120. The letters refer to the explanatory text in the Accounting policies section starting on page 70.

CONSOLIDATED INCOME STATEMENT

Consolidated income statement	Notes	2021	2020
in EUR '000			
Net earned premiums – retention	L	9,705,633	9,336,585
Premiums written – retention		9,878,594	9,415,844
Premiums written – gross	15	11,002,566	10,428,454
Premiums written – reinsurers´ share		-1,123,972	-1,012,610
Change in unearned premiums – retention		-172,961	-79,259
Change in unearned premiums – gross		-179,621	-86,110
Change in unearned premiums – reinsurers´ share		6,660	6,851
Financial result excl. result from shares in at equity consolidated companies	16	607,018	624,791
Income from investments		1,159,520	1,263,789
Expenses for investments and interest expenses		-552,502	-638,998
Result from shares in at equity consolidated companies	17	24,872	-28,510
Other income	18	165,789	145,661
Expenses for claims and insurance benefits – retention	19	-7,136,561	-7,030,569
Acquisition and administrative expenses	20	-2,536,828	-2,328,479
Other expenses	18	-317,902	-232,222
Business operating result		512,021	487,257
Impairments of goodwill		0	-119,223
Impairments of intangible assets excluding goodwill		-688	-22,172
Result before taxes		511,333	345,862
Taxes	21	-123,339	-103,194
Result for the period		387,994	242,668
thereof attributable to shareholders		375,730	231,513
thereof Non-controlling interests		12,264	11,155
Earnings per share* (in EUR)	22	2.94	1.81

*The undiluted earnings per share equals the diluted earnings per share (in EUR).

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Consolidated statement of comprehensive income	2021	2020
in EUR '000		
Result for the period	387,994	242,668
Other comprehensive income (OCI)	-263,434	30,369
Items that will not be reclassified to profit and loss in subsequent periods	28,777	9,409
+/- Underwriting gains and losses from provisions for employee benefits	52,969	15,951
+/- Deferred profit participation	-14,515	-3,555
+/- Deferred taxes	-9,677	-2,987
Items that will be reclassified to profit or loss in subsequent periods	-292,211	20,960
+/- Exchange rate changes through equity	46,153	-109,582
+/- Unrealised gains and losses from financial assets available for sale	-819,153	297,778
+/- Cash flow hedge reserve	-43	-32
+/- Share of other reserves of at equity consolidated companies	178	1,167
+/- Deferred mathematical reserve	77,247	-17,300
+/- Deferred profit participation	323,279	-116,017
+/- Deferred taxes	80,128	-35,054
Comprehensive income for the period	124,560	273,037
thereof attributable to shareholders	115,433	262,003
thereof Non-controlling interests	9,127	11,034

CONSOLIDATED SHAREHOLDERS' EQUITY

Development	Share capital	Capital reserves		Retained earnings	Other reserves		Subtotal*	Non-controlling interests	Total
		Hybrid capital	Others		Currency reserve	Others			
in EUR '000									
As of 1 January 2020	132,887	0	2,109,003	2,426,765	-133,088	538,547	5,074,114	116,579	5,190,693
Changes in scope of consolidation/ownership interests				-26,179	0	0	-26,179	3,604	-22,575
Comprehensive income for the period				231,513	-108,080	138,570	262,003	11,034	273,037
Other comprehensive income excluding currency changes						138,570	138,570	1,381	139,951
Currency change					-108,080		-108,080	-1,502	-109,582
Result for the period				231,513			231,513	11,155	242,668
Dividend payment				-147,200			-147,200	-8,189	-155,389
As of 31 December 2020	132,887	0	2,109,003	2,484,899	-241,168	677,117	5,162,738	123,028	5,285,766
As of 1 January 2021	132,887	0	2,109,003	2,484,899	-241,168	677,117	5,162,738	123,028	5,285,766
Issuance of hybrid capital		300,000				0	300,000	0	300,000
Changes in scope of consolidation/ownership interests				-3,954	0	0	-3,954	3,521	-433
Comprehensive income for the period				375,730	45,349	-305,646	115,433	9,127	124,560
Other comprehensive income excluding currency changes						-305,646	-305,646	-3,941	-309,587
Currency change					45,349		45,349	804	46,153
Result for the period				375,730			375,730	12,264	387,994
Dividend payment				-96,000			-96,000	-15,945	-111,945
As of 31 December 2021	132,887	300,000	2,109,003	2,760,675	-195,819	371,471	5,478,217	119,731	5,597,948

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

CONSOLIDATED CASH FLOW STATEMENT

Change in cash and cash equivalents	2021	2020
in EUR '000		
Result for the period	387,994	242,668
Change in underwriting provisions net	409,464	-496,340
Change in underwriting receivables and liabilities (incl. deposits on assumed reinsurance business)	-289,538	-38,154
Change in other receivables and other liabilities (excl. leases)	137,117	76,321
Change in financial assets recognised at fair value through profit and loss (incl. held for trading)	-17,361	-14,756
Gain/loss from disposal of investments	-75,451	-132,379
Appreciation/depreciation of investments	88,110	129,354
Change in provisions for pensions and similar obligations and provisions for other employee benefits	-48,881	-2,311
Change in deferred taxes	-141,908	-95,263
Change in intangible assets	151,123	286,510
Change in right-of-use assets and lease receivables and liabilities	7,523	65
Change in other balance sheet items	49,859	-55,569
Other cash-neutral income and expenses[1]	-135,913	410,474
Cash flow from operating activities	522,138	310,620
Payments for the acquisition of subsidiaries	0	-8,895
Cash inflow from the sale of available for sale financial assets	2,818,461	2,699,733
Payments for the acquisition of available for sale financial assets	-3,447,021	-3,360,990
Cash inflow from disposals/repayments of held to maturity financial assets	141,908	425,385
Payments for the acquisition of held to maturity financial assets	-163,139	-156,934
Cash inflow from the sale of property	14,892	7,783
Payments for the acquisition of property	-296,069	-152,911
Cash inflow for the sale of intangible assets	1,709	4,606
Payments for the acquisition of intangible assets	-139,749	-117,462
Change in financial investments for unit- and index-linked life insurance	265,528	695,280
Change of loans	425,516	-102,570
Change in other investments (excl. deposits on assumed reinsurance business)	-37,576	165,623
Cash flow from investing activities	-415,540	98,648
Proceeds from the issuance of hybrid capital	300,000	0
Cash outflows from subordinated liabilities	-68,341	-64,518
Dividend payments	-111,945	-155,389
Cash inflow from other financing activities	523,000	153,239
Cash outflow from other financing activities	-16,460	-23,682
Cash outflows from lease liabilities	-28,535	-33,282
Cash flow from financing activities	597,719	-123,632
Change in cash and cash equivalents	704,317	285,636

Cash and cash equivalents at beginning of period[2]	1,745,147	1,443,358
Change in cash and cash equivalents	704,317	285,636
Changes in scope of consolidation	7,957	30,603
Effects of foreign currency exchange differences on cash and cash equivalents	-1,088	-14,450
Cash and cash equivalents at end of period[2]	2,456,333	1,745,147

[1] The non-cash income and expenses are primarily 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 statement of consolidated cash flows	2021	2020
in EUR '000		
Received interest[1]	675,985	707,750
Received dividends[1]	43,675	46,777
Interest paid[2]	70,929	70,424
Income taxes paid[1]	153,531	210,520
Expected cash flow from reclassified securities	7,129	6,086
Effective interest rate of reclassified securities	3.82%	3.80%

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

[2] Interest paid result primarily liabilities from financing activities.

Notes to the consolidated financial statements

PRINCIPLES OF SIGNIFICANT ACCOUNTING POLICIES

GENERAL INFORMATION

VIENNA INSURANCE GROUP AG Wiener Versicherung Gruppe is a public limited company and one of the leading insurance groups in Central and Eastern Europe with its registered office located at Schottenring 30, 1010 Vienna, Austria. Wiener Städtische Versicherungsverein, which also has its registered office in Vienna, is the majority shareholder of VIG Holding. It is also the ultimate parent company and therefore includes VIG Holding and its subsidiaries in its consolidated financial statements. The insurance companies of VIG Insurance Group offer insurance services in the life, health and property and casualty areas to more than 22 million customers in 30 countries.

PRINCIPLES OF SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements were prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the European Union, and the applicable provisions of § 245a (1) of the Austrian Commercial Code (Unternehmensgesetzbuch – UGB) and Chapter 7 of the Austrian Insurance Supervision Act (Versicherungsaufsichtsgesetz – VAG).

The significant accounting policies used in the preparation of the consolidated financial statements are presented in the Accounting policies section starting on page 70. The policies described were applied consistently during the reporting periods presented in these financial statements. Preparing consolidated financial statements in accordance with the IFRS requires the Managing Board to make estimates and assumptions in connection with the accounting policies. Areas with greater leeway for discretion, highly complex areas, or areas involving assumptions and estimates that are of critical importance to the consolidated financial statements are listed on page 67.

Amounts were commercially rounded to improve readability and, where not indicated otherwise, are shown in thousands of euro (EUR '000). Calculations, however, are done using exact amounts, which may lead to rounding differences.

Changes in accounting policies
A subtotal for the Group operating result was added to the income statement in financial year 2021. The impairments of intangible assets and reversals of impairments of intangible assets items are now no longer shown in other income and expenses, but instead between the Group operating result and the result before taxes.

Except for the following changes, the accounting policies indicated have been applied consistently in all of the periods shown in these consolidated financial statements. Unless otherwise indicated, the standards that are applicable for the first time, if relevant, have no or no material effect on the financial statements.

Standards applicable that are used for the first time in the Group Annual Report

Amendments to IFRS 16	Rent reductions in connection with COVID-19 after 30 June 2021 onwards
Amendments to IFRS 9, IAS 39 and IFRS 7	IBOR Reform Phase 2

AMENDMENTS TO IFRS 16
The IASB published an adjustment to IFRS 16 concerning COVID-19-related rent reductions in April 2020. The amendment to IFRS 16 would require reductions in lease payments related to COVID-19 that do not lead to a repayment to the lessor to be recognised through profit and loss.

COVID-19-related deferrals do not lead to an adjustment of lease liabilities or usage rights in the form of a modification, but are instead treated only as a payment deferral. If the deferral is long-term (more than 12 months), the time value of money must be taken into account for the liability being recognised. The application option for the IFRS 16 amendment was extended to 30 June 2022 in April 2021.

The Group is applying the IFRS 16 amendment and recorded a positive effect of EUR 323,000 in the income statement in the current financial year.

The following standards have already been endorsed by the European Union or are currently in the endorsement process. Mandatory application is required in the future.

New standards and changes to current reporting standards		Applicable as of[1]
Those already adopted by the EU		
IFRS 9	Financial assets	1.1.2018[2]
Amendments to IFRS 9	Prepayment features with negative compensation	1.1.2019[2]
Amendments to IFRS 3	Changes of the references to the framework concept in IFRS Standards	1.1.2022
IAS 37	Onerous contracts: costs of contract performance	1.1.2022
All IFRS	Annual improvements (Cycle 2018–2020)	1.1.2022
IAS 16	Income before qualified use	1.1.2022
IFRS 17 incl. amendments to IFRS 17	Insurance contracts	1.1.2023
Amendments to IAS 1 and IFRS Practice Statement 2	Definition of materiality in connection with accounting policies	1.1.2023[3]
Amendments to IAS 8	Definition of accounting estimates and distinguishing them from changes in accounting policies	1.1.2023
Those which are not or not yet adopted by the EU		
IFRS 14	Regulatory Deferral Accounts	EU decided this standard shall not be transferred into EU law
Amendments to IFRS 10 and IAS 28	Sale or contribution of assets between an investor and its associated company or joint venture	First-time application deferred for an indefinite period
Amendments to IAS 1	Classification of liabilities as current or non-current	1.1.2023
Amendments to IAS 12	Deferred taxes relating to assets and liabilities arising from a single transaction	1.1.2023
Amendments to IFRS 17	Comparative information for the first-time application of IFRS 9 and IFRS 17	1.1.2023

1 The VIG Insurance Group is not planning early adoption of the provisions listed in the table.

2 First-time application for insurance companies can be delayed to 1 January 2023.

3 Please see the Estimates and discretionary decisions section on the topic of materiality.

Unless indicated otherwise, either no material effects from the standards listed in the table are expected, or the amendments are not relevant.

IFRS 9 FINANCIAL INSTRUMENTS

The International Accounting Standards Board (IASB) issued the final version of IFRS 9 Financial instruments (IFRS 9) in July 2014. The standard supersedes IAS 39 “Financial instruments: measurement” (IAS 39), which was previously applicable. Although the new IFRS 9 standard came into effect on 1 January 2018, companies whose activities are predominantly in the insurance business are permitted to use the optional exemption from IFRS 9 until IFRS 17 Insurance contracts (IFRS 17) comes into effect.

IFRS 17 was adopted into EU law in November 2021. Among other things, it set 1 January 2023 as the date of initial application. To prevent potential accounting mismatches between IFRS 17 and IFRS 9, the date of initial application for both standards is 1 January 2023.

A company's activities are predominantly in the insurance business if the share of the book value of all liabilities connected with the insurance business exceeds 90%, or the share is between 80% and 90% and the insurance group does not engage in a significant activity unconnected with the insurance business. VIG Insurance Group performed the required calculations on the basis of 31 December 2015 and satisfies the criteria for deferral of IFRS 4 with a result of more than 90%. IFRS 9 will therefore be applied at the same time as IFRS 17 in VIG Insurance Group. For associated companies and joint ventures that have applied IFRS 9 since 1 January 2018, VIG Insurance Group has chosen in accordance with IFRS 4 to include them in the consolidated financial statements without adjustment. IFRS 4 does not require regular evaluation of the predominant business activity unless there is a change in the entity's business activities. A new evaluation was also not necessary in the current financial year.

On 9 December 2021, the IASB published amendments to IFRS 17 "Initial application of IFRS 17 and IFRS 9 – Comparative information" concerning comparative information. The adjustment to IFRS 17 was due to the fact that unlike in the initial application of IFRS 17, retrospective application is not necessary when IFRS 9 is first applied. As a result, there might not be any comparative data for the financial assets. To counteract, the overlay approach can be used. The approach is only applicable, if IFRS 19 and IFRS 9 are initially applied at the same time and no financial assets are restated in the 2022 comparative information for IFRS 9. The overlay approach is one of the two measurement options for financial assets during the transitional period – the other being the deferral approach (optional exemption of initial application of IFRS 9 until 1 January 2023). This creates another possibility to minimise accounting mismatches due to differences in the measurement of financial assets and insurance contracts during the transitional period.

A company that uses the overlay approach for a financial asset must publish the comparative information as if the classification and measurement requirements of IFRS 9 applied to that financial asset. The comparative information is, therefore, published as if the IFRS 9 classification and measurement requirements had already been applied in the comparative period. The impairment requirements are not mandatory applicable if the overlay approach is used. Any difference between the previous carrying amount of a financial asset and the amount that results when the overlay approach is used must be recognised in equity.

Regardless of whether the overlay approach is used, the transitional provisions applicable upon initial application of IFRS 9 as at 1 January 2023 must be applied.

IFRS 9 basically includes provisions for the recognition, measurement and impairment of financial instruments and for hedge accounting. IFRS 9 supersedes the previously relevant standard, IAS 39, in these areas. The revision primarily concerns the classification and recognition of financial instruments. Financial assets will be classified in two groups in the future, at amortised cost and at fair value.

Classification and measurement depends on the business model and contractual cash flows (SPPI criterion). The new provisions also concern the accounting for impairment of financial assets. In addition to incurred losses (incurred loss model), expected losses (expected credit loss model) must also be recognised now. Simplifications exist for trade receivables and lease receivables. New requirements were also provided for hedge accounting. The objective is to orient hedge accounting more to the economic risk management of the entity in the future.

When IFRS 9 is applied, the previous classification for "Financial assets available for sale" is no longer needed. In this category, fair value changes were recognised directly in equity in other comprehensive income. In the case of disposals, unrealised gains and losses are reclassified to profit or loss. IFRS 9 makes a distinction between equity and debt instruments in the fair value measurement class. Equity instruments held for trading are measured through profit or loss for the period. For equity instruments that are not held for trading, the irrevocable choice to perform measurement through other comprehensive income can be used at the time of first application. Unlike debt instruments, equity instruments measured through other comprehensive income cannot be included in the profit for the period and are, therefore, presented in a separate item under equity. In the case of debt instruments (e.g. bonds, loans), the provisions in IAS 39 "Financial instruments available for sale" apply analogously. Upon initial application of IFRS 9, it can be assumed that the new classification rules and the new impairment model (ECL model (entry of risk provisions)) will lead to fluctuations in the profit or loss for the period. Accounting mismatches can also occur with IFRS 17.

VIG Insurance Group uses a central subledger (tool) for the measurement of financial instruments. This tool allows the processes associated with the recognition and measurement of financial instruments to be optimised and streamlined. More than 95% of investments relevant to IFRS 9 are currently managed in this tool. This will allow consistent application of IFRS 9, incl. calculation of ECL, in the future. Standard-compliant implementation of IFRS 9 is governed by the VIG Group guidelines in VIG Insurance Group.

The classification of financial assets based on the SPPI criteria (Solely Payments of Principal and Interest) has already been implemented. The IFRS 9 guidelines were finalised and rolled out in VIG Insurance Group as part of the IFRS 17/9 project. The IFRS 9 guidelines include the methods used for uniform implementation of IFRS 9. They require financial assets that were classified as "SPPI fail" (SPPI criterion not met) to be measured at fair value through profit or loss (FVtPL). Illiquid portfolios for which VIG Insurance Group uses the "hold strategy" will be measured at amortised cost in the future. This applies in particular to loans. With regard to the remaining financial assets, the trend with respect to IFRS 9 is in the direction of measurement at fair value through other comprehensive income (FVtOCI). Investments for unit- and index-linked life insurance, however, are to be allocated to the FVtPL category.

Fair value	31.12.2021		31.12.2020		Fair value changes	
Financial assets	SPPI	Other*	SPPI	Other*	SPPI	Other*
in EUR '000						
Loans	1,902,525	477,132	2,370,223	510,006	5,369	377
Bank deposits	783,730	0	766,408	0	0	0
Other financial assets	**23,887,089**	**4,865,156**	24,443,927	4,634,034	**-1,164,281**	**227,752**
Bonds	23,887,089	1,207,420	24,443,927	1,431,886	-1,164,281	-58,851
Shares and other participations and other non-fixed-interest securities	0	777,601	0	683,331	0	73,139
Investment funds	0	2,850,069	0	2,485,878	0	211,499
Derivatives	0	30,066	0	32,939	0	1,965
Financial investments for unit- and index-linked life insurance	178,694	8,346,637	87,206	7,880,833	43,062	760,628
Non-underwriting receivables	688,558	1,045	682,934	800	0	0
Cash and cash equivalents	2,456,333	0	1,745,147	0	0	0

*Financial instruments that satisfy the SPPI criteria ("SPPI pass"), but are held for trading or managed based on fair value, are to be reported under "Other", not under SPPI.

Book value	31.12.2021						
SPPI financial assets rating categories	AAA	AA	A	BBB	BB and lower	No rating	Total
in EUR '000							
Loans and bank deposits	55,730	344,211	850,960	669,786	404,914	206,732	2,532,333
Other financial assets	2,192,933	7,265,995	7,828,410	5,275,249	997,030	231,576	23,791,193
Financial investments for unit- and index-linked life insurance	0	47,629	42,861	60,143	28,420	-359	178,694
Non-underwriting receivables	331	647	17,128	731	19,435	650,340	688,612
Cash and cash equivalents	414	19,741	1,714,854	586,364	121,635	13,325	2,456,333

Book value	31.12.2020						
SPPI financial assets rating categories	AAA	AA	A	BBB	BB and lower	No rating	Total
in EUR '000							
Loans and bank deposits	40,427	354,954	896,490	908,563	406,118	300,721	2,907,273
Other financial assets	2,227,059	7,485,316	8,276,283	5,209,386	682,505	177,324	24,057,873
Financial investments for unit- and index-linked life insurance	0	7,510	19,125	29,207	23,048	8,316	87,206
Non-underwriting receivables	321	3,528	16,543	760	13,949	647,858	682,959
Cash and cash equivalents	70	13,513	1,138,667	290,614	110,025	192,258	1,745,147

SPPI financial assets with a significant risk of default	31.12.2021		31.12.2020	
	Book value	Fair value	Book value	Fair value
in EUR '000				
Loans and bank deposits	422,691	427,313	441,798	449,144
Other financial assets	1,062,883	1,073,182	753,846	763,384
Financial investments for unit- and index-linked life insurance	28,267	28,267	22,960	22,960
Non-underwriting receivables	57,570	57,570	55,646	55,646
Cash and cash equivalents	122,686	122,686	154,999	154,999

IFRS 17 INSURANCE CONTRACTS

The IASB issued the final accounting standard for insurance contracts (IFRS 17) on 25 June 2020. During finalisation, the date of initial application was deferred two years to 1 January 2023. In addition, the Board decided to align the effective date of initial application of IFRS 9 for insurance companies with IFRS 17. The deferral of initial application of IFRS 17 resulted in the comparative period also being deferred two years to 1 January 2022. IFRS 17 was published in the Official Journal of the European Union on 23 November 2021. As a result, IFRS 17 will supersede the previous standard, IFRS 4, in the EU starting as at 1 January 2023.

IFRS 4, which is still currently valid, is to be applied until IFRS 17 enters into effect. IFRS 4 allows local accounting practices to be used for insurance contracts in the IFRS consolidated balance sheet. The IASB imposes uniform accounting policies for insurance contracts for the first time in IFRS 17. VIG Insurance Group plans to apply IFRS 4 and comparative period accounting in accordance with IFRS 17 at the same time during financial year 2022. Those figures will be published in financial year 2023 as part of the initial application of IFRS 17.

IFRS 17 provides three measurement models for measuring insurance contracts:

- Measurement is performed, as a rule, using the general measurement model (GMM) based on a prospective method. The model is based on the concept of contract fulfilment and uses current assumptions. When the GMM is used for measurement, future cash inflows and outflows are discounted and a risk adjustment applied. First-time measurement of insurance contracts results in either a profit margin (contractual service margin – CSM) that is distributed over the term of the contract, or a loss component that is recognised immediately in the income statement. There are a number of exceptions and special provisions for the GMM that concern groups of investment contracts with discretionary participation features and reinsurance cessions as well as the two measurement models below.
- A simpler measurement model – the premium allocation approach (PAA) – may be used for short-term contracts and low volatility insurance contracts. The simplified premium allocation approach is similar to the unearned premium model currently used for accounting in the property and casualty line of business. They are different, however, in that the loss reserve must also be accounted for using an expected present value and a risk adjustment.
- There is a mandatory measurement model for contracts that are eligible for profit participation and unit- and index-linked life insurance – the variable fee approach (VFA). Measurement is, as a rule, performed according to the GMM, but the CSM is variable in the VFA due to the profit participation.

Measurement units are determined using the following steps:

- Portfolio: Insurance contracts are combined into portfolios
- Group: Portfolios are divided into groups
- Groups are divided according to underwriting year (annual cohorts). The IFRS 17 adopted by the EU provides an exception for the formation of annual cohorts for intergenerationally mutualised and cash-flow matched insurance contracts.

For initial recognition, IFRS 17 requires insurance contracts that are subject to similar risks and managed together to be combined into portfolios.

Each of these portfolios must be divided into at least the following groups:

- onerous contracts,
- contracts that have no significant possibility of becoming onerous and
- other contracts.

The most significant changes in the accounting of insurance contracts are:

- the use of current assumptions for measuring underwriting provisions,
- introduction of CSM for the unrealised future profits of a group of insurance contracts that is distributed over the term of the contract,
- introduction of a risk adjustment to take account of the uncertainty in the cash flows from insurance contracts,
- elimination of savings components (investment component) as income,
- introduction of an OCI-option (other comprehensive income) to allow offsetting to eliminate accounting mismatches between the asset and liabilities side that could occur, for example, with life insurance policies eligible for profit participation, and
- fair value measurement of cash flows (discounting).

As part of the Group-wide IFRS 17 programme, in preparation for technical implementation of the standard, the IFRS 17 Group guideline for the comparative period that provides a detailed definition of the methodology to be used for VIG Insurance Group was finalised in 2021. Practical guidelines were also implemented and training was offered across the Group. Based on a comprehensive analysis of the accounting options, the OCI-option was identified as an essential option to reduce inconsistent measurement of assets and liabilities to a minimum. Parallel to finalising the definition of the methodology, a new central subledger for the measurement of insurance contracts, modified to meet VIG Insurance Group requirements, was implemented.

After successfully implementing the methods and systems, the focus of the project is on analysing the effects on the consolidated financial statements that cannot yet be conclusively quantified.

FOREIGN CURRENCY TRANSLATION

Foreign currency transactions
The separate financial statements of each subsidiary are prepared in the currency that generally prevails for the ordinary business activities of the company (functional currency). Within VIG Insurance Group, the functional currency is generally the local currency. Transactions not concluded in the functional currency are recognised using the mean rate of exchange on the date of the transaction. Monetary assets and liabilities in foreign currency existing on the balance sheet date are translated to euro using the mean rate of exchange on the balance sheet date. Any resulting foreign currency gains and losses are recognised through profit or loss.

Translation of separate financial statements in foreign currencies
Assets, liabilities, income and expenses are presented in euro, the reporting currency of VIG Holding.

All assets and liabilities reported in the separate financial statements are translated to euro 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. In the statement of cash flows, the mean rate of exchange on the balance sheet date is used for changes in balance sheet items and the mean rate of exchange at the end of the period is used for changes in income statement items.

Currency translation differences, including those that result from accounting using the equity method, are recognised directly in equity.

Currency		End-of-period exchange rate		Average exchange rate	
		31.12.2021	31.12.2020	2021	2020
1 EUR ≙					
Albanian lek	ALL	120.7600	123.7000	122.4423	123.7683
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	3.5040	4.0233	3.8056	3.5587
Croatian kuna	HRK	7.5156	7.5519	7.5284	7.5384
Macedonian denar	MKD	61.6270	61.6940	61.6276	61.6742
Moldovan leu	MDL	20.0938	21.1266	20.9256	19.7436
Turkish new lira	TRY	15.2335	9.1131	10.5124	8.0547
Polish zloty	PLN	4.5969	4.5597	4.5652	4.4431
Romanian leu	RON	4.9490	4.8683	4.9215	4.8383
Swiss franc	CHF	1.0331	1.0802	1.0812	1.0705
Serbian dinar	RSD	117.5821	117.5802	117.5736	117.5780
Czech koruna	CZK	24.8580	26.2420	25.6405	26.4551
Ukraine hryvnia	UAH	30.9226	34.7396	32.3009	30.8013
Hungarian forint	HUF	369.1900	363.8900	358.5161	351.2494

New Turkish lira (TRY)
According to economic experts, the low interest rate policy of the Turkish national bank is largely responsible for the historic low of the Turkish lira. Developments with respect to the application of IAS 29 Hyperinflation are being monitored and in financial year 2021 it was concluded that the criteria were not satisfied, in part due to the support measures announced by the Turkish government in December.

ESTIMATES AND DISCRETIONARY DECISIONS

Preparation of the consolidated financial statements requires that the Managing Board make discretionary assessments and specify assumptions regarding future developments (estimates). These estimates and discretionary decisions could have a material effect on the recognition and value of assets and liabilities, the disclosure of other obligations and the reporting of income and expenses.

The book values of the items on the balance sheet date are shown in the consolidated balance sheet on page 54 or the corresponding disclosures in the notes. Sensitivity analyses for assets and liabilities are presented in the risk report starting on page 113.

Estimates and discretionary decisions

Underwriting provisions	Details on page 78
Non-underwriting provisions	Details on page 67 and starting page 82
Financial instruments recognised at fair value (Level 3)	Details on page 67 and starting page 155
Impairment of goodwill	Details on page 68
Valuation allowances for receivables and other (accumulated) impairment losses	Details on page 68 and page 76
Value of deferred tax assets	Details on page 68
Method of consolidation	Details on page 69 and 83ff
Materiality	Details on page 69

Non-underwriting provisions
This item primarily consists of provisions for pensions and similar obligations.

PROVISIONS FOR PENSIONS AND SIMILAR OBLIGATIONS
The present value of an obligation depends on a large number of factors based on actuarial assumptions. The assumptions used to calculate the net liability (or assets) for obligations include a discount rate. Every change to these assumptions has an effect on the book value of the obligation.

VIG Insurance Group calculates the appropriate discount rate at a minimum at the end of each year. This rate is used to calculate the present value of the future expected cash outflows needed to satisfy the obligation. VIG Insurance Group determines the discount rate using the interest rate on top quality industrial bonds that are denominated in the currency in which the benefits will be paid and have maturities matching those of the obligations.

Other important assumptions used to calculate obligations are based on market conditions. Further information on sensitivity analyses is provided in Note 12. Non-underwriting provisions starting on page 142. Details on the underlying assumptions can be found in the Accounting policies section under Provisions for pensions and similar obligations on page 82.

Financial instruments recognised at fair value (Level 3)
Suitable valuation methods are used to calculate the fair value of financial instruments that are not traded in active markets. The assumptions used are based on market data available on the balance sheet date. To determine the fair value of many financial assets that are not traded in active markets, VIG Insurance Group uses present value methods based on appropriate interest rate models. Note 24. Financial instruments and fair value measurement hierarchy starting on page 155 provides further information on the valuation process. Information on the impairment of financial assets is provided on page 75.

Impairment of goodwill

Goodwill is tested for impairment at least once a year in accordance with the method explained on page 70 in the Impairment of non-financial assets section. Estimates in this area primarily concern the projected earnings of the CGUs that the calculations are based on, and specific parameters, in particular the growth rates and discount rates.

Sensitivities Additional impairment needed	Cash flows	Growth rate	Discount rate	Cash flows and discount rate
	-10%	-1%p	+1%p	-10% and +1%p
in EUR millions				
Albania incl. Kosovo	2.9	0.9	2.6	5.7
Baltic States	4.4		11.6	45.9
Slovakia				2.4

Valuation allowances for receivables

The collectability of receivables is based on experience. Information on the recognition of potential impairment losses is provided on page 76.

Value of deferred tax assets

Income taxes must be estimated for each tax jurisdiction in which VIG Insurance Group operates. The current income tax expected for each taxable entity must be calculated and the temporary differences due to differences between the tax and IFRS treatment of certain balance sheet items must be assessed. If temporary differences exist, as a rule they lead to the recognition of deferred tax assets and liabilities in the financial statements based on the tax rate for each country.

The amount of the expected current and deferred tax liability or asset reflects the best estimate taking into account tax uncertainties and, consequently, under application of IFRIC 23.

The Managing Board must make assessments and, taking into account tax uncertainties, judgements when calculating current and latent taxes. Deferred tax assets are only recognised to the extent that it is probable they can be utilised. The utilisation of deferred tax assets depends on the likelihood of achieving sufficient taxable income of a particular tax type for a particular tax jurisdiction, while taking into account any statutory restrictions concerning maximum loss carryforward periods.

VIG Insurance Group considers the following factors when assessing the probability of being able to utilise deferred tax assets in the future:

- past results of operations,
- operating plans,
- loss carryforward periods,
- tax planning strategies and
- existing deferred tax liabilities.

Information on the existing group agreement for Austrian companies and some foreign companies is provided on page 78.

If actual events diverge from the estimates or the estimates must be adjusted in future periods, this could have an adverse effect on net assets, financial position and results of operations. If the assessment of the recoverability of deferred tax assets changes, the book value must be reduced or increased and the change recognised in the income statement or charged or credited to equity, depending on the treatment used when the deferred tax asset was originally recognised. Further information can be found under Taxes in the Accounting policies section starting on page 77 and in Note 6. Deferred taxes on page 132.

Please also see the information in Note 31. Significant events after the balance sheet date on page 173.

Method of consolidation

Discretionary decisions by the Managing Board primarily concern determining the scope of consolidation for consolidated companies.

Companies that were of material importance at the time of first consolidation generally continue to be included in the scope of consolidation. Circumstances could arise, however, that lead to the Managing Board using its discretion to perform a reassessment of the entire scope of consolidation. This could result in non-material companies that were consolidated in the past being removed from the scope of consolidation again. Companies that, due to their business activities, have revenues that are primarily generated and charged within the Group and do not generate any significant profits or losses, are not included in the scope of consolidation unless they have cross-border operations.

Thresholds calculated based on previous quarterly financial statements and the latest annual financial statements are used to determine the current scope of consolidation.

Materiality

Under IAS 1.31, only material information is to be presented in the financial statements. This applies even if a standard specifies certain requirements or minimum requirements. The IASB's aim with regard to this paragraph, in conjunction with a Practice Statement published thereon, was to create the foundation for clear, understandable financial reporting based on the most important information.

Discretionary leeway exists when deciding whether information concerns material or immaterial disclosures. The Managing Board of the VIG Holding introduced the use of a threshold for determining the materiality of notes disclosures and associated accounting policies in this Annual Report. If the threshold is not exceeded, information is only published in the Annual Report if the information is judged to be material for the financial statement reader during the approval process based on qualitative criteria.

ACCOUNTING POLICIES

INTANGIBLE ASSETS (A)

Goodwill
Goodwill is accounted for in the functional currency of each entity. Goodwill is measured at cost less accumulated impairment losses. In the case of shares in at equity consolidated companies, goodwill is included in the adjusted book value of the participation.

Other intangible assets
Purchased intangible assets are recognised on the balance sheet at cost less accumulated amortisation and impairment losses. No intangible assets were created by the companies in the scope of consolidation. The corporate asset, SAP, essentially consists of a bundle of purchased software modules that are prepared by in-house and third-party development work for future use. With regular monitoring and assessment of the project, this ensures the recognition criteria for capitalising these expenses are met. With the exception of trademarks, all intangible assets have a finite useful life. The intangible assets are therefore amortised over their period of use.

Average useful life in years	from	to
Software	3	13

Software is amortised using the straight-line method. Software components are also examined on an event-driven basis to see whether they can still be used. If there is a high probability that certain IT systems or programme sections can no longer be used or no longer be fully used, a write-down must be made. If a change in useful life is determined during full use, the amortisation period is changed to the new useful life.

In previous years trademarks with unlimited useful lives were identified as part of the purchase price allocation during acquisition of the companies Asirom, BTA Baltic and Seesam. The unlimited useful life results from the fact that there is no foreseeable end to their economic life. The fair value of the trademarks was determined during first-time consolidation using the relief-from-royalty method. A “tax amortisation benefit” was taken into account in the relief-from-royalty method. The Asirom trademark had a book value of EUR 13,648,000 (EUR 13,874,000), the BTA Baltic trademark had a book value of EUR 37,000,000 (EUR 37,000,000) and the Seesam trademark had a book value of EUR 7,700,000 (EUR 7,700,000) on 31 December 2021.

Impairment
The subsidiaries are combined into cash-generating units (CGU groups) at the geographical country level for testing goodwill. The CGU groups used for impairment testing correspond to the operating segments. The trademarks were also individually tested for impairment using the relief-from-royalty method. Intangible assets with an indefinite useful life (goodwill and trademarks carried on the balance sheet) are tested when a triggering event occurs, including during the year, and at a minimum at the end of the financial year.

As a rule, the value in use calculated using the discounted cash flow method is used as the recoverable amount for the CGU group. In cases where the value in use is less than book value, fair value less selling costs is also calculated. Fair value less cost of disposal is calculated using trailing stock exchange multipliers for the property and casualty and health lines of business in all countries and for the life business outside Austria. For the life business in Austria the Market Consistent Embedded Value is used.

To calculate value in use, the cash flows available to shareholders of five planning years and the following perpetual annuity are discounted. All subsidiaries prepare detailed plans in local currency for three years that are submitted in supervisory board meetings and centrally checked for plausibility as part of the planning and control process. Extrapolation of the plans for a further two years and the perpetual annuity is performed using key parameter projections (combined ratios, premium growth, financial income) based on their past values and expected future market changes. The predicted cash flows for the perpetual annuity are assumed to continue forever. Currencies are translated to euro using the exchange rate on the 31 December reporting date for the financial year.

All of the underwriting business assets are assigned to the CGU groups. In addition to goodwill and trademarks, these also include all insurance portfolios and customer bases, investments, receivables and other assets. Underwriting provisions and current liabilities are deducted from the book values. Assets accounted for in VIG Holding but used by the operating companies are allocated to the CGU groups in the form of corporate assets. The cash flows of the CGU groups are accordingly adjusted for amortisation of the allocated corporate assets.

To calculate the discount rates, the capital asset pricing model (CAPM) is used to calculate a cost of equity capital. This is done by adding country-specific inflation differentials, risk premiums and sector-specific market risk to the risk-free interest rate (equal to the yield on German government bonds on the reporting date calculated using the Svensson method). The base rate before inflation differentials was 0.12% (-0.14%). The market risk of 7.38% (8.39%) was multiplied by a beta factor of 1.19 (0.95) that was calculated based on a specified peer group. The beta factor was calculated as a rolling beta with a period of 8 quarters (previous year: 13 quarters).

The long-term growth rates are calculated during the financial year based on the compound annual growth rate (CAGR) assuming that insurance penetration in the countries concerned starting in 2013 will converge in 50–70 years consistent with the current situation in Germany. An inflation adjustment equal to half of the inflation included in the cost of equity was added to the CAGR.

Impairments of intangible assets and reversals of impairments of intangible assets are included as separate items in the income statement between the new subtotal for the Group operating result and the result before taxes.

CGU groups	Discount rates		Country risks		Long-term growth rate	
	2021	2020	2021	2020	2021	2020
in %						
Austria	9.27	8.19	0.39	0.38	1.50	1.50
Czech Republic	9.83	8.86	0.60	0.59	4.20–5.73	4.25–5.79
Poland	10.67	9.16	0.84	0.82	5.41–6.86	5.20–6.65
Albania incl. Kosovo	14.02	12.30	4.45	4.36	6.76	6.48
Baltic States	9.79	8.81	0.91	1.00	4.94–6.39	4.94–6.39
Bosnia-Herzegovina	16.62	14.16	6.43	6.30	6.00–8.12	5.38–7.49
Bulgaria	10.65	9.84	1.58	1.55	5.97–6.83	6.12–6.98
Croatia	11.70	10.33	2.47	2.42	5.25–7.18	5.13–7.06
Moldova	18.70	17.69	6.43	6.30	9.01	9.11
North Macedonia	12.41	11.48	3.56	3.49	5.87	5.98
Romania	12.08	10.95	2.18	2.13	5.84–7.97	5.84–7.97
Serbia	12.72	12.24	2.97	3.49	5.68–7.47	5.72–7.51
Slovakia	9.72	8.63	0.84	0.82	5.32–5.53	5.32–5.53
Ukraine	18.91	17.75	6.43	6.30	8.58–12.34	8.59–12.35
Hungary	12.23	11.34	1.88	2.13	6.25–6.59	6.21–6.55
Germany	8.88	7.81	0.00	0.00	1.50	1.50
Georgia	13.21	12.10	2.97	2.91	6.67	6.69
Liechtenstein	8.88	7.81	0.00	0.00	1.50	1.50
Turkey	25.51	22.72	5.44	5.33	10.68–13.28	9.88
Group Functions	9.27–12.72	8.19–12.24	0.39–2.97	0.38–3.49	1.50–7.47	1.50–7.51

The average increase in the discount rates is primarily due to the increase in the beta factor.

INVESTMENTS (B)

General information

In accordance with the relevant IFRS requirements, some VIG Insurance Group assets and liabilities are carried at fair value in the consolidated financial statements. This concerns a significant portion of investments. VIG Insurance Group assigns all financial instruments to one of the levels of the IFRS 13 measurement hierarchy. As a result of the decentralised organisational structure of VIG Insurance Group, the individual subsidiaries are responsible for this fair value categorisation. This takes account, in particular, of local knowledge of the quality of the individual fair values and any input parameters needed for model valuation.

Fair values are determined using the following hierarchy specified in IFRS 13:

- The determination of fair value for financial assets and financial liabilities is generally based on price quotations in active markets for identical assets or liabilities (Level 1).
- If a financial instrument is not listed and no market price quotations are available in active markets, fair value is determined using price quotations for similar assets or price quotations in inactive markets (Level 2). Standard valuation models with inputs that are observable in the market are used for Level 2 measurements. These models are primarily used for illiquid bonds (present value method) and structured securities.
- The fair value of certain financial instruments, in particular bonds from countries without active capital markets, and property, is determined using valuation models with input factors that are generally unobservable in the market. These models use, for example, transactions in inactive markets, expert reports and the structure of cash flows (Level 3).

The table below lists the methods used and most important input factors for Levels 2 and 3. The calculated fair values can be used for recurring and non-recurring measurements.

Pricing method	Used for	Fair Value	Input parameters
Level 2			Observable
Present value method	Bonds; borrower's note loans; loans; securitised liabilities and subordinated liabilities	Theoretical price	Issuer, sector and rating-dependent yield curves
Libor market model present value method	Bonds and borrower's note loans with other embedded derivates	Theoretical price	Money market and swap curves; implied volatility surface; cap & floor volatilities; issuer, sector and rating-dependent yield curves
Present value method	Currency futures contracts	Theoretical price	Exchange rates; money market curves for the currencies concerned
Present value method	Interest rate/currency swaps	Theoretical price	Exchange rates; money market and swap curves for the currencies concerned
Option pricing models	Stock options	Theoretical price	Share prices on the valuation date; implied volatilities; yield curve
Level 3			(Un-)observable
Option pricing models	Stock options	Theoretical price	Share prices on the valuation date; volatilities; yield curve
Market value method	Real estate	Appraisal value	Real estate-specific income and expense parameters; capitalisation rate; data on comparable transactions
Discounted cash flow-model	Real estate	Appraisal value	Real estate-specific income and expense parameters; discount rate; indexes
Multiples approach	Shares	Theoretical price	Company-specific earnings figures; typical industry multipliers
Discounted cash flow-model	Shares	Theoretical price	Company-specific earnings figures; discount rate
Share of capital	Shares	Book value	Company-specific equity according to separate financial statements
Amortised cost	Fixed income instruments (illiquid bonds, policy loans, loans) with no observable input data for comparable assets	Book value	Cost-price; redemption price; effective yield

For further information, please see Note 24. Financial instruments and fair value measurement hierarchy starting on page 155.

The following table presents the relationships between balance-sheet items and classes of financial instruments according to IFRS 7, incl. measurement methods:

Balance sheet items, IAS 39 categories and classes of financial instruments according to IFRS 7	Measurement method
Financial assets	
Loans and other investments	At amortised costs
Financial assets held to maturity	At amortised costs
Financial assets available for sale	At fair value
Financial assets recognised at fair value through profit and loss*	At fair value
Financial investments for unit- and index-linked life insurance	At fair value
Financial liabilities	
Subordinated liabilities (other liabilities)	At amortised costs
Liabilities to financial institutions (other liabilities)	At amortised costs
Financing liabilities (other liabilities)	At amortised costs
Derivative liabilities (other liabilities)	At fair value

*Including held for trading

Property
Both owner-occupied and investment properties are reported under property. Property that is both self-used and investment property is divided. For small amounts that do not exceed the 20% limit, the entire property is reported in the larger category (80:20 rule).

Property is measured at cost minus accumulated depreciation and impairment losses. Cost comprises all costs incurred in putting the asset into its present location in its present condition. Costs incurred in later periods are only capitalised if they lead to a significant increase in future opportunities for use of the building (e.g. through building expansion or new building construction). Owner-occupied and investment buildings are both depreciated using the straight-line method over the expected useful life. The following average useful lives are used in the calculation:

Average useful life in years	from	to
Buildings	20	50

IMPAIRMENT OF PROPERTY
Property appraisals are performed at regular intervals for owner-occupied property and investment property by sworn and judicially certified building construction and property appraisers. Fair value is calculated using the capitalised earnings method or market comparisons. Unless leased, the asset value method is generally only used for undeveloped land. The discounted cash flow method is used in exceptional cases.

If the fair value is below the book value (cost minus accumulated depreciation and write-downs), the asset is impaired. In this case, the book value is written down to fair value through profit or loss. The method used to test for impairment is also used to test for a reversal of impairment. On each balance sheet date, a test is performed for indications that a reversal of impairment has taken place. The book value after the reversal may not exceed the book value that would have existed, taking into account depreciation, if no impairment had been recognised.

Both impairments and reversals of impairments are reported in the financial result in the income statement and are shown starting on page 148. The fair values and level hierarchy according to IFRS 13 are shown in Note 24. Financial instruments and fair value measurement hierarchy starting on page 155.

Financial assets
Financial assets are divided into the following categories in accordance with the requirements of IAS 39:

- Loans and other investments, other receivables,
- Financial assets held to maturity,
- Financial assets available for sale,
- Financial assets recognised at fair value through profit and loss and
- Financial assets held for trading.

On initial recognition, the corresponding financial assets are measured at cost, which equals fair value at the time of acquisition. For subsequent measurement of financial assets, two measurement methods are used.

AMORTISED COST
Loans and other investments, other receivables and financial assets held to maturity are subsequently measured at amortised cost. The amortised cost is determined using the effective interest rate of the asset in question. A write-down is recognised in profit or loss in the case of permanent impairment.

The current income recorded in the income statement is essentially interest income.

RECOGNISED AT FAIR VALUE
Non-derivative financial assets that are designated as available for sale and are not classified as loans and other investments, other receivables, held-to-maturity financial assets or financial assets at fair value through profit or loss are also subsequently measured at fair value. Fluctuations in value are to be recognised in other comprehensive income and are reported in equity in other reserves. This does not include impairments that are recognised in profit and loss.

Upon disposal, the cumulative gains and losses recognised in other reserves in previous periods are transferred to the result for the period (recycling).

Spot transactions are accounted for at the settlement date.

AMENDMENTS TO IAS 39 AND IFRS 7 RECLASSIFICATION OF FINANCIAL ASSETS
The IASB published amendments to IAS 39 and IFRS 7 in October 2008. The adjusted version of IAS 39 permits reclassification of non-derivative financial assets (except for financial instruments that were measured using the fair value option upon initial recognition) in the "held-for-trading" and "available-for-sale" categories.

The amendments to IAS 39 and IFRS 7 went into effect retroactively to 1 July 2008 and were applied prospectively from the time of reclassification. Reclassifications performed in VIG Insurance Group before 1 November 2008 used fair values as of 1 July 2008.

IMPAIRMENT OF FINANCIAL ASSETS
On each balance sheet date, the book values of financial assets not measured at fair value through profit or loss are tested for evidence of impairment. Such evidence could be, for example, the debtor experiencing significant financial difficulties, a high probability of insolvency proceedings, the loss of an active market for the financial asset, a significant change in the technological, economic, legal or market environment of the issuer, or a permanent decrease in the fair value of the financial asset below amortised cost. The Managing Board has considerable discretion when quantifying the influence of information that could affect the creditworthiness, rating and/or earning power of a debtor.

Any impairment losses due to fair value lying below the book value are recognised in profit or loss. If any changes to the fair value of available-for-sale financial assets were previously recognised directly in equity, these changes must be eliminated from equity and recognised in profit or loss on the income statement. As a rule, impairment of equity instruments is to be recognised if the average fair value during the last six months was consistently less than 80% of the historical cost of acquisition and/or if the fair value as at the reporting date is less than 50% of the historical cost of acquisition.

FINANCIAL INVESTMENTS FOR UNIT- AND INDEX-LINKED LIFE INSURANCE (C)

Financial investments for unit- and index-linked life insurance provide cover for unit- and index-linked life insurance underwriting provisions. The survival and surrender payments for these policies are linked to the performance of the associated financial assets. The income from these is also credited in full to the policyholders. As a result, policyholders bear the risk associated with the performance of the financial investments. They are held in separate cover funds, and managed separately from the other financial assets of VIG Insurance Group.

Since the changes in value are occasionally equal to the changes in value of the underwriting provisions, these financial investments are valued in accordance with the requirements of IAS 39.9b. Financial instruments for unit- and index-linked life insurance are therefore measured at fair value, and changes in value are recognised in the income statement.

REINSURERS' SHARE IN UNDERWRITING PROVISIONS (D)

The reinsurers' share in underwriting provisions is measured in accordance with contractual provisions. The credit quality of each counterparty is taken into account when the reinsurers' share is measured. Information on the selection of reinsurers is provided in the Financial instruments and risk management section on page 116.

RECEIVABLES (E)

The receivables shown in the balance sheet relate to the following in particular:

- Receivables from direct insurance business
  - from policyholders
  - from insurance intermediaries
  - from insurance companies
- Receivables from reinsurance business
- Other receivables

As a rule, receivables are reported at cost less impairment losses for losses already incurred but not yet known (e.g. death that is not yet known). Impairment is necessary if there is material evidence of financial difficulties, such as default or delay in payment and the items therefore cannot be considered collectable or not fully collectable. In the case of receivables from policyholders, expected impairment losses from non-collectable premium receivables are shown on the liabilities side of the balance sheet under "Other underwriting provisions" (provisions for cancellations) or deducted from the premium receivable using a valuation allowance. The amounts included are shown in Note 5. Receivables on page 131.

TAXES (F)

Income tax expenses comprise actual and deferred taxes. The income tax associated with transactions recognised directly in equity is also recognised directly in equity. The actual taxes for the individual VIG Insurance Group companies are calculated using the company's taxable income and the tax rate applicable in the country in question.

Deferred taxes are calculated using the balance sheet liability method for all temporary differences between the asset and liability values recognised in the IFRS consolidated financial statements and the individual company tax bases for these assets and liabilities. Under IAS 12.47, deferred taxes are measured using the tax rates applicable at the time of realisation. In addition, any probable tax benefits realisable from existing loss carryforwards are included in the calculation. Exceptions to this deferral calculation are differences from non-tax-deductible goodwill and any deferred tax differences linked to participations. Deferred tax assets are not recognised if it is not probable that the tax benefits they contain can be realised.

Deferred taxes are calculated using the following tax rates:

Tax rates	31.12.2021	31.12.2020
in %		
Albania	15.0	15.0
Bosnia-Herzegovina	10.0	10.0
Bulgaria	10.0	10.0
Germany[1]	30.0	30.0
Estonia[2]	0.0	0.0
Georgia[3]	15.0	15.0
Kosovo	10.0	10.0
Croatia	18.0	18.0
Latvia[4]	0.0	0.0
Liechtenstein	12.5	12.5
Lithuania	15.0	15.0
Moldova	12.0	12.0
North Macedonia	10.0	10.0
Austria[5]	25.0	25.0
Poland	19.0	19.0
Romania	16.0	16.0
Serbia	15.0	15.0
Slovakia	21.0	21.0
Czech Republic	19.0	19.0
Turkey[6]	25.0	20.0
Ukraine	18.0	18.0
Hungary	11.3	11.3

1 The tax rate shown here is a flat tax rate. The tax rate is between 15,825% and 31,715%, depending on the registered office and activities of the company.
2 The retained profits of locally domiciled companies are not subject to corporate income tax. Profit distributions by the companies are subject to a tax rate of 14% to 20%.
3 As a rule, the retained profits of locally domiciled companies will not be subject to corporate income tax starting 1 January 2023. The planned implementation date was postponed from 1 January 2019 to 1 January 2023.
4 The retained profits of locally domiciled companies are not subject to corporate income tax. Profit distributions by the companies are subject to a tax rate of 20%.
5 Due to a new law that was passed, the corporate income tax rate will be reduced in stages from 25% to 24% in 2023, and then to 23% in 2024.
6 As of 1 January 2021, a corporate income tax of 25% applies for current taxes.

Group taxation
With Wiener Städtische Versicherungsverein as the parent company there is a corporate group of companies within the meaning of § 9 of the Austrian Corporate Income Tax Act (KStG). The taxable earnings of group members are attributed to the head of the tax group. The head of the tax group has entered into agreements with each group member governing the allocation of positive and negative tax amounts for the purpose of allocating corporate income tax charges according to origin. If a group member earns positive income, 25% is allocated to the head of the tax group. In case of negative income, the group member receives lump-sum compensation equal to 22.5% of the tax loss. Since the tax allocation is 25% in the case of positive income, the group member should provide 10% of the tax benefit from group taxation resulting from inclusion of that group member in the group. Cash settlement of tax benefits is performed for a period of three years.

OTHER ASSETS (G)

Other assets are measured at cost less cumulative depreciation and impairment losses. Cost comprises all costs incurred in putting the asset into its present location in its present condition. Depreciation is performed using the straight-line method over the expected useful life of the asset.

UNDERWRITING PROVISIONS (H)

Classification of insurance policies
Contracts under which an insurance company assumes a significant insurance risk from another party (the policyholder), by agreeing to provide compensation to the policyholder if a specified uncertain future event (the insured event) negatively affects the policyholder are treated as insurance policies for the purposes of IFRS. Financial risk is the risk of a possible future change in specific interest rates, securities prices, price indices, interest rate indices, credit ratings, credit indices, or some other variable. It must be noted that in the case of a non-financial variable, the variable is not specific to one counterparty. In many cases, particularly in the life insurance area, insurance policies as defined in IFRS also transfer financial risk.

Policies under which only an insignificant insurance risk is transferred from the policyholder to the insurance company are treated as financial instruments ("financial insurance policies") for IFRS reporting purposes. Such policies exist only to a minor extent in the personal insurance area.

Both insurance contracts and financial insurance policies can have contract terms that qualify as discretionary participation in net income ("profit participation", "profit-dependent premium refund"). Contractual rights are considered discretionary participation in net income if in addition to guaranteed benefits the policyholder also receives additional payments that are likely to constitute a significant portion of the total contractual payments and are contractually based on:

- the profit from a certain portfolio of policies or a certain type of policy, or
- the realised and/or unrealised investment income from a certain portfolio of assets held by the insurance company, or
- the profit or loss of the company, investment fund, or business unit (e.g. balance sheet unit) holding the contract.

Policies with discretionary net income participation exist in all VIG Insurance Group countries, primarily in the life insurance balance sheet unit, and to a secondary extent in the property and casualty and health insurance balance sheet units as well, and are treated as insurance policies in accordance with IFRS 4. The net income participation in life insurance usually exists in the form of participation in the net income or net interest income of the balance sheet unit in question calculated according to national accounting requirements. Net income or profit participation amounts that have already been allocated or committed to policyholders are reported in the mathematical reserve. Amounts reported in the local annual financial statements which have been committed or allocated to policyholders in the future by means of net income participation are reported in the balance sheet in the provision for performance-based premium refunds.

In addition, the profit-related portion resulting from IFRS measurement differences as compared to local measurement requirements (deferred profit participation) is also reported in the provision for profit-related premium refunds. This primarily concerns Austrian and German policies that are eligible for profit participation, as the profit participation in these countries is governed by regulations. Deferred profit participation is not recognised in balance sheets in other countries, since policyholder participation is at the sole discretion of the company concerned. The rate used for calculating deferred profit participation is 80% of the difference between the value recognised in the local financial statements and the value recognised in the IFRS financial statements.

As permitted by IFRS 4, the option to present unrealised gains and losses with the same effects on balance sheet measurements of underwriting provisions, capitalised acquisition costs and purchased insurance portfolios as realised gains and losses has been applied (shadow accounting). The first step is to allocate unrealised gains on available-for-sale financial instruments to a deferred mathematical reserve to serve as security for contractually agreed insurance payments. The policyholder's share of the surplus from the remaining unrealised gains is then allocated to a provision for deferred profit participation. Any remaining asset balance is reported as deferred policyholder profit participation resulting from measurement differences. This deferred item is only recognised if it is highly probable, at company level, that the item can be satisfied by future profits in which the policyholders participate.

RECOGNITION AND ACCOUNTING METHODS FOR INSURANCE POLICIES

Based on the election provided in IFRS 4, the values recognised in the consolidated financial statements prepared in accordance with applicable national law are carried over to the IFRS consolidated financial statements. The national provisions are only carried over, however, if they satisfy the minimum requirements of IFRS 4. Equalisation and catastrophe provisions are therefore not recognised. In principle, accounting policies were not changed to differ from national accounting requirements, except when parameters used to calculate underwriting provisions did not lead to adequate funding for future provisions. In such cases, VIG Insurance Group uses its own parameters, which are consistent with these principles. In individual cases, the provisions formed locally by an insurance company for outstanding claims are adjusted in the consolidated financial statements based on the corresponding analysis. Detailed information on the valuation of underwriting items is available in the remarks for each item.

ADEQUACY TEST FOR LIABILITIES ARISING FROM INSURANCE POLICIES

Liabilities from insurance policies are tested at each balance sheet date for adequacy of the provisions recognised in the financial statements.

If the value calculated based on up-to-date estimates of current valuation parameters, taking into account all future cash flows associated with the insurance policies, is higher than the provisions formed for liabilities from insurance policies, an increase in the provisions is recognised in profit or loss to eliminate the shortfall.

Provision for unearned premiums

Under the current version of IFRS 4, figures in annual financial statements prepared in accordance with national requirements may be used for the presentation of figures relating to insurance policies in the consolidated financial statements. In Austria, a cost discount of 15% (15%) is used when calculating unearned premiums in the property and casualty balance sheet unit (10% for motor third party liability insurance (10%)), corresponding to EUR 33,694,000 (EUR 29,766,000). Acquisition expenses in excess of this figure are not capitalised in Austria. For foreign companies in the property and casualty balance sheet unit a portion of the acquisition expenses is generally recognised in the same proportion as the ratio of net earned premiums to written premiums. To ensure uniform presentation, these capitalised acquisition costs are also shown in the consolidated financial statements as a reduction in the provision for unearned premiums: EUR 397,795,000 (EUR 360,904,000).

Mathematical reserve

Life insurance mathematical reserves are calculated using the prospective method as the actuarial present value of obligations (including declared and allocated profit shares and an administrative cost reserve) minus the present value of all future premiums received. The calculation is based on such factors as expected mortality, costs and the discount rate.

The mathematical reserve and related premium rate are essentially calculated using the same basis, which is applied uniformly for the entire rate and during the entire term of the policy. The appropriateness of the calculation basis is reviewed each year in accordance with IFRS 4 and applicable national accounting requirements. Please refer to the Adequacy test for liabilities arising from insurance policies section on page 79. For information on the use of shadow accounting, also see page 79. Basically, the official mortality tables of each country are used for the life balance sheet unit. If current mortality expectations differ to the benefit of policyholders from the calculation used for the rate, leading to a corresponding insufficiency in the mathematical reserves, the reserves are increased appropriately in connection with the adequacy test of insurance liabilities.

In the life insurance balance sheet unit acquisition costs are taken into account through zillmerisation or another actuarial method as a reduction of mathematical reserves. The resulting negative mathematical reserves are either set to zero in accordance with national requirements or reported in the mathematical reserve item in the consolidated financial statements. The following average discount rates are used to calculate mathematical reserves:

As of 31 December 2021: 1.80%
As of 31 December 2020: 1.85%

In Austria, the average discount rate for life insurance was 1.67% during the reporting period (1.71%).

In addition, the share of unrealised gains and losses from available-for-sale financial instruments serving as security for contractual obligations is shown in the mathematical reserve as part of the shadow accounting performed according to IFRS 4.

In the health insurance balance sheet unit, mathematical reserves are also calculated according to the prospective method as the difference between the actuarial present value of future policy payments minus the present value of future premiums. The loss frequencies used to calculate the mathematical reserve derive primarily from analyses conducted on the Group's own insurance portfolio. As a rule, the mortality tables used correspond to published mortality tables. The following discount rates are used for the great majority of transactions when calculating mathematical reserves:

As of 31 December 2021: 2.35%
As of 31 December 2020: 2.39%

Provision for outstanding claims

National insurance law and national regulations (in Austria, the Austrian Insurance Supervision Act (VAG)) require VIG Insurance Group companies to form provisions for outstanding claims. The provisions are calculated for payment obligations arising from claims, which have occurred up to the balance sheet date but whose basis or size has not yet been established, as well as all related claims settlement expenses expected to be incurred after the balance sheet date, and, as a rule, are formed at the individual policy level. These policy-level provisions are marked up by a flat-rate allowance for unexpected additional losses. Except for the provisions for pension obligations, no discounting is performed. Insurance losses that have occurred up to the balance sheet date but were not known at the time that the balance sheet was prepared ("IBNR"), and losses that have occurred but have not been reported in the correct amount ("IBNER"), are to be included in the provision (incurred but not reported claims provisions and provisions for as yet unidentified large losses). Separate provisions for claims settlement expenses are formed for internally incurred expenses attributable to claims settlement under the allocation according to origin principle. Collectable recourse claims are deducted from the provision. Where necessary, actuarial estimation methods are used to calculate the provisions. The methods are applied consistently, with both the methods and calculation parameters tested continuously for adequacy and adjusted if necessary. The provisions are affected by economic factors (e.g. inflation rate) and by legal and regulatory developments, which may be subject to change over time.

Provision for profit-unrelated premium refunds

The provisions for profit-unrelated premium refunds relate, in particular, to the property and casualty and health balance sheet units, and pertain to premium refunds in certain insurance classes that are contractually guaranteed to policyholders in the event that there are no claims or a low level of claims. These provisions are formed at the individual policy level. Since the provisions are predominantly short-term provisions, no discounting has been performed.

Provision for profit-related premium refunds

Profit shares that were dedicated to policyholders in local business plans, but have not been allocated or committed to individual policyholders as of the balance sheet date, are shown in the provision for profit-related premium refunds ("discretionary net income participation"). In addition, both the portion realised through profit and loss and the portion realised directly in equity that results from measurement differences between IFRS and local measurement requirements ("deferred profit participation") are reported in this item. Please see the Classification of insurance policies section starting on page 78.

Other underwriting provisions

The other underwriting provisions item primarily includes provisions for cancellations. Cancellation provisions are formed for the cancellation of premiums that have been written but not yet paid by the policyholder, and therefore represent a liabilities-side allowance for receivables from policyholders. These provisions are formed based on the application of certain percentage rates to overdue premium receivables.

UNDERWRITING PROVISIONS FOR UNIT- AND INDEX-LINKED LIFE INSURANCE (I)

Underwriting provisions for unit- and index-linked life insurance represent obligations to policyholders that are linked to the performance and income of the corresponding financial instruments. The measurement of these provisions corresponds to the measurement of the financial instruments for unit- and index-linked life insurance, and is based on the fair value of the investment unit or index serving as a reference.

NON-UNDERWRITING PROVISIONS (J)

Provision for pension obligations
Pension obligations are based on individual contractual obligations and collective agreements. The obligations are defined benefit obligations. The plans are based on average salary and/or the number of years of service with the company.

These obligations are accounted for in accordance with IAS 19. The present value of the defined benefit obligation (DBO) is calculated. Calculation of the DBO is performed using the projected unit credit method. In this method future payments calculated based on realistic assumptions are accrued linearly over the period in which the beneficiary acquires these entitlements. The necessary provision amount is calculated for the relevant balance sheet date using actuarial reports that have been provided for 31 December 2020 and 31 December 2021. The calculations are based on the following assumptions:

Pension assumptions	31.12.2021	31.12.2020
Interest rate	1.00%	0.75%
Pension increases	2.25%*	2.00%
Salary increases	2.25%*	2.00%
Employee turnover rate (age-dependent)	0%–4%	0%–4%
Retirement age, women (transitional arrangement)	62+	62+
Retirement age, men (transitional arrangement)	62+	62+
Life expectancy (for employees, in accordance with)	(AVÖ 2018-P)	(AVÖ 2018-P)

*Association recommended pension subsidy: 1.5%

The weighted average length of the DBO for pensions was 15.54 years in financial year 2021 (16.36 years). A portion of the direct pension obligations are administered as an occupational group insurance plan following conclusion of an insurance contract in accordance with § 93–98 VAG.

SUBORDINATED LIABILITIES AND LIABILITIES EXCL. SUBORDINATED LIABILITIES (K)

As a rule, all liabilities are measured at amortised cost. This also applies to liabilities arising from financial insurance policies. The fair value of financial liabilities is shown in Note 24. Financial instruments and fair value measurement hierarchy starting on page 155.

NET EARNED PREMIUMS (L)

As a rule, unearned premiums (provision for unearned premiums) are determined on a pro rata basis over time. No deferral of unit- and index-linked life insurance premiums is performed, since the full amount of the premiums written in the reporting period is included in the calculation of the underwriting provisions for unit- and index-linked life insurance.

SCOPE AND METHODS OF CONSOLIDATION

The consolidated financial statements include a total of 77 Austrian and 81 foreign companies.

Full consolidation of a subsidiary begins when control is gained and ends when control is lost. 63 domestic companies and 78 foreign companies are included in the consolidated financial statements using this consolidation method.

Associated companies are companies over which the Group directly or indirectly has a significant influence but does not exercise control. These companies are accounted for the at equity method. These consolidated financial statements include 14 Austrian and 3 foreign companies accounted for at equity.

The materiality or immateriality of subsidiaries, associated companies and joint arrangements for the consolidated financial statements is checked using a variety of thresholds defined at the VIG Holding level. Qualitative assessment criteria are also used. The absolute profit before taxes or total assets, for example, could be checked for this purpose. If a company does not satisfy any size criteria, a second step is performed to check whether the companies that are not included are material when taken as a whole. If this is not the case, these companies are not included in the scope of consolidation. 147 companies that have no material effect on the net assets, financial position and results of operations when considered individually or in aggregate have essentially been measured at fair value.

Fully controlled investment funds (“special funds”) were fully consolidated in accordance with the requirements of IFRS 10. These consolidated institutional funds are not separate corporate entities and therefore not structured entities as defined in IFRS 12. They are investment funds that have not been designed for public capital markets.

Due to a lack of control, mutual funds are not consolidated, even if a majority of voting rights are held. The ability of subsidiaries to transfer funds (in the form of dividends) to parent companies can be restricted by corporate law and regulations.

BUSINESS COMBINATIONS (IFRS 3)

Business combinations are recognised using the purchase method. Goodwill is recognised as the value of the consideration transferred and all non-controlling interests in the acquired company less the identifiable assets acquired and liabilities assumed. In any business combination, present non-controlling interests that entitle holders to a proportionate share of the entity’s net assets in the event of a liquidation can be measured either at fair value or as part of the identifiable net assets. Unless another IFRS provides a different measurement method, all other components of non-controlling interests are measured at the corresponding share of the identifiable net assets. If the consideration is less than the net assets of the acquired subsidiary measured at fair value, the difference is checked again and recognised directly in the income statement. As a rule, the fair values calculated in accordance with IFRS 13 of all assets (incl. goodwill and other intangible assets) and liabilities are allocated to the country to which the purchased company is assigned.

Deferred tax assets acquired during a business combination and arising under IAS 12.66 et seqq. on the acquisition date are tested for impairment in accordance with IAS 12.37.

The Group considers the reported goodwill to reflect the value of the ability to make use of the insurance-specific expertise of the employees of the acquired companies. When a market is entered, it represents the ability to offer insurance products in a country and take advantage of the opportunities that exist there. In countries where the Group is already represented by one or more companies, the goodwill also represents the possibility of making use of potential synergies.

When real estate holding companies are acquired, they are checked to see whether they include business operations. If they do not, the purchase method is not used. In such cases, the acquisition costs, including transaction costs, are distributed among the acquired assets and assumed liabilities based on fair value. No deferred taxes are recognised in such cases (initial recognition exemption) and goodwill cannot arise.

All company acquisitions were performed with cash and cash equivalents. A list of fully and at equity consolidated companies is provided on page 162 in Note 28. Affiliated companies and participations.

CHANGES IN THE SCOPE OF CONSOLIDATION

The following companies were deconsolidated in financial year 2021:

Deconsolidations	Reason for deconsolidation	Date	Reportable segment
AB Modřice, a.s., Prague	Review of the scope of consolidation	31.12.2021	Czech Republic
AIS Servis, s.r.o., Brno	Review of the scope of consolidation	31.12.2021	Czech Republic
arithmetica Consulting GmbH, Vienna	Review of the scope of consolidation	31.12.2021	Austria
Bohemika a.s., Žatec	Review of the scope of consolidation	31.12.2021	Czech Republic
Bohemika HYPO s.r.o., Žatec	Review of the scope of consolidation	31.12.2021	Czech Republic
Camelot Informatik und Consulting Gesellschaft m.b.H., Vienna	Review of the scope of consolidation	31.12.2021	Austria
ČPP servis, s.r.o., Prague	Review of the scope of consolidation	31.12.2021	Czech Republic
DBLV Immobesitz GmbH, Vienna	Review of the scope of consolidation	31.12.2021	Austria
DBR-Liegenschaften Verwaltungs GmbH, Stuttgart	Review of the scope of consolidation	31.12.2021	Austria
FinServis Plus, s.r.o., Prague	Review of the scope of consolidation	31.12.2021	Czech Republic
Global Expert, s.r.o., Pardubice	Review of the scope of consolidation	31.12.2021	Czech Republic
Global Partner, a.s., Prague	Review of the scope of consolidation	31.12.2021	Czech Republic
HOTELY SRNÍ, a.s., Prague	Review of the scope of consolidation	31.12.2021	Czech Republic
LD Vermögensverwaltung GmbH, Vienna	Review of the scope of consolidation	31.12.2021	Austria
Limited Liability Company "UIG Consulting", Kyiv	Liquidation	31.12.2021	Extended CEE
Main Point Karlín II., a.s., Prague	Review of the scope of consolidation	31.12.2021	Czech Republic
Pražská softwarová s.r.o., Prague	Review of the scope of consolidation	31.12.2021	Czech Republic
Sanatorium Astoria, a.s., Karlsbad	Review of the scope of consolidation	31.12.2021	Czech Republic
SURPMO, a.s., Prague	Review of the scope of consolidation	31.12.2021	Czech Republic

During the IFRS 17/9 project, the process for identifying the scope of consolidation was examined and all consolidated companies were reviewed for materiality. Companies that would be classified as non-material based on internal guidelines were identified during this review and were therefore deconsolidated as of 31 December 2021.

During the reporting period from 1 January 2021 to 31 December 2021, the Group acquired control of the following subsidiaries and included the following companies in the consolidated financial statements:

Expansion of the scope of consolidation*	Acquisition/formation	Interest	First-time consolidation	Method
	Date	in %	Date	
NNC REAL ESTATE SPÓŁKA Z OGRANICZONĄ ODPOWIEDZIALNOŚCIĄ, Warsaw	2021	100.00	1.12.2021	full consolidation
OÜ LiveOn Paevalille, Tallinn	2021	100.00	19.10.2021	full consolidation
Rößlergasse Bauteil Drei GmbH, Vienna	2018	100.00	1.7.2021	full consolidation
Rößlergasse Bauteil Zwei GmbH, Vienna	2018	100.00	1.7.2021	full consolidation
SIA "LiveOn Stirnu", Riga	2021	100.00	27.10.2021	full consolidation
SIA "LiveOn", Riga	2021	70.00	9.8.2021	full consolidation
SIA LiveOn Terbatas, Riga	2021	100.00	27.10.2021	full consolidation
UAB LiveOn Linkmenu, Vilnius	2021	100.00	10.11.2021	full consolidation
VIG Offices, s.r.o., Bratislava	2020	100.00	1.1.2021	full consolidation
Virtus Sechzehn Beteiligungs GmbH, Vienna	2021	100.00	1.12.2021	full consolidation

*Unless indicated otherwise, no goodwill exists.

Aegon CEE

On 29 November 2020, VIG reached agreement with Aegon N.V. to acquire its insurance business in Hungary, Poland, Romania and Turkey. As a result, Aegon's insurance companies in the non-life and life sectors, pension funds and asset management and service companies are to be acquired in these countries. The purchase price is EUR 830 million. The transaction is subject to the approvals required under supervisory and competition law. Due to the lack of closing for the transaction and, therefore, lack of control over the companies, they had not yet been added to the scope of consolidation as of the balance sheet date.

In December 2021, VIG and the Hungarian government reached agreement on the main features of a cooperation agreement and the further course of action to be taken for the Hungarian state to receive a participation of 45% in the Hungarian AEGON companies and UNION Vienna Insurance Group Biztosító Zrt. The detailed terms of the cooperation, including the controlling interest and operational management, are the subject of negotiations after the balance sheet date. Further information on the status of negotiations is provided in Note 31. Significant events after the balance sheet date on page 173.

Change in significant non-controlling interests	Change	Change of interest	Change in significant non-controlling interests
	Date	in %	in EUR '000
ČPP	30.06.2021	2.72	-3,893
Projektbau GesmbH, Vienna	31.12.2021	9.84	-1,484
Projektbau Holding GmbH, Vienna	31.12.2021	9.84	-4,067
V.I.G. ND, a.s.	30.06.2021	0.32	-287

Change of consolidation method from at equity-consolidation to full consolidation	Interest	Changeover
	in %	Date
GLOBAL ASSISTANCE, a.s., Prague	100.00	1.1.2021
S - budovy, a.s., Prague	100.00	1.1.2021

Effect of changes in the scope of consolidation

Balance sheet	Additions	Disposals
in EUR '000		
Intangible assets	68	197
Right-of-Use Assets	777	0
Investments	121,492	555
Shares in at equity consolidated companies	0	46,851
Receivables (incl. tax receivables and advance payments out of income tax)	14,981	776
Other assets (incl. deferred tax assets)	1,408	395
Cash and cash equivalents	11,725	3,768
Non-underwriting provisions	1,716	2,348
Liabilities (incl. tax liabilities out of income tax)	35,586	1,143
Other liabilities (incl. deferred tax liabilities)	536	0

The figures shown in the table above reflect the actual dates of first consolidation and deconsolidation, as indicated in the section Changes in the scope of consolidation on page 84.

Contribution to result before taxes in reporting period	Additions	Disposals
in EUR '000		
Financial result excl. result from shares in at equity consolidated companies	256	150
Result from shares in at equity consolidated companies	0	1,510
Other income	38	3,532
Expenses for claims and insurance benefits – retention	11,898	19
Acquisition and administrative expenses	-8,534	88
Other expenses	-398	-3,103
Result before taxes	**3,260**	**2,196**

Inclusion of the first-time consolidated companies retrospectively to 1 January 2021 would not cause any material changes in balance sheet items. Inclusion of the first-time consolidated companies retrospectively to 1 January 2021 would reduce the Group result before taxes and non-controlling interests by 0.08% (not including any consolidation effects).

The number of employees increased by 76 due to the changes in the scope of consolidation.

SEGMENT REPORTING

OPERATING SEGMENTS

The operating segments were determined in accordance with IFRS 8 Operating segments based on internal reporting to the principal decision-maker. The individual countries, in which VIG Insurance Group operates, were identified as operating segments. The VIG Holding Managing Board, as principal decision-maker, regularly evaluates earning power based on these segments and decides on the allocation of resources to them. The focus on countries is also reflected in the country responsibilities of the members of the VIG Holding Managing Board.

The countries Estonia, Latvia and Lithuania are combined in the Baltic States operating segment, and Albania and Kosovo are combined in the Albania incl. Kosovo operating segment when reporting to the Managing Board.

REPORTABLE SEGMENTS

Change of reportable segments
Every 5 years, the Managing Board prepares and approves the detailed medium-term strategic orientation of VIG Insurance Group. The Group's strategic orientation until 2025 was established in financial year 2021. When the composition of the Managing Board was changed in financial year 2020, the reportable segments that were previously published were evaluated and modified accordingly when the 2025 strategy was established.

Determination
The reportable segments were determined using the aggregation criteria in IFRS 8.12 and IFRS 8.14 and the quantitative thresholds defined in IFRS 8.13.

This led to the following segments being specified as reportable segments:

- Austria (incl. the Wiener Städtische branches in Slovenia and Italy),
- Czech Republic,
- Poland,
- Extended CEE,
- Special Markets and
- Group Functions (incl. the VIG Holding branches in Sweden, Norway and Denmark and VIG Re branches in Germany and France).

EXTENDED CEE
The Extended CEE reportable segment includes the operating segments of Albania incl. Kosovo (a branch of an Albanian company is located in Kosovo), the Baltic states, Bosnia-Herzegovina, Bulgaria, Croatia, Hungary, Moldova, North Macedonia, Romania, Serbia, Slovakia and Ukraine. The segment was aggregated in accordance with the aggregation criteria in IFRS 8.14 and was not reported in an "all other segments" in accordance with IFRS 8.16 in spite of falling below the thresholds.

SPECIAL MARKETS
The Special Markets reportable segment corresponds to the "All other segments" category in IFRS 8.16, and includes Germany, Georgia, Liechtenstein and Turkey.

GROUP FUNCTIONS

VIG Insurance Group is an international insurance group operating in Central and Eastern Europe. The Managing Board accordingly manages the insurance business separate from the coordination functions in the individual countries. As a result, only the companies related to the insurance business are included in the individual operating segments. That means that companies that

- do not distribute or assist in the distribution of insurance products,
- perform loss assessments or claims handling, or
- operate as service companies for the Group,

are included in the Group Functions reportable segment, not in the country where they have their registered office.

Specifically, this means the Group Functions segment includes VIG Holding, VIG Re, Wiener Re, VIG Fund, corporate IT service providers and intermediate holding companies, among others.

BASIS OF THE REVENUES OF THE REPORTABLE SEGMENTS

The scope of business operations includes private and corporate customer insurance business. The range of products includes, among other things, motor third party liability and own damage, accident, third party liability, fire and natural hazards, and travel insurance.

A large number of life and health insurance products are offered for individuals and groups. These include, for example, supplementary health insurance, nursing care insurance, endowment insurance, term life insurance and investment-oriented products. In accordance with the cornerstones of VIG Insurance Group, products are sold through all distribution channels in all markets. This means that insurance products are distributed, among others, by sales employees, banks, brokers and agents.

VIG Holding primarily focuses on managerial tasks for VIG Insurance Group. It also operates as a reinsurer within VIG Insurance Group and in the international corporate business. The Group's own reinsurance company, VIG Re, is a successful provider of reinsurance products for both insurance companies of VIG Insurance Group and for external partners.

Information on major customers

VIG Insurance Group does not depend to a great extent on one single customer, as defined in IFRS 8.34. The 10 largest customer groups are responsible for 2.2% of the premiums written by the Group. Corporate customers that are under common control according to the information available to VIG Insurance Group are combined into customer groups.

GENERAL DISCLOSURES

Like transactions with third parties, transfer prices between reportable segments are determined using market prices. Intragroup transactions between segments are eliminated in the consolidation column. The only exceptions are dividends and intercompany profits, which are eliminated in each reportable segment.

PERFORMANCE MEASUREMENT FOR REPORTABLE SEGMENTS

A variety of performance indicators are used to determine the financial performance of the reportable segments. The IFRS Group operating result is used as an indicator in all cases. In the interests of comparability, the income statement by reportable segments is appropriately reconciled with the consolidated income statement and only the main items are presented. The same applies to the balance statement by segments and consolidated balance sheet.

CONSOLIDATED BALANCE SHEET BY REPORTABLE SEGMENT

Assets	Austria		Czech Republic		Poland		Extended CEE	
	31.12.2021	31.12.2020	31.12.2021	31.12.2020	31.12.2021	31.12.2020	31.12.2021	31.12.2020
in EUR '000								
Intangible assets	548,040	497,293	506,739	487,109	160,038	158,164	483,013	479,453
Right-of-Use Assets	71,190	75,523	57,646	57,583	7,480	5,466	33,661	34,581
Investments	22,891,500	23,655,203	3,187,915	2,937,473	1,353,830	1,431,462	4,687,186	4,558,899
Financial investments for unit- and index-linked life insurance	5,219,135	4,918,309	490,766	418,286	698,849	680,712	1,044,657	957,754
Reinsurers' share in underwriting provisions	327,852	487,996	166,928	149,599	119,083	121,345	177,381	185,927
Receivables	705,701	559,737	168,469	166,645	225,045	212,916	547,882	496,381
Tax receivables and advance payments out of income tax	9,134	18,024	10,290	37,735	2,942	4,291	1,522	1,120
Deferred tax assets	3,636	4,871	233,419	85,389	4,584	0	27,432	14,522
Other assets	87,751	102,357	169,442	160,467	5,583	7,710	68,736	64,363
Cash and cash equivalents	438,989	451,307	141,943	144,332	32,946	24,680	237,626	255,464
Total	30,302,928	30,770,620	5,133,557	4,644,618	2,610,380	2,646,746	7,309,096	7,048,464

Assets	Special Markets		Group Functions		Total	
	31.12.2021	31.12.2020	31.12.2021	31.12.2020	31.12.2021	31.12.2020
in EUR '000						
Intangible assets	4,385	4,496	41,954	106,562	1,744,169	1,733,077
Right-of-Use Assets	489	649	2,882	11,552	173,348	185,354
Investments	798,307	822,999	1,891,052	1,495,150	34,809,790	34,901,186
Financial investments for unit- and index-linked life insurance	1,063,444	986,176	8,480	6,802	8,525,331	7,968,039
Reinsurers' share in underwriting provisions	98,982	96,189	674,379	355,436	1,564,605	1,396,492
Receivables	92,982	101,160	327,109	162,320	2,067,188	1,699,159
Tax receivables and advance payments out of income tax	1,543	4,542	109,622	209,329	135,053	275,041
Deferred tax assets	3,039	1,050	39,337	30,896	311,447	136,728
Other assets	6,061	6,978	53,320	45,970	390,893	387,845
Cash and cash equivalents	105,523	88,770	1,499,306	780,594	2,456,333	1,745,147
Total	2,174,755	2,113,009	4,647,441	3,204,611	52,178,157	50,428,068

Liabilities and shareholders' equity	Austria		Czech Republic		Poland		Extended CEE	
	31.12.2021	31.12.2020	31.12.2021	31.12.2020	31.12.2021	31.12.2020	31.12.2021	31.12.2020
in EUR '000								
Subordinated liabilities	339,160	342,950	22,126	20,959	0	0	0	0
Underwriting provisions	21,919,592	22,446,551	3,041,097	2,792,390	1,346,705	1,275,020	4,353,673	4,128,567
Underwriting provisions for unit- and index-linked life insurance	5,059,871	4,744,433	335,134	249,729	683,030	671,126	1,046,414	963,021
Non-underwriting provisions	611,799	649,509	21,954	10,038	15,203	11,996	68,258	61,592
Liabilities excl. subordinated liabilities	699,073	679,644	464,175	414,588	169,488	154,361	403,293	402,214
Tax liabilities out of income tax	127,999	255,222	88,951	20,479	0	1,715	4,012	5,738
Deferred tax liabilities	169,728	188,113	5,872	5,700	7,947	22,458	21,670	32,493
Other liabilities	59,838	73,880	3,326	3,300	17,470	16,299	42,183	38,373
Subtotal	28,987,060	29,380,302	3,982,635	3,517,183	2,239,843	2,152,975	5,939,503	5,631,998

Liabilities and shareholders' equity	Special Markets		Group Functions		Total	
	31.12.2021	31.12.2020	31.12.2021	31.12.2020	31.12.2021	31.12.2020
in EUR '000						
Subordinated liabilities	0	0	1,100,000	1,100,000	1,461,286	1,463,909
Underwriting provisions	956,176	934,517	928,984	653,010	32,546,227	32,230,055
Underwriting provisions for unit- and index-linked life insurance	1,055,864	982,106	8,480	6,801	8,188,793	7,617,216
Non-underwriting provisions	21,597	24,479	151,378	119,195	890,189	876,809
Liabilities excl. subordinated liabilities	76,146	78,719	1,088,105	524,780	2,900,280	2,254,306
Tax liabilities out of income tax	3,913	3,881	18,507	3,963	243,382	290,998
Deferred tax liabilities	336	1,283	13,331	17,823	218,884	267,870
Other liabilities	630	567	7,721	8,720	131,168	141,139
Subtotal	2,114,662	2,025,552	3,316,506	2,434,292	46,580,209	45,142,302
Shareholders' equity					5,597,948	5,285,766
Total					52,178,157	50,428,068

Intrasegment transactions have been eliminated from the amounts indicated for each reportable segment. As a result, the segment assets and liabilities cannot be netted to determine the segment shareholders' equity.

CONSOLIDATED INCOME STATEMENT BY REPORTABLE SEGMENT

	Austria		Czech Republic		Poland		Extended CEE	
	2021	2020	2021	2020	2021	2020	2021	2020
in EUR '000								
Premiums written – gross	4,048,443	4,030,707	1,864,939	1,732,393	1,279,791	1,196,236	2,886,733	2,640,450
Net earned premiums – retention	3,242,491	3,275,613	1,399,805	1,295,519	983,029	926,588	2,200,684	2,054,120
Financial result excl. result from shares in at equity consolidated companies	**580,101**	536,365	**70,979**	64,848	**23,946**	36,136	**130,089**	127,923
Income from investments	762,544	841,131	105,867	128,835	41,614	50,040	170,481	164,270
Expenses for investments and interest expenses	-182,443	-304,766	-34,888	-63,987	-17,668	-13,904	-40,392	-36,347
Result from shares in at equity consolidated companies	23,106	-30,960	1,139	832	0	0	0	0
Other income	27,740	17,982	30,346	28,835	9,552	7,220	53,416	43,151
Expenses for claims and insurance benefits – retention	-2,919,325	-2,958,391	-828,780	-824,507	-671,220	-670,009	-1,504,948	-1,430,424
Acquisition and administrative expenses	-691,773	-636,020	-428,260	-343,718	-241,084	-224,283	-572,538	-536,639
Other expenses	-27,685	-25,862	-58,332	-29,737	-33,678	-37,439	-118,122	-113,717
Business operating result	**234,655**	178,727	**186,897**	192,072	**70,545**	38,213	**188,581**	144,414
Impairments of goodwill	0	0	0	0	0	-1,888	0	-104,817
Impairments of intangible assets excluding goodwill	0	0	0	0	-688	-13,773	0	-8,399
Result before taxes	**234,655**	178,727	**186,897**	192,072	**69,857**	22,552	**188,581**	31,198
Taxes	-76,022	-19,040	-37,828	-39,896	-10,492	-11,506	-31,995	-34,144
Result for the period	**158,633**	159,687	**149,069**	152,176	**59,365**	11,046	**156,586**	-2,946

	Special Markets		Group Functions		Consolidation		Total	
	2021	2020	2021	2020	2021	2020	2021	2020
in EUR '000								
Premiums written – gross	531,686	531,649	1,965,017	1,736,522	-1,574,043	-1,439,503	11,002,566	10,428,454
Net earned premiums – retention	325,866	343,879	1,554,110	1,425,685	-352	15,181	9,705,633	9,336,585
Financial result excl. result from shares in at equity consolidated companies	**35,641**	25,570	**-229,602**	-162,897	**-4,136**	-3,154	**607,018**	624,791
Income from investments	35,585	30,651	104,889	113,470	-61,460	-64,608	1,159,520	1,263,789
Expenses for investments and interest expenses	56	-5,081	-334,491	-276,367	57,324	61,454	-552,502	-638,998
Result from shares in at equity consolidated companies	0	0	627	1,618	0	0	24,872	-28,510
Other income	29,733	15,005	16,660	34,880	-1,658	-1,412	165,789	145,661
Expenses for claims and insurance benefits – retention	-228,933	-251,615	-986,010	-870,404	2,655	-25,219	-7,136,561	-7,030,569
Acquisition and administrative expenses	-65,709	-52,037	-536,873	-523,947	-591	-11,835	-2,536,828	-2,328,479
Other expenses	-58,744	-42,439	-29,742	-12,502	8,401	29,474	-317,902	-232,222
Business operating result	**37,854**	38,363	**-210,830**	-107,567	**4,319**	3,035	**512,021**	487,257
Impairments of goodwill	0	-12,518	0	0	0	0	0	-119,223
Impairments of intangible assets excluding goodwill	0	0	0	0	0	0	-688	-22,172
Result before taxes	**37,854**	25,845	**-210,830**	-107,567	**4,319**	3,035	**511,333**	345,862
Taxes	-11,550	-11,310	44,548	12,702	0	0	-123,339	-103,194
Result for the period	**26,304**	14,535	**-166,282**	-94,865	**4,319**	3,035	**387,994**	242,668

FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

FINANCIAL INSTRUMENTS (INCL. PROPERTY AND OTHER INVESTMENTS)

The Group invests in fixed-income securities (bonds, loans/credits), shares, property, participations and other investments, taking into account the overall risk position and the investment strategy provided for this purpose.

The investment strategy is laid down in the investment guidelines for each of the insurance companies. Compliance is continuously monitored by the Asset Management and Asset Risk Management departments and by the Internal Audit department on a sample basis. Investment guidelines are laid down centrally and must be followed by all VIG Insurance Group companies. When determining exposure volumes and limits as part of establishing the strategic orientation of investments, the risk inherent in the specified categories and market risks are of fundamental importance.

The investment strategy principles may be summarised as follows:

- VIG Insurance Group practices a conservative investment policy designed for the long term.
- VIG Insurance Group focuses on its asset mix as a way to ensure that cash flows match its long-term liability profile and to create sustainable increases in value through the use of correlation and diversification effects of the individual asset classes.
- Investment management depends on the asset class in question or on the objective within asset classes and is performed internally or by an outside manager.
- The currency profile of the investments should match as closely as possible the obligations to policyholders and other liabilities (currency matching).
- Risk management for securities is aimed at providing a transparent view of the risk exposure arising from price, interest-rate and currency fluctuations as they affect profitability and the value of investments, and at limiting these risks. A limit system is used to limit the risks.
- Market developments are monitored continuously and the structure of the portfolio is actively managed, if necessary.

The investment portfolio (with the look-through approach applied to consolidated institutional funds) includes holdings of around 70.25% (72.66%) in bonds and around 5.79% (7.01%) in loans. The share in equities is around 5.11% (4.25%), in property around 8.02% (7.12%), in participations around 1.49% (1.50%) and in other around 9.34% (7.46%), in all cases based on the book value of the total investment portfolio.

Composition of investments (book values)	31.12.2021	31.12.2020
in EUR '000		
Property	2,850,588	2,507,413
Shares in at equity consolidated companies	276,913	291,561
Loans	**2,156,064**	**2,566,884**
Loans	1,273,633	1,647,782
Reclassified loans	106,677	136,308
Bonds classified as loans	775,754	782,794
Other financial assets	**28,653,998**	**28,685,004**
Financial assets held to maturity - bonds	2,255,318	2,163,435
Financial assets reclassified as held to maturity - bonds	302,402	293,003
Financial assets available for sale	25,849,069	25,983,431
Bonds	22,305,212	22,895,705
Shares and other participations[1]	770,933	672,285
Investment funds	2,772,924	2,415,441
Financial assets recognised at fair value through profit and loss[2]	247,209	245,135
Other investments	**872,227**	**850,324**
Bank deposits	783,730	766,408
Deposits on assumed reinsurance business	88,480	83,900
Other	17	16
Total	**34,809,790**	**34,901,186**

[1] Includes shares in non-consolidated subsidiaries and other participations of EUR 279,516,000 (EUR 257,779,000)

[2] including held for trading

Real estate

The portfolio had a book value of EUR 2,850.6 million as of 31 December 2021 (fair value: EUR 4,682.1 million) and a book value of EUR 2,507.4 million as of 31 December 2020 (fair value: EUR 4,190.9 million).

The portfolio of directly held assets and assets held in the form of participations is used primarily to create highly inflation-resistant long-term positions for the insurance business, and to create hidden reserves. The property portfolio represents 8.02% (7.12%) of the total investment portfolio.

The following table shows the investments as of 31 December 2021 and 31 December 2020, broken down by type of use for the Austria and Group Functions reportable segments and the totals for all other segments.

Use of property in % of the property portfolio	31.12.2021	31.12.2020
Austria	**65.40**	**65.98**
Owner-occupied	6.29	7.26
Investment property	59.11	58.72
Group Functions	**19.57**	**19.59**
Owner-occupied	1.22	1.36
Investment property	18.35	18.23
Other segments	**15.03**	**14.43**
Owner-occupied	9.06	10.43
Investment property	5.97	4.00

Shares in at equity consolidated companies

Shares in at equity consolidated companies had a book value of EUR 276.9 million as of 31 December 2021 and a book value of EUR 291.6 million as of 31 December 2020. Shares in at equity consolidated companies therefore represented 0.80% (0.84%) of the book value of the total investment portfolio as of 31 December 2021.

Loans

Loans had a book value of EUR 2,156.1 million as of 31 December 2021 and a book value of EUR 2,566.9 million as of 31 December 2020. Investments in loans are less important in the CEE region. A portfolio analysis and maturity structure of loans are presented in Note 2.3. Loans and other investments starting on page 125.

Bonds

Bonds represented 70.25% (72.66%) of total investments as of 31 December 2021. VIG Insurance Group manages its bond portfolio using estimates of changes in interest rates, spreads and credit quality, taking into account limits related to individual issuers, credit quality, maturities, countries, currencies and issue volume. In the investment model, the bonds serve primarily to ensure stable earnings over the long term. Derivative products are only used to reduce risks or make efficient portfolio management easier. Relevant investment guidelines expressly govern the use of derivatives for bond portfolios managed by third parties such as investment funds.

Shares

As of 31 December 2021, share investments (including those contained in the funds) represented 5.11% (4.25%) of the book value of the total investment portfolio. In accordance with the investment guidelines for Austria, management is carried out using a top-down approach, subject to the constraint that diversification be used to minimise the market risk of the shares. The overall proportion of shares is very small for companies of VIG Insurance Group in the CEE region.

RISK MANAGEMENT

VIG Insurance Group's core competence is dealing professionally with risk. The insurance business consists of consciously assuming diverse risks and managing them profitably. One of the primary responsibilities of risk management is to ensure that the obligations assumed under insurance policies can be satisfied at all times.

In general, all insurance companies are responsible for managing their own risks. The corporate Risk Management department of VIG Holding provides guidelines in all major areas for these companies. The requirements set in the investments and reinsurance areas are particularly strict.

The primary requirement for effective risk management is a risk management system that is consistent throughout the Group and a risk policy and risk strategy set by management. The objective of such risk management is not complete avoidance of risk but rather a conscious acceptance of desired risks and the implementation of measures to monitor and possibly even reduce existing risks based on economic factors. The risk-return ratio is therefore a key measure that must be optimised in order to guarantee adequate security for the policyholder and the insurer itself while giving due consideration to the need to create value.

Risk management responsibilities in VIG Holding are bundled together in independent organisational units, and through a well-established risk and control culture, each individual employee contributes to successful management of risk. Transparent, verifiable decisions and processes within a company are very important aspects of its risk culture.

Risk strategy

The strategic orientation of the Company is based on a business strategy, capital strategy and a comprehensive risk strategy. The risk strategy specifies appropriate risk management measures for significant risks and is based on the following principles that are applicable Group-wide:

ACCEPTED RISKS

- A sustainable portion of all risks that have a direct connection to the insurance business that is conducted are accepted (underwriting risks, market risks).

RISKS THAT ARE NOT ACCEPTED

- Risks from the insurance business are not accepted if they cannot be adequately measured. This includes, for example, liability insurance for genetic engineering.
- With respect to investments, risks are not accepted if insufficient know-how is available to measure the risks, e.g. weather derivatives or forward transactions for foodstuffs, or if they could generate potentially unlimited losses.

RISKS ACCEPTED WITH RESTRICTIONS

- Operational risks must be avoided as far as possible, but have to be accepted to a certain extent as they cannot be fully excluded, or the costs for avoiding them exceed the expected losses.
- A conservative approach is used for investments.

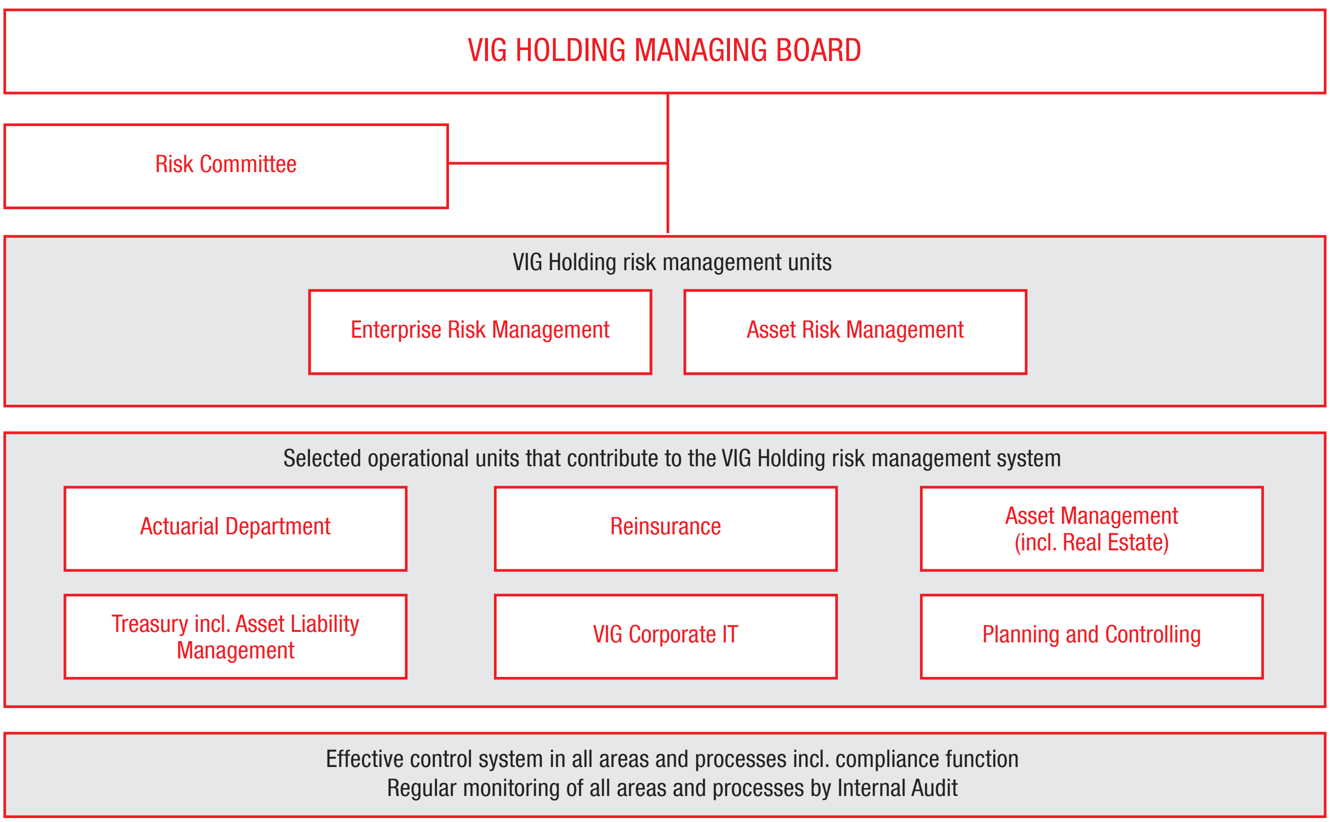
RISK-MINIMISING MEASURES

- Establish functional risk governance by maintaining and promoting a high level of risk awareness.
- Reinsurance is a key instrument for hedging against large losses (tail risks), particularly in the property and casualty area.

- Limit market risk taking into account underwriting obligations.
- Observe and act in accordance with the prudent businessman rule in connection with investments.

Organisation of the risk management system

The risk management system is well integrated into VIG Holding's organisational structure. The following chart shows the units that play an important role in the risk management system.



MANAGING BOARD

The Managing Board as a whole is responsible for the risk management system, in particular for the following areas:

- Set up and promote the risk management system
- Define and communicate the risk strategy, including risk tolerances and risk appetite
- Approve corporate risk management guidelines
- Take the risk situation into account in strategic decisions

Both the Enterprise Risk Management and Asset Risk Management units report directly to Managing Board member Liane Hirner. They are assisted by the Digitalisation, Finance and Risk department, which also reports to Managing Board member Liane Hirner and is where the Solvency II reporting system is organised.

RISK COMMITTEE

The VIG Holding Managing Board established the Risk Committee to ensure regular discussions of current matters relating to risk management across functional areas within the organisation and an exchange of information on the risk situation between the members of the committee and the Managing Board. The Risk Committee meetings take place at least quarterly and are chaired by the Managing Board member responsible for this area. The Risk Committee reports to the Managing Board after its meetings.

ENTERPRISE RISK MANAGEMENT

The department reports to Managing Board member Liane Hirner. The head of the department performs the risk management function required under Solvency II at the Group and solo level.

The main responsibilities of the department include determining the Group's overall risk profile and calculating solvency. The department provides a Group-wide risk aggregation solution for this purpose with extensive reporting and partial modelling approaches for calculating solvency capital. Calculation of the solvency capital requirement during the year, analysis of risk-bearing capacity using proprietary analysis tools and reviewing the internal control system are other important activities performed by the department.

The department also assists the Managing Board with updating the corporate risk strategy, improvements to the risk organisation and further corporate risk management topics.

ASSET RISK MANAGEMENT

The department reports to Managing Board member Liane Hirner. The primary responsibility of the department is to analyse, assess and monitor risks associated with investments, in particular with respect to the VIG Insurance Group's solvency result and financial result. For this purpose, the department specifies Group-wide requirements for risk assessment and implements a central system for investment management and risk monitoring. The department is also responsible for maintaining an internal rating approach for banks.

ASSET MANAGEMENT (INCL. REAL ESTATE)

The department reports to Managing Board member Gerhard Lahner. One of the main responsibilities of the department is to define a strategic orientation for the investments of each insurance company and for VIG Insurance Group as a whole, and to specify an investment strategy and investment process aimed at ensuring that current income is as high as possible, but also as secure as possible, while simultaneously taking advantage of opportunities to increase the value of investments. Guidelines and limits are used to manage investments. Regular reports are also provided for investments, limits and income.

ACTUARIAL DEPARTMENT

The department has reported to Managing Board member Peter Thirring since November 2021. The head of the department performs the Actuarial function required by Solvency II. The department is therefore responsible, in particular, for the duties related to the Actuarial function. The Actuarial department also calculates the embedded value for the life and health insurance businesses and prepares profitability analyses and company valuations. The department also assists actuarial collaboration and functional networking.

REINSURANCE

The department reports to Managing Board member Peter Höfinger. The department coordinates and assists all companies in VIG Insurance Group and their reinsurance departments with reinsurance matters in the non-life business (property and casualty, third party liability and accident insurance) by preparing and applying guidelines. The department also administers Group-wide reinsurance programmes in the non-life lines of business. The primary objective is to create a safety net to provide continuous protection for all of the companies in VIG Insurance Group against the negative effects of catastrophes, individual large losses and negative changes in entire insurance portfolios.

PLANNING AND CONTROLLING

The department is an important part of the integrated risk management approach and reports to Managing Board member Hartwig Löger. The department coordinates business planning over a 3-year horizon. The standardised reports include key figure and variance analyses for planning, forecasts and ongoing performance of VIG Holding and other insurance companies. Regular monthly premium reports, quarterly reports for each company (aggregated at the country and VIG Insurance Group level) and cost reports are prepared.

VIG CORPORATE IT

The Group IT department reported to Managing Board member Peter Thirring until November 2021. As part of the changeover to the new organisational structure, Group-related responsibilities were assigned to the VIG Corporate IT department, which reports to Managing Board member Gerhard Lahner. The department is responsible for IT management at the VIG Insurance Group level (IT strategy, IT governance, IT security, IT Group projects, etc.), for assisting companies in VIG Insurance Group with large IT projects, and for developing Group-wide guidelines and common standards. The Austrian business organisation assists the department with this by providing outside IT and telephony services.

TREASURY INCL. ASSET LIABILITY MANAGEMENT

The department reports to Gerhard Lahner. The Treasury department was merged with the Asset Liability Management department at the end of 2021. The observation, measurement and optimisation of future cash flows on the asset and liabilities sides are the main responsibilities of the Asset Liability Management department. It is also responsible for the exchange of knowledge and improvements in the Group in this area.

INTERNAL AUDIT

The department reports to the Managing Board. Managing Board Chairwoman Elisabeth Stadler is the contact person in the Managing Board. The Internal Audit department systematically monitors operating and business processes, the internal control system of all operational business areas, including compliance with legal requirements, and the functionality and adequacy of risk management. The department operates continuously and reports directly to the Managing Board. The head of the department performs the Internal Audit function required by Solvency II.

Risk management processes

Many risk management processes have been established in the individual areas of the risk management system to cover the entire risk management cycle from risk identification to risk assessment, risk control and risk monitoring. These processes are governed by a number of internal guidelines. This ensures that VIG Insurance Group's risk exposure is appropriately recorded and taken into account when business decisions are made.

RISK IDENTIFICATION

The risk management process begins with the identification of risks. This is performed using a standardised process that is supplemented by ad hoc analyses. A comprehensive reporting process ensures that newly identified risks and the effects of extraordinary events are appropriately included in the risk profile.

RISK ASSESSMENT

A number of assessment methods are used to assess identified risks. Assessment is primarily based on internal models and the standard model and is performed annually and during the year. If the standard formula is used for assessment, an appropriateness check is also performed. The total risk is determined by aggregating the assessed risks, taking into account diversification effects between the risks. The results of the own risk and solvency assessment, the embedded value for the life and health insurance businesses, findings from the S&P capital model and value-at-risk calculations for the investments area are also taken into account in the risk assessment.

RISK CONTROL

The risk strategy, planning, reinsurance programme, risk budgets and risk-bearing capacity are the most important elements of risk control. The Managing Board reviews the risk strategy each year and makes any modifications needed. The Enterprise Risk Management department assists the Managing Board with this.

The Planning and Controlling department is responsible for performance of an annual planning process and subsequently for monitoring day-to-day business development of the insurance companies of VIG Insurance Group. Regular reports are used for this purpose, including variance analyses and forecast accounts for the financial year. The planning horizon is three years. The planning data is used in Own Risk & Solvency Assessment (ORSA) and forms a starting basis for calculating future expected solvency.

The Reinsurance department coordinates the Group-wide reinsurance programme and manages the annual renewal process for natural catastrophe coverage. The Enterprise Risk Management department assists the Reinsurance department in validating the external natural catastrophe models used and evaluating the effectiveness of reinsurance coverage using the internal non-life model.

The Asset Risk Management department specifies quarterly risk budgets for investments. These budgets are then also used to limit the value-at-risk for the investments.

RISK MONITORING

The solvency corridor defined at the Group level and the Group-wide limit system for risk-bearing capacity form the basis for continuous monitoring of the solvency situation of the Group and subsidiaries.

Compliance with the securities guidelines, risk budgets and key figures is also continuously checked and monitored. Monitoring is performed by means of periodic fair value measurements, value-at-risk calculations and detailed sensitivity analyses and stress tests and determining the solvency capital requirement during the year.

Liquidity risk is managed and monitored by matching the investment portfolio to insurance obligations. Operational and strategic risks which might be caused by deficiencies or errors in business processes, controls and projects, or changes in the business environment, are also continuously monitored by the internal control system.

Periodic risk monitoring is documented, for example, in the quarterly reports provided to the Managing Board following the meetings of the Risk Committee and forms the starting point for any further analyses or corrective control measures.

Risk categories
Because of its activities, VIG Insurance Group is exposed to a large number of financial and non-financial risks. The overall risk of VIG Insurance Group can be divided into the following risk categories:

MARKET RISK
Market risk is the risk of losses due to changes in market prices. Changes in value occur, for example, due to changes in yield curves, share prices, exchange rates and the value of land and buildings and participations.

CREDIT RISK
Credit risk quantifies the potential loss due to a deterioration of the situation of a counterparty against which claims exist.

UNDERWRITING RISKS
VIG Insurance Group's core business consists of the transfer of risk from policyholders to the insurance company. Underwriting risks in the areas of life insurance, health insurance and non-life insurance are primarily the result of changes in insurance-specific parameters, such as loss frequency, loss amount or mortality, as well as lapse rates and lapse costs.

OPERATIONAL RISKS
Operational risks may result from deficiencies or errors in business processes, controls or projects caused by technology, staff, organisation or external factors.

REPUTATION RISK
Reputation risk is the risk of negative changes in business due to damage to a company's reputation.

LIQUIDITY RISK
This category includes the risk of VIG Insurance Group not having sufficient assets that can be liquidated at short notice to satisfy its payment obligations.

STRATEGIC RISKS
Strategic risks can arise due to changes in the economic environment, case law, or the regulatory environment.

Managing significant risks
In addition to the risks in the property and casualty balance sheet unit and real estate investments that are modelled using the partial internal model, the following risks must be noted due to their great importance for VIG Insurance Group:

- the interest rate risk portion of market risk, which primarily results from sales of long-term guarantee products,
- the asset credit quality and default risk inherent in investments, which can be assigned to credit risk and indirectly to market risk,
- the share price risk portion of market risk, which results from direct or indirect holdings (e.g. in investment funds) of equities and non-consolidated participations, and
- life insurance lapse risk, which can occur due to an increase in cancellation rates.

MARKET RISK

VIG Insurance Group is exposed to market risk, that is, the risk of suffering losses as a result of changes to market parameters. Interest rates, issuer spreads and share prices are the most relevant parameters for market risk. Ignoring investments held for the account of and at the risk of policyholders, investments in insurance business consist largely of fixed-income securities. The majority of these securities are denominated in euro and Czech koruna. Consequently, interest rate fluctuations and exchange rate changes in these currencies primarily have an effect on the value of these financial assets.

The management of investments is aimed at providing coverage for insured risks that is appropriate for the insurance business and the maturities of liabilities.

Depending on the purpose of the application, VIG Holding performs value-at-risk calculations for different sub-portfolios for VIG Insurance Group. Confidence levels vary between 95.0% and 99.5%, and the holding period varies from 20 to 250 days. Due to the nature of the portfolio, interest rate and spread components make the largest contributions to value-at-risk. As a plausibility check of the calculations, the value-at-risk for the most important sub-portfolios is determined using both the parametric method described above and the historical calculation method.

The following table shows the value-at-risk (at a 99% confidence level) for financial assets that are measured as available for sale or recognised at fair value through profit or loss (incl. held for trading).

Value-at-Risk	31.12.2021	31.12.2020
in EUR millions		
10-day holding period	389.9	603.4
20-day holding period	551.5	853.3
60-day holding period	955.2	1,478.0

Market risk is divided into interest rate, spread, share price, currency, real estate and concentration risk. Interest rates, spreads and share prices are the most relevant parameters for market risk.

Interest rate risk

The main source of interest rate risk is the sizeable portfolio of policies with guaranteed minimum interest rates, which includes pension and endowment insurance, and the resulting investments. For existing life insurance policies, VIG Insurance Group guarantees a minimum interest rate averaging around 1.80% p.a. (1.85% p.a.). If interest rates fall below the guaranteed average minimum rate for a longer duration of time, VIG Insurance Group could find itself forced in the future to use its capital to subsidise reserves for these products and consequently increase them through profit or loss as a result of the adequacy test.

The embedded value in life and health insurance consists of the adjusted net assets at market value (ANAV) and the value of the insurance portfolio (VIF). VIF is the present value of future profits (SPVFP), reduced by a risk margin. The SPVFP was EUR 3,365,458,000 as of 31 December 2021. A 50 basis point drop in the yield curve would reduce the SPVFP to EUR 2,891,006,000 which means the IFRS reserves are also adequate in this scenario. Also see the embedded value sensitivity analysis on page 113.

Spread risk

Spread risk arises from all assets and liabilities whose values depend on changes in the size of credit spreads over the riskless yield curve. Duration and the creditworthiness of the debtor are the main factors determining the amount of spread risk. Diversification and a uniform limit system for investments in fixed-interest instruments are used to limit this risk at the portfolio level.

Share price risk

Among other things, share investments include participations in a number of Austrian companies and equity positions in other companies whose shares trade primarily on the Vienna Stock Exchange or stock exchanges in the Eurozone or CEE region. A deterioration of the current economic situation could result in the share portfolio losing value.

Shares serve to increase earnings over the long term, provide diversification and compensate for long-term erosion in value due to inflation. VIG Insurance Group assesses share price risk by considering diversification within the overall portfolio and correlation with other securities exposed to price risk. Risk diversification within the share portfolio is mainly achieved by geographic diversification primarily in the home markets of the Group and in the Eurozone. Share investments are predominantly made by the Austrian companies.

Currency risk

To diversify its portfolio, the investment area also makes use of international capital markets and, to a very small extent, foreign currencies. The high degree of involvement in the CEE region results in currency risks at the VIG Insurance Group level in spite of matching local currency investments made at the local level.

Concentration risk

Internal guidelines and the limit system are used to keep concentrations within the desired safety margin. Consultation across business lines provides for a comprehensive view of all significant risks.

CAPITAL MARKET SCENARIO ANALYSIS

This analysis is carried out for all insurance companies in VIG Insurance Group in order to check the risk-bearing capacity of the investments.

The sensitivity shocks for the individual asset classes show the ranges of market value reductions for the most important risk factors (credit risk, interest rate risk, liquidity risk) and the resulting effects on the net fair value of assets minus liabilities. The scenarios combine these individual shocks to illustrate different capital market possibilities.

Scenarios 1 and 2 strongly reduce the fair value of shares, bonds and property at the same time. They show two different combinations of market value reductions over the main asset classes.

Scenario 3 shows a credit shock affecting stock and bond markets, scenario 4 is based on a shock to equity securities (including property), and scenario 5 shows an interest rate shock that has a large effect on the value of bonds and property. All of the scenario calculations were performed using a ceteris paribus approach.

The following table shows the stress parameters and the effects on IFRS capital of each scenario on the respective dates (not including deferred taxes, deferred profit participation or deferred mathematical reserve).

Reduction in market value	Scenario 0	Scenario 1	Scenario 2	Scenario 3	Scenario 4	Scenario 5
of shares	0%	-20%	-10%	-20%	-20%	0%
of bonds	0%	-5%	-3%	-5%	0%	-5%
of real estate	0%	-5%	-10%	0%	-10%	-10%
Market value of assets less liabilities (in EUR millions)	**7,750.6**	**5,474.2**	**6,101.3**	**5,715.3**	**6,728.1**	**5,773.5**

In every scenario, the fair value of the assets is significantly higher than the value of the liabilities after stress.

CREDIT RISK FROM INVESTMENTS

When managing risks related to credit quality, a distinction must be made between liquid and tradable risks (e.g. exchange-listed bonds) and bilateral risks, such as, for example, time deposits, OTC derivatives, loans, private placements and securities accounts/depositories. The risk is monitored by means of ratings and limited by diversification limits at the portfolio level.

Consideration is only given to those issuers or contracting parties whose credit quality or reliability can be assessed by VIG Insurance Group, whether on the basis of analyses performed by the Group, credit assessments/ratings from recognised sources, provision of security (e.g. guarantor's liability) or, to a certain extent, the possibility of recourse to reliable mechanisms for safeguarding investments.

Under the investment guidelines, bond investments (which represent the largest share of investments) are made almost entirely in the investment grade range. The goal is to achieve the greatest possible diversification among individual issuers, to avoid accumulation risks, to ensure good average creditworthiness, to control foreign currency effects and to make the majority of investments in mid to long-term maturities in order to reflect the maturity profile of the liabilities as efficiently as possible.

The book values of the investments as of 31 December 2021 are shown on page 94. Information on the securities and their ratings is provided in Note 2.4 Other financial assets starting on page 126.

Use of ratings

The "second best rating" method specified under Solvency II is used as a rating method. The latest (issue or issuer) rating from each of the three major rating agencies is used to determine the second best rating.

If the latest rating is an issuer rating, and this rating cannot be directly used due to a difference in quality of the security (e.g. senior unsecured debt rating and a lower tier 2 bond), the rating is adjusted downwards appropriately. The adjustment is one notch down for lower tier 2 bonds and two notches down for upper tier 2 or tier 1 bonds.

This results in up to three valid ratings for each bond. These ratings are then ranked according to increasing probability of default and the rating with the second-lowest probability of default taken as the "second best rating". If the ratings in first and second place have the same probability of default, these two ratings are the "second best rating". In cases where a rating has only been assigned by one rating agency, due to a lack of other information, this rating is used as the "second best rating".

CREDIT RISK FROM REINSURANCE

VIG Insurance Group cedes a portion of assumed risks to reinsurance companies. This transfer of risk to reinsurers does not, however, relieve VIG Insurance Group of its obligations to policyholders. VIG Insurance Group is exposed to the risk of reinsurer insolvency. VIG Holding therefore designs its reinsurance programme carefully and monitors reinsurer rating changes for VIG Insurance Group.

UNDERWRITING RISKS

Underwriting risks are divided into life insurance, non-life insurance and health insurance (incl. accident insurance) and are managed by the Actuarial department. It subjects all insurance solutions to in-depth actuarial analysis covering all lines of insurance business (life, health as well as property and casualty).

The Actuarial function in the Actuarial department coordinates the Group-wide determination of underwriting provisions to prepare the economic balance sheet in accordance with Solvency II.

Life underwriting risk and health underwriting risk similar to life

Life underwriting risk includes lapse risk, cost risk, disability risk, morbidity risk, longevity risk, mortality risk, disaster risk and audit risk. The main risks in this area are lapse risk and cost risk, as well as biometric risks, such as life expectancy, occupational disability, illness and the need for nursing care.

To account for these underwriting risks, VIG Insurance Group has formed provisions for future insurance payments. VIG Insurance Group calculates its underwriting provisions using recognised actuarial methods and assumptions. These assumptions include estimates of the long-term interest rate trend, returns on investments, the allocation of investments between equities, interest-bearing instruments and other categories, net income participations, mortality and morbidity rates, lapse rates and future costs. The companies of VIG Insurance Group monitor actual experience relating to these assumptions and adjust their long-term assumptions where changes of a long-term nature occur.

To minimise lapse risk, VIG Insurance Group uses an effective complaint management department, qualified advisors and customer loyalty programmes to increase customer satisfaction and avoid cancellations. Policyholder cancellation behaviour is continuously monitored so that targeted measures can be taken if unfavourable changes occur.

The companies of VIG Insurance Group use regular analyses, targeted product design and detailed underwriting guidelines to address these risks. A variety of reinsurance contracts also exist that help to reduce the general level of risk. A broadly diversified product portfolio in all life and composite companies and a well-mixed customer base in the CEE region minimise risk concentrations.

Non-life underwriting risk and health underwriting risk similar to non-life

Risk in the non-life sector is divided into premium risk, reserve risk, lapse risk and catastrophe risk. Property and casualty underwriting risks are primarily managed using actuarial models for setting rates and monitoring the progress of claims, as well as requirements for the assumption of insurance risks.

Health underwriting risk is primarily concentrated in the Austrian companies. In the CEE markets, motor third party liability has a high volume compared to the other lines of business. This risk concentration was consciously accepted in order to enter these markets. The strong market position and above-average growth prospects in the CEE region will help growth in the other lines of business, thereby reducing the concentration in motor third party liability.

The environmental catastrophes that have been becoming increasingly common in recent years, such as floods, (hail) storms, mudslides and landslides may have been brought about by general climate change. The number of claims caused in this way may continue to rise in the future.

VIG Insurance Group forms provisions for claims and claims settlement expenses and regularly monitors them in order to effectively cover the risk associated with the insurance business. This risk is also significantly reduced by ceding reinsurance.

LIQUIDITY RISK

Efficient asset liability management can be used to prevent liquidity shortages. Investments and obligations are analysed regularly to identify liquidity needs. These analyses, together with clear investment requirements (limit systems) and a conservative investment policy, help to appropriately manage liquidity risk. The Treasury department, incl. Asset Liability Management, is responsible for the ongoing monitoring of cash flows and regular reporting on liquidity changes.

To ensure that every company continues to have adequate liquidity in the future, VIG Holding guidelines specify liquidity management standards that must be observed Group-wide by every company. Among other things, these standards require a regular examination of current and future cash inflows and outflows.

Underwriting liquidity analysis

A comparison of the expected payments from the insurance business for one year and freely disposable investments shows that underwriting does not create any liquidity risk.

The expected payments were derived from the maturities of the mathematical reserve and the provision for outstanding claims. Cash and cash equivalents and financial assets with no maturity or maturities of up to one year were defined as freely disposable investments.

OTHER RISKS

Business activities result in other risks that are assessed and managed as part of risk management. These include, in particular, operational risks, as well as reputation risks and strategic risks.

In addition, a comprehensive internal control system (ICS) ensures that adequate risk control infrastructure has been set up for operational risks and is regularly checked for appropriateness and effectiveness. The ICS itself is comprised of all measures and control activities used to minimise risks – particularly for the areas of accounting and compliance, but also for other operational risks. It extends from specially established processes, organisational units such as accounting and controlling, all the way to guidelines, regulations and individual controls within processes, such as automated audits or use of the four-eyes principle.

Aspects of the legal tax framework affecting earnings

Changes to tax law may negatively affect the attractiveness of certain products that currently enjoy tax advantages. For example, the introduction of laws to reduce the tax advantages of the VIG Insurance Group’s retirement benefit products or other life insurance products could considerably diminish their attractiveness.

Regulatory environment

VIG Insurance Group is subject to domestic and foreign (insurance) supervisory regulations. These regulations govern such matters as:

- Capital requirements of insurance companies and insurance groups
- Admissibility of investments as security for underwriting provisions
- Licences of the different insurance companies of VIG Insurance Group
- Marketing activities and the sale of insurance policies and
- Cancellation rights of policyholders.

Changes to the statutory framework may make restructuring necessary, thus resulting in increased costs.

Developments in Central and Eastern Europe

The expansion and development of business operations in the countries of Central and Eastern Europe is a core component of VIG Holding's strategy. It has a very strong presence in these countries through its subsidiaries. The prescribed risk guidelines ensure consistent risk management in all CEE countries in VIG Insurance Group.

Concentration risk

Concentration risk is due to the strategic partnership with the Erste Group and VIG Insurance Group consciously accepts this risk. Exposure is regularly assessed and monitored by the risk management processes that have been established.

Risks due to mergers and acquisitions

In the past, VIG Holding acquired directly and indirectly a number of companies in Central and Eastern Europe or acquired participations in these companies. Mergers of subsidiaries are considered if the synergies that can be achieved outweigh the benefits of multiple market presences. Mergers and acquisitions often bring challenges in terms of corporate management and financing, such as:

- the need to integrate the infrastructure of the acquired or merged company, including management information systems, and risk management and controlling systems,
- handling unsettled matters of a legal or regulatory nature and associated legal and compliance risks resulting from the merger or acquisition,
- integration of marketing, customer support and product ranges, and
- integration of different corporate and management cultures.

When performing mergers, a number of additional risks must be taken into account in the strategy, in particular process and organisational risks.

Sustainability risks

Events or changes in conditions in the environmental or social areas could potentially have a negative effect on the VIG Group's net assets, financial position and results of operations, as well as its reputation. These include, among others,

- climate change,
- potentially stricter requirements for sustainability in the area of environmental protection,
- political measures to promote sustainable investment, and
- stricter requirements for a sustainable social environment (labour standards, occupational safety and working conditions, compensation, etc.).

VIG Insurance Group implicitly includes sustainability risks in its regular risk management processes (e.g. ORSA).

An explicit assessment of sustainability risks was started during the reporting period based on the Austrian Financial Market Authority Guide for Managing Sustainability Risks. This was the first step in the integration of sustainability risks in existing risk management processes. Attention was also paid to the management of sustainability risks in internal (risk management) guidelines.

An initial list of sustainability risks was prepared in order to ensure a structured approach to the identification and assessment of sustainability risks in VIG Insurance Group. This list was used during the regular Group-wide risk inventory process, both in the individual VIG insurance companies and VIG Holding, for further identification and assessment of sustainability risks.

The analysis of sustainability risk showed that VIG Insurance Group sustainability risks are currently mainly low to medium-level risks. These risks are nevertheless expected to become more relevant in the future, due in part to the increasing importance of this topic.

Climate risks

Climate change and associated risks are one of the current sustainability issues. Although insurance companies have always been concerned with potential losses due to natural risks, global warming is underscoring the urgency of this problem. The main new risks are, in particular, a potential increase in the frequency and size of losses and the possibility of stricter requirements and political measures related to climate change (e.g. expanded reporting, investment restrictions).

To meet these challenges, a VIG Insurance Group climate change strategy was approved in 2019 and slightly modified again in financial year 2021. In addition to general principles for dealing with climate change, the climate change strategy also provides guidelines for investments and insurance business operations. For example, VIG Insurance Group is completely eliminating investments in the coal sector and has significantly limited insurance coverage for new coal mining and coal-fired power plant projects. The complete climate change strategy is available on the website at www.vig.com/klimawandelstrategie.

VIG Insurance Group greatly increased its underwriting know-how in previous years. Special scenario analyses have been performed since 2019 to estimate how climate change will affect the frequency and size of losses and, therefore, the insurance business in different sectors. The medium and long-term effects of climate change are also examined in the "Own Risk and Solvency Assessment" (ORSA). The main focus is on potential extreme weather events, such as flooding, earthquakes, storms and severe weather with hail. Current scientific studies are used to analyse the possible effects of global warming of 1.5°C, 2.0°C and 3.0°C above pre-industrial levels. Natural disasters and their effects are modelled with the help of external experts. The risk models used are constantly improved based on new data and findings, such as newly built flood protection measures.

VIG Insurance Group is using its increased underwriting knowledge to purchase reinsurance for the risks it assumes. The more frequent extreme weather events are increasingly affecting the support provided to corporate and large customers, that is, the underwriting process. The support process begins with a careful analysis of the risk situation and protective measures that have already been implemented. The experts at the partner company RiskConsult use this to develop individually tailored recommendations for further improving the risk situation and preventing losses. Companies have an incentive to implement the recommendations because it could reduce their premiums. Due to global warming, preventing losses due to natural disasters is playing an increasingly important role in this process.

All known climate risks were included in the valuation of the assets and liabilities in these consolidated financial statements. For more information, please refer to the storm and severe weather losses that occurred during the financial year and were included in the balance sheet and income statement.

RISKS AND INFORMATION IN CONNECTION WITH THE COVID-19 PANDEMIC

Going concern

The financial statements were prepared on a going concern basis in accordance with IAS 1.25 and IAS 1.26. The Managing Board made this assessment in spite of the ongoing COVID-19 pandemic primarily based on VIG Insurance Group's solid capital resources, positive result before taxes and risk-averse investment.

Risks related to the COVID-19 pandemic

A further lengthening or worsening of the COVID-19 pandemic, and the potential impacts this could have on capital markets and the insurance business, could have a negative effect on the net assets, financial position and results of operations of VIG Insurance Group. This includes, in particular, risks related to possible fluctuations on bond and capital markets that were also observed in the early phase of the COVID-19 pandemic. If the COVID-19 pandemic continues or worsens again, there are also risks on a smaller scale of an increase in claims and reduction of premium volume.

Insurance business

Premium development

The insurance business is subject to seasonal and economic effects. Most of the premiums are generated in the 1st half of the year, with new policies in the property lines of business in the eastern countries of VIG Insurance Group mostly already concluded at the beginning of the year. In the property lines of business, premiums written are showing a significant recovery that considerably exceeds the level prior to the COVID-19 pandemic. Health insurance also continues to show an increase this year. VIG Insurance Group is focusing on this line of business and sees the COVID-19 pandemic as having a reinforcing effect on this fundamental focus. In VIG Insurance Group, policyholders once again hardly made use of any deferrals or premium waivers.

Claims and cost development

The stable development of the claims ratio is due to a fundamentally better claims experience and lower high frequency claims, among other things. It is still not possible to directly determine the positive effects of the COVID-19 pandemic.

Underwriting provisions

In the area of reserves for incurred but not reported (IBNR) claims, additional reserves were included due to an increase in expected late claim notifications and uncertainty about future developments. Additional provisions for unearned premiums were also formed for loss-generating business. VIG Insurance Group is holding around EUR 84.3 million in provisions. The adequacy of the underwriting provisions is checked in detail each year as part of the liability adequacy test during preparation of the consolidated financial statements. The comparison of the best estimate (after reinsurance) calculated based on the Solvency II principles with the IFRS provisions (after reinsurance) showed a significant surplus. As before, the IFRS provisions can therefore be considered adequate. Detailed information is available on page 102 in the risk report.

Intangible assets

VIG Insurance Group tests intangible assets for impairment at least once a year in accordance with the method explained in the Impairment of non-financial assets section starting on page 70. In connection with the global COVID-19 pandemic, several triggers emerged leading to an unscheduled impairment test of intangible assets in the 1st half of 2020. This resulted in impairments of EUR 118.1 million in Bulgaria, Croatia and Georgia in the 1st half of 2020. No impairment was found in financial year 2021.

Leases

Due to the effects of the COVID-19 pandemic on financial markets and classification of the COVID-19 pandemic as a triggering event, the incremental borrowing rate used for measuring newly concluded or modified lease liabilities was updated for 2020. Since it is updated at least once a year, the incremental borrowing rate did not have to be adjusted again due to the COVID-19 pandemic in financial year 2021.

VIG Insurance Group waived around EUR 2.0 million for operating leases in financial year 2021. Deferrals were only used or granted to an insignificant extent in financial year 2021.

Investments

Market risk and capital market scenario analysis

The market risks, including associated discussions, are presented in the risk report starting on page 102, and the change in fair value and resulting effect on assets, including associated discussions, is provided starting on page 103.

Financial result

In Note 16. Financial result excl. result from shares in at equity consolidated companies starting on page 148, around EUR 19.8 million in impairments of available-for-sale financial assets is recognised in the income statement for financial year 2021. The impairments shown are at the pre-crisis level and are not due to the effects of the COVID-19 pandemic.

Result from shares in at equity consolidated companies

VIG Insurance Group holds shares in the company Österreichisches Verkehrsbüro AG, which is accounted for using the at equity method. Due to the COVID-19 pandemic, around EUR 29 million in impairment was recognised for these shares in financial year 2020. No further impairment was found to be needed in financial year 2021.

Other Information

Loans

Based on the data provided for overdue loans, there is no observable effect.

Receivables

Due to the COVID-19 pandemic, around EUR 4.5 million (EUR 6.3 million) in impairments were recognised for underwriting receivables that were no longer considered recoverable or collectible at the end of the year. EUR 1.2 million of the impairments performed in the previous year due to the COVID-19 pandemic were reversed in profit or loss. The amounts that were deferred after agreement between the insurance companies and policyholders were not classified as past due.

Group subsidiary dividends

Due to the COVID-19 pandemic and uncertainty about future economic developments, national supervisory authorities in some countries where VIG Insurance Group operates recommended that dividends be deferred or suspended until the effects of the COVID-19 pandemic can be better estimated. All these restrictions on dividend distributions have been removed in the meantime. This had no effect on the cash and cash equivalents available to VIG Insurance Group as a whole or the consolidated cash flow statement.

Government grants

There are many government initiatives in all of the countries where VIG Insurance Group operates that are aimed at boosting their domestic economies again. Government grants are only used to a very small extent. These grants concern, among other things, compensation for short-time work for companies operating in the hotel industry, childcare allowance and reduced taxes on low salaries. Although applications were submitted and approved for some grants, they have no material effect on net assets, financial position or results of operations.

Government grants	1.1.-31.12.2021	1.1.-31.12.2020
in EUR '000		
Government – through Income Statement	1,206	990
Grants related to income – shown separately	9	4
Grants related to income – deducted from the related expense	1,197	986

Value of deferred taxes

A test performed at the Group level in coordination with the local companies indicated that the deferred tax assets shown in this annual report continue to show no need for impairment.

Non-underwriting provisions

No significant amounts were recognised for provisions.

Contingent receivables and liabilities

No significant changes to contingent receivables and liabilities were found.

Related parties

There were no related party effects due to the COVID-19 pandemic.

Estimates and discretionary decisions

The most significant effects from estimates and discretionary decisions concern the underwriting provisions and receivables, which are discussed above.

Portfolio changes in the life line of business

Portfolio changes in the life line of business	Endowment insurance excl. risk insurance		Risk insurance		Annuity insurance	
	No. of policies	Amt. insured	No. of policies	Amt. insured	No. of policies	Amt. insured
	Quantity	in EUR '000	Quantity	in EUR '000	Quantity	in EUR '000
As of 31.12.2020	1,925,740	22,457,357	2,122,016	151,557,776	520,178	12,157,295
Exchange rate differences		68,018		263,900		525
As of 1.1.2021	1,925,740	22,525,375	2,122,016	151,821,676	520,178	12,157,820
Additions	99,509	1,441,420	841,776	15,595,919	23,298	709,914
New business	99,509	1,342,096	841,776	14,503,753	23,298	580,868
Increases		99,324		1,092,166		129,046
Changes	45,797	-740,812	-10,837	2,231,374	1,079	-65,746
Changes in additions	67,444	506,949	34,371	5,208,271	8,297	328,955
Changes in disposals	-21,647	-1,247,761	-45,208	-2,976,897	-7,218	-394,701
Disposals due to maturity	-91,373	-1,327,362	-411,292	-7,803,294	-18,876	-239,607
Due to expiration	-65,435	-1,175,606	-405,011	-7,691,772	-17,621	-213,813
Due to death	-25,938	-151,756	-6,281	-111,522	-1,255	-25,794
Premature disposals	-85,709	-1,299,650	-301,930	-5,123,962	-18,821	-425,239
Due to non-redemption	-2,277	-20,790	-21,827	-188,978	-457	-15,203
Due to lapse without payment	-9,451	-137,191	-180,556	-3,507,481	-1,633	-41,904
Due to surrender	-73,503	-1,081,771	-95,039	-1,151,071	-16,731	-297,031
Due to waiver of premium	-478	-59,898	-4,508	-276,432	0	-71,101
As of 31.12.2021	1,893,964	20,598,971	2,239,733	156,721,713	506,858	12,137,142

Portfolio changes in the life line of business	Unit- and index-linked insurance		Government sponsored pension plans		Total	
	No. of policies	Amt. insured	No. of policies	Amt. insured	No. of policies	Amt. insured
	Quantity	in EUR '000	Quantity	in EUR '000	Quantity	in EUR '000
As of 31.12.2020	1,865,918	17,878,988	486,056	9,654,453	6,919,908	213,705,869
Exchange rate differences		454,394		-3,514		783,323
As of 1.1.2021	1,865,918	18,333,382	486,056	9,650,939	6,919,908	214,489,192
Additions	145,387	2,095,688	17,807	567,247	1,127,777	20,410,188
New business	145,387	1,980,547	17,807	284,185	1,127,777	18,691,449
Increases		115,141		283,062		1,718,739
Changes	-52,942	259,462	-670	427,037	-17,573	2,111,315
Changes in additions	44,384	781,074	221,774	4,961,918	376,270	11,787,167
Changes in disposals	-97,326	-521,612	-222,444	-4,534,881	-393,843	-9,675,852
Disposals due to maturity	-43,030	-502,384	-2,952	-45,742	-567,523	-9,918,389
Due to expiration	-38,281	-458,110	-1,964	-34,514	-528,312	-9,573,815
Due to death	-4,749	-44,274	-988	-11,228	-39,211	-344,574
Premature disposals	-141,972	-1,947,708	-20,913	-456,042	-569,345	-9,252,601
Due to non-redemption	-23,912	-113,561	-434	-9,464	-48,907	-347,996
Due to lapse without payment	-48,878	-609,065	-780	-2,692	-241,298	-4,298,333
Due to surrender	-66,183	-920,268	-19,699	-310,826	-271,155	-3,760,967
Due to waiver of premium	-2,999	-304,814	0	-133,060	-7,985	-845,305
As of 31.12.2021	1,773,361	18,238,440	479,328	10,143,439	6,893,244	217,839,705

EMBEDDED VALUE SENSITIVITY ANALYSES FOR THE LIFE AND HEALTH INSURANCE BUSINESSES

The following table shows the sensitivities for changes in the assumptions used to calculate the embedded value for the life and health insurance businesses and value of new business as of 31 December 2021:

Embedded value for the life and health insurance business	Austria/ Germany	Change	CEE	Change	Total	Change
	in EUR '000	in %	in EUR '000	in %	in EUR '000	in %
Base value	2,004,436		1,843,341		3,847,777	
Increase in yield curve 0.5%	422,765	21.1	9,190	0.5	431,955	11.2
Decrease in yield curve 0.5%	-578,625	-28.9	-14,546	-0.8	-593,171	-15.4
Decrease in share and real estate values 25% as of the reporting date	-408,757	-20.4	-26,441	-1.4	-435,198	-11.3
Decrease in administrative expenses 10%	124,771	6.2	46,337	2.5	171,108	4.4
Decrease in lapse rates 10%	9,870	0.5	35,178	1.9	45,048	1.2
Decrease in mortality 5% for endowment and risk insurance	19,558	1.0	34,127	1.9	53,684	1.4
Decrease in mortality 5% for annuities	-28,490	-1.4	-1,038	-0.1	-29,528	-0.8
No volatility adjustment	-45,822	-2.3	-3,133	-0.2	-48,955	-1.3

Value of new business	Austria/ Germany	Change	CEE	Change	Total	Change
	in EUR '000	in %	in EUR '000	in %	in EUR '000	in %
Base value	32,302		41,339		73,641	
Increase in yield curve 0.5%	7,938	24.6	2,090	5.1	10,029	13.6
Decrease in yield curve 0.5%	-16,835	-52.1	-2,757	-6.7	-19,592	-26.6
Decrease in administrative expenses 10%	3,812	11.8	4,365	10.6	8,177	11.1
Decrease in lapse rates 10%	1,481	4.6	4,040	9.8	5,520	7.5
Decrease in mortality 5% for endowment and risk insurance	1,962	6.1	5,035	12.2	6,997	9.5
Decrease in mortality 5% for annuities	-669	-2.1	89	0.2	-581	-0.8
No volatility adjustment	-1,252	-3.9	-779	-1.9	-2,031	-2.8

The sensitivities are based on the same management rules and policyholder behaviour as the base case. Each sensitivity is calculated separately. If two events occur simultaneously, the effect is not necessarily equal to the sum of the individual sensitivities.

Provisions in the property and casualty line of business

GENERAL INFORMATION

If claims are asserted by or against policyholders, all amounts that a company in the property and casualty line of business pays or expects to have to pay to the claimant are referred to as losses, and the costs of investigating, adjusting and processing these claims are referred to as “claims settlement expenses”. The companies in VIG Insurance Group have formed provisions by lines of business, extent of cover and year to pay for losses and claims settlement expenses due to claims under property and casualty insurance policies.

Losses and claims settlement expenses can be divided into two categories: reserves for known but still outstanding claims, and reserves for claims that have been incurred but have not yet been reported, or the correct amount has not been reported (“IBNR”, “IBNER”). Provisions for outstanding claims are based on estimates of future payments, including claims settlement expenses, for these claims. These estimates are made on a case-by-case basis in accordance with facts and circumstances ascertainable at the time the provision is formed.

The estimates reflect the well-founded judgement of the companies of VIG Insurance Group adjusters based on general practices for forming insurance provisions and a knowledge of the nature and value of each type of claim. These provisions are adjusted regularly during normal processing and represent the expected eventual costs necessary to finally settle all pending reported claims, taking into account inflation, interest rates and other social and economic factors that could affect the amount of provisions that are required.

Historical developments in distribution patterns and claims payments, the level of reported and still outstanding claims and the nature of the extent of cover are also taken into account. In addition, court decisions and economic conditions can also affect the estimate of provisions and the eventual size of claims.

IBNR and IBNER provisions are formed to offset the expected costs of losses that have been incurred but not yet reported to the individual insurance companies. These provisions, just like the provisions for reported claims, are formed to pay the expected costs, including claims settlement expenses, necessary to finally settle these claims. Because, by definition, the extent of these losses is still unknown when the provisions are formed, VIG Insurance Group calculates its IBNR and IBNER provisions based on historical claims experience, adjusted for current developments in claims-related factors. These provisions are based on estimates made using actuarial and statistical forecasts of the expected costs to finally settle these claims. The analyses are based on the facts and circumstances known at the time and on expectations regarding changes in legal and/or economic factors that determine the level of loss, such as case law, the inflation rate and labour costs. These provisions are regularly reviewed and revised once additional information is known and claims are actually reported. The time needed to learn of these claims and settle them is an important factor that must be taken into account when forming provisions.

Claims which are easy to settle, such as property damage under motor insurance, are reported within a few days or weeks and are normally settled within a year.

More complicated claims, such as personal injury under motor or general liability insurance, typically require longer settlement times (on average four to six years, in some cases considerably longer). Difficult claims, where settlement regularly depends on the results of often protracted litigation, also lead to substantially longer settlement times, especially in the liability, casualty, building and professional liability lines of business.

The final costs of the claims and claims settlement expenses depend on a number of variable circumstances. Between the time a claim is reported and final settlement, changing circumstances may require that the provisions that were formed be revised upwards or downwards. For example, changes in the law, the outcome of litigation and changes in medical costs, costs for materials for car and house repair and hourly wage rates, loss frequency and loss amount can have a substantial effect on the costs of claims. These factors may result in actual developments differing from expectations – sometimes substantially. Loss reserve estimates are regularly reviewed and updated, using the most recent information available to the Managing Board.

Any changes to provision estimates are reflected in the operating result. The conservative policy toward provisions of VIG Insurance Group is shown, for example, by the fact that liquidation of loss reserves has generally led to a profit. Based on VIG Insurance Group's internal procedures and the information currently available to it, management believes that the VIG

Insurance Group's provisions in the property and casualty insurance area are adequate. Forming loss reserves is an uncertain process and therefore no guarantee can be given that in the end losses will not differ from initial estimates.

CHANGES IN CLAIMS PAYMENTS AND GROSS LOSS RESERVE

The following tables show claims payments for individual years of occurrence and VIG Insurance Group's direct loss reserves at the end of each year indicated. The provisions reflect the amount of expected losses, based on claims that occurred in the current and all previous loss years and had not yet been paid as of the balance sheet date, including IBNR and IBNER. Interpreting the information contained in this table requires caution, because each amount contains the effects of all changes from the previous periods. The circumstances and trends that affected liability in the past could possibly recur in the future and therefore no conclusions can be drawn from the information given in this table as to future results.

Claim payments for each year of occurrence on the applicable balance sheet date (gross)

Year of occurrence	Calendar year									
	≤2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
in EUR '000										
2012 and before	2,706,016	1,083,787	440,873	259,093	227,375	140,681	123,765	89,808	81,517	56,278
2013		1,811,908	705,274	179,122	130,960	70,628	36,587	26,229	14,666	9,164
2014			1,545,509	773,664	192,081	101,832	54,209	66,232	24,281	14,714
2015				1,565,072	734,971	212,354	91,806	60,484	33,766	22,621
2016					1,619,590	806,055	204,162	108,102	79,211	35,983
2017						1,827,020	885,844	237,052	111,119	82,846
2018							1,816,053	877,898	237,846	117,315
2019								2,069,673	870,191	210,713
2020									1,925,211	887,732
2021										2,232,080
Total	2,706,016	2,895,695	2,691,656	2,776,951	2,904,977	3,158,570	3,212,426	3,535,478	3,377,808	3,669,446

Loss reserve for each year of occurrence on the applicable balance sheet date (gross)

Year of occurrence	Calendar year									
	≤2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
in EUR '000										
2012 and before	3,804,505	2,245,220	1,622,191	1,246,476	1,048,269	919,966	792,847	736,440	696,150	634,242
2013		1,695,511	789,978	480,548	280,509	197,735	154,313	109,965	99,632	87,391
2014			1,749,247	813,249	468,519	313,557	234,036	158,058	131,716	116,568
2015				1,687,291	787,903	467,615	299,946	216,863	173,143	145,309
2016					1,757,426	803,864	497,502	329,162	262,292	221,401
2017						1,903,463	863,161	512,025	345,528	220,739
2018							1,999,997	957,118	571,423	354,520
2019								2,156,013	949,167	571,859
2020									2,387,581	1,075,434
2021										2,855,356
Total	3,804,505	3,940,731	4,161,416	4,227,564	4,342,626	4,606,200	4,841,802	5,175,644	5,616,632	6,282,819

Reinsurance

VIG Insurance Group limits its potential liability arising from the insurance business by passing on, to the extent necessary, a portion of the assumed risks to the international reinsurance market. Some of the risks of insurance companies are reinsured within VIG Insurance Group and these risks are in turn ceded to external reinsurers at the Group level.

REINSURANCE GUIDELINES

The reinsurance guidelines are jointly determined each year by the corporate Reinsurance department and the member of the Managing Board responsible for reinsurance during the development of the reinsurance strategy for the next financial year. They require each insurance company to provide, in consultation with the corporate Reinsurance department, reinsurance coverage that is appropriate for its local company. These guidelines govern the following points.

Reinsurance is a prerequisite for the acceptance of insurance coverage

Underwriting departments may only make a binding commitment to insure a risk above a certain limit if sufficient reinsurance coverage has already been assured.

Retention

It is Group-wide policy that no more than EUR 50.0 million for the first two natural disaster events and EUR 20.0 million for each additional event can be placed at risk on a PML (probable maximum loss) basis. The maximum Group-wide retention per individual loss is less than EUR 15.0 million.

Selection of reinsurers – diversification

VIG Holding and its subsidiaries divide their reinsurance coverage among many different international reinsurance companies that VIG Holding feels have appropriate credit quality, so as to minimise the risk arising from one reinsurer's inability to pay (credit risk). The monetary limit per reinsurer is set individually for each subsidiary.

Selection of reinsurers – ratings

For lines of business where claims settlement takes a long time, in particular for motor third party liability, general liability and aviation, VIG Insurance Group uses reinsurers with outstanding ratings (at least a Standard & Poor's rating of A, preferably a rating of AA or higher), which in all likelihood will also continue to exist over the long term. For lines of business with claims that are settled quickly (for example, natural catastrophes, fire, technology, transportation, storm, burglary, household, water pipes, motor own damage), where the number of reinsurers is greater, the preferred rating is Standard & Poor's A or higher. Only in a few cases – and for limited periods of time – are reinsurers with lower ratings accepted.

Reinsurers' share of underwriting provisions – ratings

The following table shows the reinsurers' share in underwriting provisions in the property and casualty insurance balance sheet unit for different ratings and balance sheet dates:

in %	31.12.2021	31.12.2020
AAA	9.14	10.97
AA	35.57	38.67
A	50.70	45.03
BBB	2.76	2.99
BB and lower	0.85	1.12
No rating	0.98	1.22

As a result of the good credit quality of VIG Insurance Group's reinsurers, no valuation allowances were needed for reinsurers' shares as of the 31 December 2021 and 31 December 2020 balance sheet dates.

Design of reinsurance programmes

If it can be justified economically, any subsidiary can purchase reinsurance coverage individually from external reinsurers. If individual reinsurance policies can only be purchased by a subsidiary at uneconomical terms, VIG Insurance Group strives, as far as possible, to jointly place reinsurance contracts covering risks from natural catastrophes, property lines of business, casualty, transport, aviation and motor liability. If necessary, intra-Group assumptions of reinsurance are also passed on as retrocession in the reinsurance market for safety reasons. The guidelines for Wiener Städtische reinsurance coverage are presented below. Retentions for all other insurance companies are below those of Wiener Städtische.

REINSURANCE COVERAGE USING THE EXAMPLE OF WIENER STÄDTISCHE

Natural catastrophes

Wiener Städtische provides insurance for damage caused by natural catastrophes such as storms, hail, flooding or earthquakes. Wiener Städtische uses reinsurance coverage to limit its retention for natural disasters to EUR 15.0 million for the first loss event and EUR 2.5 million for each additional event.

Private customer business

The private customer business consists of essentially stable insurance portfolios having calculable results that are characterised above all by a stable claims frequency. Thus, such recurrent claims are only reinsured in exposed lines of business, for example storm insurance, with a targeted use of proportional reinsurance to reduce the effects on the retention. The effects on the retention of the small number of expected major losses are covered by non-proportional reinsurance. Wiener Städtische's maximum net loss is between EUR 1.0 million and EUR 2.0 million, depending on the line of business.

Management and control

LIQUIDITY MANAGEMENT

VIG Insurance Group manages its liquidity using guidelines approved by the Managing Board of VIG Holding. As a rule, VIG Holding and each subsidiary are responsible for their own liquidity planning. As the parent company, VIG Holding is responsible for allocating capital for VIG Insurance Group as a whole. This allows capital to be efficiently distributed within VIG Insurance Group. It also allows VIG Holding to ensure that the target levels of liquidity and capital resources are available both at the VIG Insurance Group level and in the individual operating units.

Most of the liquidity for day-to-day operations comes from premiums received from primary insurance, regular income from investments and proceeds from the sale of investments. These inflows are offset by payments for property and casualty insurance claims, and benefit payments for life and health insurance. The remaining net liquidity is used to cover acquisition and operating costs.

The maturity pattern of the insurance business provides a natural liquidity buffer. Unlike the premiums received, VIG Insurance Group guarantees insurance coverage for a certain period of time, and no cash outflow occurs during this period until an insured event occurs. The liquidity buffer is invested during this period and generates investment income. A portion is held in the form of liquid investments to ensure that it can be quickly converted into cash to pay claims. In addition, the bond portfolio, in particular, is structured so that the proceeds from maturing bonds are received on the dates it is anticipated they will be needed. External influence factors, such as capital market developments and the interest rate level, affect the liquidity situation by improving or restricting the ability to sell the investment portfolio at market value.

The time, frequency and size of insured claims are also important for the liquidity situation of property and casualty insurance. The number of policy extensions also plays a role.

The liquidity needs for life insurance are generally affected by the difference between actual mortality experience and the assumptions used to calculate underwriting provisions. Market returns or minimum interest rates and the behaviour of life insurance customers, such as the number of policies surrendered or terminated, also have an effect on liquidity needs.

CAPITAL MANAGEMENT

In the interests of our shareholders and insurance customers, our goal is to ensure that VIG Holding has adequate capital resources at all times and that all operating insurance companies fulfil their respective minimum regulatory capital requirements. Due to its successful business strategy, VIG Holding has traditionally had very good capital resources. Maintaining this good capital base in the future is also important to us, both to allow us to take advantage of profitable growth opportunities and to cushion the effects of large loss events.

Standard & Poor's rating

VIG Holding also places great importance on maintaining a strong credit rating with Standard & Poor's (S&P) and therefore regularly undergoes rating by S&P. S&P has its own capital model for assessing the relationship between the risk capital required by a company and the capital resources available to it. In December 2021, S&P affirmed the A+ rating with a "stable" outlook. Capital resources exceed the requirements for the AAA level.

The subordinated bonds issued in 2013 (EUR 500 million, tier 2, first call date 9 October 2023), 2015 (EUR 400 million, tier 2, first call date 2 March 2026) and 2017 (EUR 200 million, tier 2, first call date 13 April 2027) have been rated A- by S&P. The senior sustainability bond that was issued in 2021 (EUR 500 million, bullet bond, 15-year term) was assigned an A rating by S&P. It does not satisfy S&P's criteria for inclusion as capital.

Active capital management

VIG Holding uses the criteria above to monitor its capital positions and takes appropriate measures to further improve its capital structure and strengthen its capital and solvency situation over the long term. VIG Holding has set itself a goal of holding the solvency ratio at the current level in all of the insurance companies in the Group in spite of planned growth. A solvency corridor of 150% to 200% at the Solvency II Group level has been specified by VIG Holding without taking into account transitionals for underwriting provisions used by some individual Group companies.

Capital management focuses on subordinated long-term liabilities with equity-like characteristics. The Treasury department, incl. Asset Liability Management, continuously monitors capital market developments, with particular attention to developments concerning bonds with equity-like characteristics from the European insurance sector. New capital instruments developing in the capital market for insurance companies are examined for applicability to VIG Holding.

Capital resources

As of 31 December 2021, share capital of EUR 132,887,468.20 was registered in the commercial register, divided into 128,000,000 no-par value bearer ordinary shares with voting rights. VIG Holding held no own shares on 31 December 2021 (2020: none). In addition, VIG Holding can, according to the authorisation by the shareholders, increase its shareholders' equity by issuing common or preferred shares. The individual authorisations are listed in Note 8. Consolidated shareholders' equity starting on page 134.

VIG Insurance Group had an auditor-reviewed solvency ratio defined based on Solvency II of 249.5% as of 31 December 2021 (31 December 2020: 238.1%).

Long-term debt financing

VIG Insurance Group had subordinated bonds with a wide range of maturities outstanding as of 31 December 2021. Detailed information on the VIG Insurance Group bond programme is provided in Note 9. Subordinated liabilities starting on page 138. As shown by the maturities, VIG Insurance Group's focus is on subordinated liabilities that are eligible capital. General capital market conditions and other circumstances that affect the financial services sector as a whole or VIG Insurance Group in particular could have an adverse effect on the cost and availability of debt financing. The goal, therefore, is to actively manage the capital structure to keep refinancing risks as low as possible.

NOTES TO THE CONSOLIDATED BALANCE SHEET – ASSETS

1. INTANGIBLE ASSETS

Composition	31.12.2021	31.12.2020
in EUR '000		
Goodwill	1,260,226	1,237,316
Purchased insurance portfolios	14,607	19,491
Other intangible assets	**469,336**	476,270
Purchased software	388,413	401,463
Other	80,923	74,807
Total	**1,744,169**	1,733,077

Impairments of intangible assets and reversals of impairments of intangible assets are included as separate items in the income statement between the Group operating result and the result before taxes.

1.1. Goodwill

Development	2021	2020
in EUR '000		
Acquisition costs	1,865,619	1,906,993
Cumulative impairment as of 31.12. of the previous year	-628,303	-524,458
Book value as of 31.12. of the previous year	**1,237,316**	1,382,535
Exchange rate differences	22,910	-26,972
Book value as of 1.1.	**1,260,226**	1,355,563
Additions	0	1,809
Impairments	0	-120,056
Book value as of 31.12.	**1,260,226**	1,237,316
Cumulative impairment as of 31.12.	626,109	628,303
Acquisition costs	**1,886,335**	1,865,619

The impairments in the previous year predominantly affected the Bulgaria (EUR 59,800,000), Croatia (EUR 45,017,000) and Georgia (EUR 12,518,000) CGU groups.

Goodwill of CGU units (book values)	31.12.2021	31.12.2020
in EUR '000		
Austria	301,716	301,716
Czech Republic	454,041	430,094
Poland	142,970	144,136
Albania incl. Kosovo	13,416	13,097
Baltic States	75,481	75,481
Bulgaria	124,354	124,354
North Macedonia	12,551	12,538
Slovakia	111,257	111,257
Hungary	13,915	14,118
Group Functions	10,525	10,525
Total	**1,260,226**	1,237,316

Please see the Impairment section on page 70 for information on the assumptions used for impairment testing.

1.2. Other intangible assets

Development purchased software	2021	2020
in EUR '000		
Acquisition costs	1,318,689	1,225,688
Cumulative valuation as of 31.12. of the previous year	-917,226	-802,311
Book value as of 31.12. of the previous year	401,463	423,377
Exchange rate differences	1,375	-4,188
Book value as of 1.1.	402,838	419,189
Reclassifications	-7,517	-637
Additions	131,283	109,904
Disposals	-287	-3,146
Changes in scope of consolidation	-126	0
Scheduled depreciation	-137,090	-123,847
Impairments	-688	0
Book value as of 31.12.	388,413	401,463
Cumulative valuation as of 31.12.	1,052,161	917,226
Acquisition costs	1,440,574	1,318,689

2. INVESTMENTS

Composition	31.12.2021	31.12.2020
in EUR '000		
Property	2,850,588	2,507,413
Owner-occupied property	472,303	477,469
Investment property	2,378,285	2,029,944
Shares in at equity consolidated companies	276,913	291,561
Financial assets	31,682,289	32,102,212
Loans and other investments	3,028,291	3,417,208
Other financial assets	28,653,998	28,685,004
Total	34,809,790	34,901,186

2.1. Property

Owner-occupied property

Development	2021	2020
in EUR '000		
Acquisition costs	758,780	757,958
Cumulative valuation as of 31.12. of the previous year	-281,311	-269,257
Book value as of 31.12. of the previous year	**477,469**	488,701
Exchange rate differences	5,822	-8,123
Book value as of 1.1.	**483,291**	480,578
Reclassifications	1,246	926
Additions	9,886	16,570
Disposals	-4,043	-2,544
Changes in scope of consolidation	-283	0
Appreciation	52	43
Scheduled depreciation	-16,829	-16,811
Impairments	-1,017	-1,293
Book value as of 31.12.	**472,303**	477,469
Cumulative valuation as of 31.12.	301,041	281,311
Acquisition costs	**773,344**	758,780

Investment property

Development	2021	2020
in EUR '000		
Acquisition costs	2,857,619	2,702,204
Cumulative valuation as of 31.12. of the previous year	-827,675	-776,647
Book value as of 31.12. of the previous year	**2,029,944**	1,925,557
Exchange rate differences	1,395	-2,990
Book value as of 1.1.	**2,031,339**	1,922,567
Reclassifications	-2,051	-969
Additions	286,183	136,342
Disposals	-6,409	-2,942
Changes in scope of consolidation	121,457	28,510
Appreciation	3,333	246
Scheduled depreciation	-54,896	-51,452
Impairments	-671	-2,358
Book value as of 31.12.	**2,378,285**	2,029,944
Cumulative valuation as of 31.12.	882,342	827,675
Acquisition costs	**3,260,627**	2,857,619
Rental income	**140,360**	132,849
From investment property	140,360	132,849
Operating expenses for rented investment property	38,478	31,617
Operating expenses for vacant investment property	7,970	6,623

The changes in the scope of consolidation are mainly due to first-time inclusion of Virtus Sechzehn Beteiligungs GmbH (EUR +59,644,000), Rößlergasse Bauteil Zwei GmbH (EUR +32,136,000), Rößlergasse Bauteil Drei GmbH (EUR +12,790,000) and VIG Offices, s.r.o. (EUR +16,657,000).

Use of property

Detail property	31.12.2021	31.12.2020
in EUR '000		
Owner-occupied property	472,303	477,469
self-used	450,663	470,289
rented (operating lease)	21,640	7,180
Investment property	2,378,285	2,029,944
self-used	3,940	1,537
rented (operating lease)	2,374,345	2,028,407

2.2. Shares in at equity consolidated companies

Development	2021	2020
in EUR '000		
Book value as of 31.12. of the previous year	291,561	321,276
Exchange rate differences	-1	-10
Book value as of 1.1.	291,560	321,266
Additions	11,804	6,471
Changes in scope of consolidation	-46,851	393
Impairments	0	-29,000
Share of changes in OCI	178	1,167
Pro rata result for the period of shares in at equity consolidated companies	27,209	2,285
Dividend payment	-6,987	-11,021
Book value as of 31.12.	276,913	291,561
thereof reportable segment Austria	170,124	150,862
thereof reportable segment Czech Republic	0	28,331
thereof reportable segment Poland	141	143
thereof reportable segment Group Functions	106,648	112,225

Associated companies are measured at equity.

The impairments of EUR 29,000,000 in the previous year concerned Österreichisches Verkehrsbüro AG. The company suffered considerably under the restrictions imposed during the COVID-19 pandemic. The increase in legal uncertainty this caused led to an increase in its cost of capital and deterioration in multi-year planning. Österreichisches Verkehrsbüro AG was valued using an earnings-based discounted cash flow method.

Material shares in at equity consolidated companies

Development	2021				
	Beteiligungs- und Wohnungs-anlagen GmbH	Gewista-Werbe-gesellschaft m.b.H.	Österreichisches Verkehrsbüro AG	Erste Heimstätte GmbH	VBV - Betriebliche Altersvorsorge AG
in EUR '000					
Book value as of 31.12. of the previous year	33,418	34,441	10,312	48,433	65,891
Book value as of 1.1.	33,418	34,441	10,312	48,433	65,891
Share of changes in OCI	0	0	-561	0	733
Pro rata result for the period of shares in at equity consolidated companies	4,343	6,097	8,266	0	6,006
Dividend payment	-2,220	-1,994	0	0	-1,773
Book value as of 31.12.	35,541	38,544	18,017	48,433	70,857

Material shares in at equity consolidated companies	2021				
	Beteiligungs- und Wohnungs-anlagen GmbH	Gewista-Werbe-gesellschaft m.b.H.	Österreichisches Verkehrsbüro AG	Erste Heimstätte GmbH	VBV - Betriebliche Altersvorsorge AG
in EUR '000					
Group interest in %	25.00%	33.00%	36.58%	99.77%	25.32%
Income	500	88,306	245,491	89,947	77,162
Expenses	-194	-77,779	-271,533	-42,398	-49,611
Financial result	15,736	10,424	50,164	-23,285	4,920
Taxes	1,329	-2,474	-2,064	5	-8,750
Result for the period	17,371	18,477	22,058	24,269	23,721
Parent company minority interest	0	0	538	0	0
Adjustment item due to protective provisions of the Austrian Non-Profit Housing Act (Wohnungsgemeinnützigkeitsgesetz – WGG)	0	0	0	-24,269	0
Result for the period less non-controlling interests	17,371	18,477	22,596	0	23,721
thereof Non-controlling interests	391	5,834	496	0	534
thereof shares of at equity consolidated companies held by shareholders	16,980	12,643	21,562	0	23,187
Share of result	4,343	6,097	8,266	0	5,735
Fixed assets	340,336	141,613	365,318	911,253	337,644
Current assets (incl. other assets)	16,582	1,045	117,275	26,168	14,137,526
Borrowings	-214,755	-25,857	-420,924	-629,699	-14,195,324
Net assets	142,163	116,801	61,669	307,722	279,846
thereof Non-controlling interests	3,199	36,880	1,388	86,422	6,297
thereof shares of at equity consolidated companies held by shareholders	138,964	79,921	60,281	221,300	273,549
Share of net assets	35,541	38,544	22,557	307,023	70,857
Cumulative impairments	0	0	-4,540	0	0
Adjustment item due to protective provisions of the Austrian Non-Profit Housing Act (Wohnungsgemeinnützigkeitsgesetz – WGG)	0	0	0	-258,590	0
Book value of shares in at equity consolidated companies	35,541	38,544	18,017	48,433	70,857

Materiality is generally determined based on the amount of the at equity book value.

Beteiligungs- und Immobilien GmbH and Beteiligungs- und Wohnungsanlagen GmbH were included in the consolidated financial statements with a different balance sheet date (30 September).

2.3. Loans and other investments

Composition of loans and other investments	31.12.2021	31.12.2020
in EUR '000		
Loans	1,273,633	1,647,782
Reclassified loans	106,677	136,308
Bonds classified as loans	775,754	782,794
Total loans	**2,156,064**	2,566,884
Other investments	872,227	850,324
thereof bank deposits	783,730	766,408
thereof deposits on assumed reinsurance business	88,480	83,900
Total	**3,028,291**	3,417,208

Composition of total loans	31.12.2021	31.12.2020
in EUR '000		
Loans	**1,273,633**	1,647,782
Loans to non-consolidated affiliated companies	75,424	76,886
Loans to participations	38,699	36,664
Mortgage loan	375,043	518,760
Policy loans and prepayments	17,027	18,621
Other loans	767,440	996,851
to public authorities	220,158	200,509
to financial institutions	148,581	159,628
to other commercial borrowers	396,332	518,209
to private persons and others	2,369	118,505
Reclassified loans	**106,677**	136,308
Bonds classified as loans	**775,754**	782,794
to public authorities	109,894	109,945
to financial institutions	628,937	638,656
to other commercial borrowers	32,423	34,193
Other	4,500	0
Total	**2,156,064**	2,566,884

Public sector borrowers include national, state and local authorities. The loans included under other loans are generally loans that are not secured by insurance policies.

Collateral was provided for around 48.08% of the total loans reported.

Development of total loans	2021	2020
in EUR '000		
Acquisition costs	2,574,406	2,449,880
Cumulative valuation as of 31.12. of the previous year	-7,522	-33,772
Book value as of 31.12. of the previous year	2,566,884	2,416,108
Exchange rate differences	8,100	-2,853
Book value as of 1.1.	2,574,984	2,413,255
Additions	5,107,968	3,782,491
Disposals	-5,523,003	-3,629,063
Changes in scope of consolidation	-500	156
Appreciation	115	68
Impairments	-3,500	-23
Book value as of 31.12.	2,156,064	2,566,884
Cumulative valuation as of 31.12.	9,560	7,522
Acquisition costs	2,165,624	2,574,406

Maturity structure of loans	31.12.2021	31.12.2020
in EUR '000		
Loans	1,273,633	1,647,782
up to one year	130,590	130,471
more than one year up to five years	294,558	472,675
more than five years up to ten years	198,515	271,829
more than ten years	649,970	772,807
Bonds classified as loans	775,754	782,794
up to one year	75,220	28,664
more than one year up to five years	403,088	395,188
more than five years up to ten years	151,921	161,943
more than ten years	145,525	196,999

2.4. Other financial assets

Composition	2021	2020
in EUR '000		
Held to maturity (incl. reclassified)	2,557,720	2,456,438
Available for sale	25,849,069	25,983,431
Recognised at fair value through profit and loss*	247,209	245,135
Total	28,653,998	28,685,004

*Including held for trading

Development	Held to maturity (incl. reclassified)		Available for sale	
	2021	2020	2021	2020
in EUR '000				
Acquisition costs	2,457,839	2,766,187		
Cumulative valuation as of 31.12. of the previous year	-1,401	-2,486		
Book value as of 31.12. of the previous year	2,456,438	2,763,701	25,983,431	25,148,103
Exchange rate differences	85,757	-79,580	31,295	-111,320
Book value as of 1.1.	2,542,195	2,684,121	26,014,726	25,036,783
Reclassifications	0	0	15	-6
Additions	157,435	153,580	3,458,437	3,366,777
Disposals/repayments	-141,910	-425,388	-2,826,541	-2,713,913
Changes in scope of consolidation	0	44,125	-32,037	-42,324
Changes in value recognised in profit and loss	0	0	0	6,689
Changes recognised directly in equity	0	0	-745,708	397,925
Impairments	0	0	-19,823	-68,500
Book value as of 31.12.	2,557,720	2,456,438	25,849,069	25,983,431
Cumulative valuation as of 31.12.	2,170	1,401		
Acquisition costs	2,559,890	2,457,839		

The changes recognised directly in equity for the "Financial assets available for sale" category were mainly due to the effect of the yield curve on fixed-interest securities.

Composition government bonds* (book value)	Held to maturity (incl. reclassified)		Available for sale	
	31.12.2021	31.12.2020	31.12.2021	31.12.2020
in %				
Austria	0.35	0.73	12.01	13.50
Germany	0.13	0.13	1.53	1.31
Czech Republic	65.44	64.50	7.51	6.39
Slovakia	3.42	3.46	6.52	6.82
Poland	16.45	17.65	12.05	13.57
Romania	0.00	0.03	5.41	5.46
Other countries	14.21	13.50	54.97	52.95

*Government bonds also include bonds issued by supranational organisations, government agencies, federal or constituent states and municipal bonds.

Financial assets held to maturity

Composition	Amortised cost		Fair value	
Financial assets held to maturity	31.12.2021	31.12.2020	31.12.2021	31.12.2020
in EUR '000				
Financial assets held to maturity	2,255,318	2,163,435	2,318,212	2,479,845
Government bonds	1,994,157	1,891,483	2,018,289	2,152,108
Covered bonds	216,499	214,205	254,259	267,285
Corporate bonds	33,616	45,628	34,371	47,592
Bonds from banks	9,032	10,192	9,291	10,751
Subordinated bonds	2,014	1,927	2,002	2,109
Financial assets reclassified as held to maturity	302,402	293,003	337,755	369,550
Government bonds	292,104	277,464	327,416	352,601
Covered bonds	2,102	2,012	2,071	2,233
Bonds from banks	8,196	13,527	8,268	14,716

Maturity structure	Amortised cost		Fair value	
Financial assets held to maturity	31.12.2021	31.12.2020	31.12.2021	31.12.2020
in EUR '000				
Financial assets held to maturity	2,255,318	2,163,435	2,318,212	2,479,845
up to one year	222,304	126,916	223,871	129,242
more than one year up to five years	737,539	783,974	762,651	842,647
more than five years up to ten years	798,380	705,266	778,985	760,378
more than ten years	497,095	547,279	552,705	747,578
Financial assets reclassified as held to maturity	302,402	293,003	337,755	369,550
up to one year	151,494	5,720	153,015	5,882
more than one year up to five years	10,298	154,423	10,338	167,213
more than ten years	140,610	132,860	174,402	196,455

Rating categories	Amortised cost	
Financial assets held to maturity (incl. reclassified)	31.12.2021	31.12.2020
in EUR '000		
AAA	82,507	82,351
AA	1,717,610	1,628,490
A	491,148	516,380
BBB	87,403	83,143
BB and lower	159,485	128,000
No rating	19,567	18,074
Total	2,557,720	2,456,438

Financial assets in the "Financial assets held to maturity" category that were reclassified from the "Financial assets available for sale" category in 2008 had a fair value of EUR 1,393,784,000 as of the reclassification date. VIG Insurance Group made use of the provisions on "Reclassification of financial assets" in IAS 39.50 et seqq. due to financial market developments in the 2nd half of 2008. Since the required information is not available and the cost to obtain the information would be excessively high, it would not be possible to determine the book values if reclassification had not been performed.

Financial assets available for sale

Composition	Fair value	
Financial assets available for sale	31.12.2021	31.12.2020
in EUR '000		
Bonds	22,305,212	22,895,705
Government bonds	10,839,772	11,107,686
Covered bonds	1,258,552	1,444,081
Corporate bonds	6,017,938	5,995,755
Bonds from banks	3,187,044	3,520,687
Subordinated bonds	1,001,906	827,496
Shares and other participations*	770,933	672,285
Investment funds	2,772,924	2,415,441
Equity funds	1,321,781	1,054,435
Pension funds	1,035,579	1,027,247
Alternative funds	47,786	9,022
Real estate funds	129,008	96,387
Balanced funds	238,770	228,350
Total	25,849,069	25,983,431

*Includes shares in non-consolidated subsidiaries and other participations of EUR 279,516,000 (EUR 257,779,000)

Unrealised gains and losses	31.12.2021			31.12.2020		
Financial assets available for sale	Fair value	Unrealised gains	Unrealised losses	Fair value	Unrealised gains	Unrealised losses
in EUR '000						
Bonds	22,305,212	1,924,731	-246,918	22,895,705	2,800,566	-31,810
Shares and other participations	770,933	217,417	-12,761	672,285	132,830	-11,841
Investment funds	2,772,924	443,825	-31,320	2,415,441	258,357	-35,183
Total	25,849,069	2,585,973	-290,999	25,983,431	3,191,753	-78,834

In the case of the “Financial assets available for sale” category, the balance sheet value equals fair value. Unrealised gains and losses represent the difference between amortised cost and fair value.

Impairments	31.12.2021			31.12.2020		
Financial assets available for sale	Gross book value	Impairment	Net book value	Gross book value	Impairment	Net book value
in EUR '000						
Bonds	22,318,180	12,968	22,305,212	22,910,578	14,873	22,895,705
not adjusted	22,305,212	0	22,305,212	22,895,645	0	22,895,645
adjusted	12,968	12,968	0	14,933	14,873	60
Shares*	556,289	64,872	491,417	486,100	71,594	414,506
not adjusted	342,859	0	342,859	291,525	0	291,525
adjusted	213,430	64,872	148,558	194,575	71,594	122,981
Investment funds	2,827,338	54,414	2,772,924	2,479,584	64,143	2,415,441
not adjusted	2,707,047	0	2,707,047	2,329,235	0	2,329,235
adjusted	120,291	54,414	65,877	150,349	64,143	86,206
Total	25,701,807	132,254	25,569,553	25,876,262	150,610	25,725,652

*Not including impairment of shares in affiliated companies and other participations

Maturity structure	Fair value	
Financial assets available for sale	31.12.2021	31.12.2020
in EUR '000		
no maturity	3,497,026	3,192,840
up to one year	1,837,784	1,553,962
more than one year up to five years	7,194,473	7,272,358
more than five years up to ten years	7,319,359	8,260,812
more than ten years	6,000,427	5,703,459
Total	25,849,069	25,983,431

Rating categories	Fair value	
Fixed-interest financial assets available for sale	31.12.2021	31.12.2020
in EUR '000		
AAA	2,167,471	2,277,967
AA	5,704,589	6,022,531
A	7,876,611	8,373,395
BBB	5,401,515	5,407,591
BB and lower	898,178	641,667
No rating	256,848	172,554
Total	22,305,212	22,895,705

3. FINANCIAL INVESTMENTS FOR UNIT- AND INDEX-LINKED LIFE INSURANCE

Composition	31.12.2021			31.12.2020
	Unit-linked	Index-linked	Total	Total
in EUR '000				
Investment funds	7,404,978	0	7,404,978	6,502,389
Bonds	0	929,771	929,771	1,369,406
Shares	0	940	940	794
Bank deposits	157,473	21,580	179,053	79,012
Deposit receivables	10,948	0	10,948	8,242
Net of receivables and liabilities	-359	0	-359	8,196
Total	7,573,040	952,291	8,525,331	7,968,039

Maturity structure	31.12.2021	31.12.2020
in EUR '000		
no maturity	7,584,971	6,551,943
up to one year	449,380	445,691
more than one year up to five years	220,851	530,027
more than five years up to ten years	254,039	427,050
more than ten years	16,090	13,328
Total	8,525,331	7,968,039

4. REINSURERS' SHARE IN UNDERWRITING PROVISIONS

Development	Book value as of 1.1.2021	Exchange rate differences	Additions	Amount used/released	Book value as of 31.12.2021
in EUR '000					
Provision for unearned premiums	191,227	-25,369	141,623	-135,208	172,273
Mathematical reserve	13,447	23	9,624	-12,369	10,725
Provision for outstanding claims	1,172,546	-11,491	821,518	-618,714	1,363,859
Provision for profit-unrelated premium refunds	14,366	301	14,373	-14,424	14,616
Other underwriting provisions	4,906	-12	2,851	-4,613	3,132
Total	1,396,492	-36,548	989,989	-785,328	1,564,605

Maturity structure	31.12.2021	31.12.2020
in EUR '000		
up to one year	780,551	696,553
more than one year up to five years	396,372	405,903
more than five years up to ten years	204,841	160,805
more than ten years	182,841	133,231
Total	1,564,605	1,396,492

5. RECEIVABLES

Composition	31.12.2021	31.12.2020
in EUR '000		
Underwriting	1,377,531	1,015,400
Receivables from direct insurance business	906,961	810,381
from policyholders	680,569	622,939
from insurance intermediaries	122,391	131,571
from insurance companies	104,001	55,871
Receivables from reinsurance business	470,570	205,019
Non-underwriting	689,657	683,759
Other receivables	689,657	683,759
Total	2,067,188	1,699,159

Composition of other receivables	31.12.2021	31.12.2020
in EUR '000		
Receivables from finance lease	47,951	48,600
Receivables from recourse claims	34,050	35,155
Pro rata and outstanding interest and rent	350,825	360,564
Receivables from tax authority (excl. income tax) and from fees of all kinds	47,838	41,868
Receivables from sales of investments	10,722	10,884
Receivables from property management	17,914	13,844
Receivables from third party claims settlement	18,486	16,851
Receivables from green card deposits and surety	66,242	59,898
Receivables from pre-payments	16,022	16,918
Other receivables	79,607	79,177
thereof receivables from charges for services	28,647	24,579
thereof receivables from charges for pensions	12,786	16,221
Total	689,657	683,759

Maturity structure	31.12.2021			31.12.2020
	Premium receivables due	Non-underwriting	Total	Total
in EUR '000				
up to one year	266,337	568,394	834,731	876,783
more than one year up to five years	13,884	51,405	65,289	54,942
more than five years up to ten years	0	17,207	17,207	11,999
more than ten years	0	52,651	52,651	17,147
Subtotal	280,221	689,657	969,878	960,871
Premium receivables not yet due			469,816	423,987
Receivables from reinsurance business			470,570	205,019
Other underwriting receivables			156,924	109,282
Total			2,067,188	1,699,159

The gross receivables are offset by impairments (directly reducing the asset item) of EUR 88,909,000 (EUR 86,725,000) and provisions for cancellations of EUR 18,502,000 (EUR 21,057,000).

Ageing analysis	31.12.2021				
Overdue receivables	1–60 days overdue	61–90 days overdue	91–120 days overdue	more than 120 days overdue	Total
in EUR '000					
Premium receivables	178,491	46,031	25,387	60,484	310,393
not adjusted	59,390	28,517	17,897	32,750	138,554
adjusted	119,101	17,514	7,490	27,734	171,839
Non-underwriting receivables	16,953	1,295	1,966	23,441	43,655
not adjusted	12,933	751	1,205	8,097	22,986
adjusted	4,020	544	761	15,344	20,669

Ageing analysis	31.12.2020				
Overdue receivables	1–60 days overdue	61–90 days overdue	91–120 days overdue	more than 120 days overdue	Total
in EUR '000					
Premium receivables	164,674	62,199	20,928	45,974	293,775
not adjusted	61,681	34,072	13,101	22,217	131,071
adjusted	102,993	28,127	7,827	23,757	162,704
Non-underwriting receivables	9,093	9,758	3,609	25,321	47,781
not adjusted	6,855	9,167	1,479	15,665	33,166
adjusted	2,238	591	2,130	9,656	14,615

6. DEFERRED TAXES

The deferred tax assets and liabilities reported relate to temporary differences in the balance sheet items listed in the table below. (The differences were measured using the applicable tax rates.) It should be noted that deferred taxes, as far as permissible, are offset at the taxpayer level, and, accordingly, the different balances are shown either as assets or liabilities on the balance sheet.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that the deferred tax assets can be used. Deferred tax assets are examined each balance sheet date and reduced to the extent that it is no longer probable that the associated tax benefits can be realised.

Composition	31.12.2021		31.12.2020	
	Assets	Liabilities	Assets	Liabilities
in EUR '000				
Intangible assets	19,478	16,386	13,715	21,742
Right-of-Use Assets	0	56,688	0	60,577
Investments[1]	111,944	312,141	104,452	403,115
Receivables and other assets[2]	39,840	57,213	39,480	42,016
Accumulated losses carried forward	33,081	0	41,771	0
Tax-exempt reserves	0	10,647	0	10,975
Underwriting provisions[3]	369,923	154,936	221,233	144,104
Non-underwriting provisions	96,180	4,084	102,972	2,408
Liabilities and other liabilities[4]	91,811	26,829	92,345	27,301
Sum before valuation allowance	**762,257**	**638,924**	615,968	712,238
Valuation allowance for DTA	-30,770		-34,872	
Total before netting	**731,487**	**638,924**	581,096	712,238
Netting	-420,040	-420,040	-444,368	-444,368
Net balance	**311,447**	**218,884**	136,728	267,870

1 including financial investments for unit- and index-linked life insurance
2 including cash and cash equivalents
3 including reinsurers' share in underwriting provisions as well as underwriting provisions for unit- and index-linked life insurance
4 including subordinated liabilities

Deferred tax assets from seven-year amortisation of participations to going concern value were recognised in the amount of EUR 17,570,000 (EUR 23,004,000) Deferred tax liabilities and deferred tax assets of consolidated taxable entities in the tax group collected by the same tax authority were netted, resulting in a deferred tax liability of EUR 136,875,000 (EUR 161,610,000). In accordance with IAS 12.39, deferred tax liabilities were not reported for temporary differences from shares in subsidiaries and associated companies since they would not be reversed in the foreseeable future. The difference between the book value for tax purposes and the IFRS shareholders' equity is EUR 2,018,859,000 (EUR 2,053,406,000). Deferred taxes for undistributed subsidiary profits of EUR 16,767,000 (EUR 14,404,000) were not reported because a decision to distribute the profits had not yet been made.

EUR 25,017,000 (EUR 31,149,000) in deferred taxes on loss carry-forwards was not recognised.

7. OTHER ASSETS

Composition	31.12.2021	31.12.2020
in EUR '000		
Tangible assets* and inventories	117,455	117,335
Other assets	26,263	36,905
Asset-side accruals	247,175	233,605
Total	**390,893**	387,845

*amount of reported balance sheet value leased: 6.42% (7.49%)

8. CONSOLIDATED SHAREHOLDERS' EQUITY

The share capital and other capital reserves items include contributions to share capital made by VIG Holding shareholders. Other capital reserves report the share of contributions paid that is in excess of the share capital. The reserves are reduced by external costs directly related to corporate actions affecting equity after taking tax effects into account.

Retained earnings are the earnings that subsidiaries have earned since joining VIG Insurance Group. These are reduced by the dividends distributed by the VIG Holding. Amounts resulting from changes in the scope of consolidation are also recognised here. If changes are made to accounting policies, the adjustments for earlier periods that are not included in the financial statements are recognised in the opening balance sheet value of retained earnings for the earliest period presented.

Other reserves consist of unrealised gains and losses from the measurement of available for sale financial instruments, and actuarial gains and losses that are recognised in comprehensive income in accordance with IAS 19. Unrealised gains and losses from the at equity measurement of associated companies, and translation differences resulting from currency translation for foreign subsidiaries are also reported in other reserves.

Non-controlling interests are also shown as part of shareholders' equity. These consist of shares held by third parties in the equity of consolidated subsidiaries that are not directly or indirectly wholly owned by VIG Holding.

Detailed information on capital management is provided on page 118.

8.1. Share capital and voting rights

The Company has share capital of EUR 132,887,468.20. It is divided into 128,000,000 no-par value ordinary bearer shares with voting rights, with each share representing an equal portion of the share capital. The number of shares issued remains unchanged.

The Managing Board is not aware of any restrictions on voting rights or the transfer of shares. Employees who hold shares exercise their voting rights without a proxy during General Meetings.

The Managing Board must have at least three and no more than eight members. The Supervisory Board has at least three and at most twelve members (shareholder representatives). Wiener Städtische Versicherungsverein, which directly and indirectly holds around 72.47% (72.47%) of the share capital, has the right to appoint up to one third of the members of the Supervisory Board if, and so long as, it holds 50% or less of the Company's voting shares. General Meeting resolutions are adopted by a simple majority, unless a different majority is required by law or the articles of association.

No shares have special rights of control. See the section indicated above for information on the rights of the shareholder Wiener Städtische Versicherungsverein.

As of the balance sheet date, the Company was not party to any material agreements that would come into effect, change or terminate if control of the Company were to change due to a takeover bid, in particular, no agreements that would affect participations held in insurance companies. Existing agreements that would come into effect if control of the Company were to change due to a takeover bid relate to participations held in other (non-insurance) companies.

No compensation agreements exist between the Company and its Managing Board members, Supervisory Board members or employees covering the case of a public takeover bid.

ANTICIPATORY RESOLUTIONS

The Managing Board is authorised under § 169 Austrian Stock Corporation Act (AktG) to increase the share capital of the Company by a nominal amount of up to EUR 66,443,734.10 by issuing 64,000,000 no-par value bearer or registered shares or a combination of the two in one or more tranches on or before 20 May 2026 against cash or in-kind contributions. The terms of the shares, the exclusion of shareholder pre-emption rights, and other terms and conditions of the share issue are decided by the Managing Board, subject to Supervisory Board approval. Preferred shares without voting rights may also be issued, with rights equivalent to those of existing preferred shares. The issue prices of common and preferred shares may differ.

The General Meeting of 21 May 2021 authorised the Managing Board to issue, subject to Supervisory Board approval, one or more tranches of convertible bonds in accordance with § 174 AktG with a total nominal value of up to EUR 2,000,000,000.00 on or before 20 May 2026, with conversion or subscription rights for up to 30,000,000 bearer ordinary shares of the Company representing a share of up to EUR 31,145,500.36 of the share capital, including authorisation to exclude shareholder pre-emption rights.

The share capital has consequently been raised in accordance with § 159 (2) no. 1 AktG by a contingent capital increase of up to EUR 31,145,500.36 through the issue of up to 30,000,000 bearer ordinary shares. The contingent capital increase will only be implemented to the extent that holders of convertible bonds issued on the basis of the General Meeting resolution of 21 May 2021 exercise the subscription or exchange rights they were granted. The Managing Board has not adopted any resolutions to date concerning the issuance of convertible bonds based on the authorisation granted on 21 May 2021.

The General Meeting of 21 May 2021 further authorised the Managing Board to issue, subject to Supervisory Board approval in accordance with § 174 (2) AktG, income bonds with a total nominal value of up to EUR 2,000,000,000.00 in one or more tranches on or before 20 May 2026, including authorisation to exclude shareholder pre-emption rights. The Managing Board has not adopted any resolutions to date regarding the issuance of income bonds based on this authorisation.

The General Meeting of 21 May 2021 authorised the Managing Board to acquire bearer ordinary shares in accordance with § 65 (1) no. 8, (1a) and (1b) AktG to the maximum extent permissible by law during a period of 30 months following the date the General Meeting resolution was adopted. The amount paid upon repurchase of the Company's own shares may not be more than a maximum of 50% below, or more than a maximum of 10% above, the average unweighted closing price on the Vienna Stock Exchange on the ten stock exchange trading days preceding the repurchase. The Managing Board may choose to make the purchase on the stock exchange, through a public offer or in any other legally permissible and expedient manner. If the repurchase is performed via a public offer, the end of the calculation period is determined based on the date on which the intention to make a public offer is announced (§ 5 (2) and (3) of the Austrian Takeover Act (Übernahmegesetz)).

The General Meeting of 21 May 2021 authorised the Managing Board for a period of five years from the date of the resolution to use own shares, while excluding shareholder pre-emption rights,

- for servicing convertible bonds issued based on the resolution adopted by the General Meeting of 21 May 2021; and
- for sales in a manner permitted by law other than via the stock market or by means of a public offer. The written report on the reasons for exclusion of shareholder pre-emption rights was submitted to the General Meeting.

The Managing Board has not made use of these authorisations to date. The Group held none of its own shares on the balance sheet date.

8.2. Capital reserves – hybrid capital

Issue date	Outstanding volume	Maturity	Interest	Fair value
	in EUR '000	in years	in %	in EUR '000
10.6.2021	300,000	unlimited	First 10 years: 3.2125% p.a.; thereafter variable	306,527

On 15 March 2021, VIG Holding placed a hybrid capital bond with its principal shareholder, Wiener Städtische Versicherungsverein, during a private placement. The hybrid capital satisfies the equity capital criteria of IAS 32.16C and .16D, since the issuer can freely decide about the interest payment and the bond does not have a fixed term. It also satisfies the Solvency II requirements for restricted tier 1 instruments and qualifies as capital based on the requirements of the S&P rating agency.

8.3. Other reserves

Composition	31.12.2021					
	Unrealised gains and losses	Cash flow hedge reserve	Underwriting gains and losses from provisions for employee benefits	Share of other reserves of at equity consolidated companies	Currency reserve	Total
in EUR '000						
Gross	2,294,974	-38	-367,775	126	-197,696	1,729,591
+/- Exchange rate changes from financial assets available for sale	10,235					10,235
+/- Deferred mathematical reserve	-673,535					-673,535
+/- Deferred profit participation	-883,910	0	115,841			-768,069
+/- Deferred taxes	-179,646	0	61,852			-117,794
+/- Non-controlling interests	-9,835	1	3,158	23	1,877	-4,776
Net	**558,283**	**-37**	**-186,924**	**149**	**-195,819**	**175,652**

Composition	31.12.2020					
	Unrealised gains and losses	Cash flow hedge reserve	Underwriting gains and losses from provisions for employee benefits	Share of other reserves of at equity consolidated companies	Currency reserve	Total
in EUR '000						
Gross	3,112,919	5	-420,744	-52	-243,849	2,448,279
+/- Exchange rate changes from financial assets available for sale	11,443					11,443
+/- Deferred mathematical reserve	-750,782					-750,782
+/- Deferred profit participation	-1,207,189	0	130,356			-1,076,833
+/- Deferred taxes	-259,774	0	71,529			-188,245
+/- Non-controlling interests	-14,159	0	3,540	25	2,681	-7,913
Net	892,458	5	-215,319	-27	-241,168	435,949

8.4. Payout

Payout 2021 for the financial year 2020	Per share	Total
in EUR		
Ordinary shares	0.75	96,000,000

8.5. Proposed appropriation of profits

VIENNA INSURANCE GROUP AG Wiener Versicherung Gruppe (VIG Holding) ended financial year 2021 with a net retained profit of EUR 338,351,602.38. The following appropriation of profits will be proposed in the Annual General Meeting:

The 128 million shares shall receive a dividend of EUR 1.25 per share. The payment date for this dividend will be 25 May 2022, the record date 24 May 2022, and the ex-dividend date 23 May 2022.

A total of EUR 160,000,000.00 will therefore be distributed. The net retained profit of EUR 178,351,602.38 remaining for financial year 2021 after distribution of the dividend is to be carried forward.

9. SUBORDINATED LIABILITIES

Subordinated liabilities of the Group

Issuing company	Issue date	Outstanding volume	Maturity	Interest	Fair value
		in EUR '000	in years	in %	in EUR '000
VIG Holding	9.10.2013	500,000	30[1]	First 10 years: 5.5% p.a.; thereafter variable	545,435
VIG Holding	2.3.2015	400,000	31[2]	First 11 years: 3.75% p.a.; thereafter variable	446,160
VIG Holding	13.4.2017	200,000	30[3]	First 10 years: 3.75% p.a.; thereafter variable	222,770
Donau Versicherung	15.4. + 21.5.2004	9,500	unlimited [4]	4.95% p.a.	10,818
Donau Versicherung	1.7.1999	1,500	unlimited [5]	4.95% p.a.	1,529
Wiener Städtische	1.3.1999	8,250	unlimited [6]	4.90% p.a.	9,147
Wiener Städtische	2.7.2001	16,100	unlimited [7]	6.10% p.a.	17,995
Wiener Städtische	15.11.2003	19,110	unlimited [8]	4.95% p.a.	21,048
Wiener Städtische	30.6.2006	34,700	unlimited [9]	4.75% p.a.	37,635
Wiener Städtische	11.5.2017	250,000	10 [10]	3.50% p.a.	273,510
Kooperativa (Czech Republic)	22.12.2010	22,126	unlimited [11]	5.05% p.a.	21,199
Total		1,461,286			1,607,246

[1] The right to ordinary and extraordinary cancellation by the holder is excluded. Regular cancellation by the issuer is first allowed effective 9 October 2023.
[2] The right to ordinary and extraordinary cancellation by the holder is excluded. Regular cancellation by the issuer is first allowed effective 2 March 2026.
[3] The right to ordinary and extraordinary cancellation by the holder is excluded. Regular cancellation by the issuer is first allowed after 10 years.
[4] Due to the call, the supplementary capital will be repaid in full in 2025.
[5] Due to the call, the supplementary capital will be repaid in full in 2025.
[6] This can only be cancelled subject to not less than 5 years' notice, unless Austrian insurance regulators agree to repayment being made early. Due to cancellations, EUR 8,250,000 will be repaid starting with 2025.
[7] This can only be cancelled subject to not less than 5 years' notice, unless Austrian insurance regulators agree to repayment being made early. Due to cancellations, EUR 16,100,000 will be repaid starting with 2024.
[8] This can only be cancelled subject to not less than 5 years' notice, unless Austrian insurance regulators agree to repayment being made early. Due to cancellations, EUR 19,110,000 will be repaid between 2023 and 2024.
[9] This can only be cancelled subject to not less than 5 years' notice, unless Austrian insurance regulators agree to repayment being made early. Due to cancellations, EUR 34,700,000 will be repaid starting with 2024.
[10] The right to ordinary and extraordinary cancellation by the holder is excluded. No provision has been made for regular cancellation by the issuer.
[11] Due to the call, the supplementary capital will be repaid in full in 2024.

VIG Holding subordinated liabilities

Interest on supplementary capital bonds is only paid out to the extent that the interest is covered by the company's national annual profit. The interest is, however, always included as an expense.

On 9 October 2013 the Company issued a subordinated bond with a total nominal value of EUR 500,000,000.00 and a term of 30 years. VIG Holding can call the bond in full for the first time on 9 October 2023 and on each following coupon date. The subordinated bond bears interest at a fixed rate of 5.50% p.a. during the first ten years of its term and variable interest after that. The subordinate bond satisfies the tier 2 requirements of Solvency II. The bonds are traded on the Vienna Stock Exchange.

On 2 March 2015 the Company issued a subordinated bond with a total nominal value of EUR 400,000,000.00 and a term of 31 years. VIG Holding can call the bond in full for the first time on 2 March 2026 and on each following coupon date. The subordinated bond bears interest at a fixed rate of 3.75% p.a. during the first eleven years of its term and variable interest after that. The subordinate bond satisfies the tier 2 requirements of Solvency II. The bond is listed on the Luxembourg Stock Exchange.

A EUR 200,000,000.00 subordinated bond was privately placed. The subordinated bond has a term of 30 years and VIG Holding can call it for the first time after 10 years. It satisfies the tier 2 requirements of Solvency II and qualifies as capital based on the requirements of the S&P rating agency. The subordinated bond bears interest at a fixed rate of 3.75 % p.a. during the first ten years of its term and variable interest after that. Inclusion for trading in the Third Market of the Vienna Stock Exchange took place on 13 April 2017.

10. UNDERWRITING PROVISIONS

Composition	31.12.2021	31.12.2020
in EUR '000		
Provision for unearned premiums	1,863,198	1,711,489
Mathematical reserve	21,937,030	22,243,792
Guaranteed policy benefits	20,616,136	20,805,425
Allocated and committed profit shares	647,359	687,585
Deferred mathematical reserve	673,535	750,782
Provision for outstanding claims	7,082,488	6,345,913
Provision for premium refunds	1,599,710	1,871,416
Profit-related premium refunds	305,586	317,907
Profit-unrelated premium-refunds	87,560	75,966
Deferred profit participation recognised through profit and loss*	438,495	400,710
Deferred profit participation recognised directly in equity*	768,069	1,076,833
Other underwriting provisions	63,801	57,445
Total	32,546,227	32,230,055

*The deferred profit participation is solely due to the profit-related premium refunds.

10.1. Provision for unearned premiums

Development	2021	2020
in EUR '000		
Book value as of 31.12. of the previous year	1,711,489	1,707,175
Exchange rate differences	-29,592	-80,651
Book value as of 1.1.	1,681,897	1,626,524
Additions	1,673,061	1,355,349
Amount used/released	-1,491,760	-1,270,384
Book value as of 31.12.	1,863,198	1,711,489

Maturity structure	31.12.2021	31.12.2020
in EUR '000		
up to one year	1,620,528	1,490,466
more than one year up to five years	209,487	193,417
more than five years up to ten years	25,581	20,349
more than ten years	7,602	7,257
Total	1,863,198	1,711,489

10.2. Mathematical reserve

Development	2021	2020
in EUR '000		
Book value as of 31.12. of the previous year	22,243,792	22,497,943
Exchange rate differences	81,088	-71,958
Book value as of 1.1.	22,324,880	22,425,985
Additions	2,149,024	2,353,715
Amount used/released	-2,678,671	-2,536,377
Transfer from provisions for premium refunds	141,797	469
Book value as of 31.12.	21,937,030	22,243,792

Maturity structure	31.12.2021	31.12.2020
in EUR '000		
up to one year	1,541,997	1,828,753
more than one year up to five years	5,299,718	5,493,625
more than five years up to ten years	3,850,476	4,035,723
more than ten years	11,244,839	10,885,691
Total	21,937,030	22,243,792

10.3. Provision for outstanding claims

Development	2021	2020
in EUR '000		
Book value as of 31.12. of the previous year	6,345,913	5,839,838
Exchange rate differences	12,595	-128,728
Book value as of 1.1.	6,358,508	5,711,110
Additions of provision for outstanding claims	5,217,594	4,571,281
for claims paid occurred in the reporting period	4,249,285	3,948,762
for claims paid occurred in previous periods	968,309	622,519
Use/release of provision	-4,493,529	-3,936,424
for claims paid occurred in the reporting period	-2,505,507	-2,226,119
for claims paid occurred in previous periods	-1,988,022	-1,710,305
Other changes	-85	-54
Book value as of 31.12.	7,082,488	6,345,913

Maturity structure	31.12.2021	31.12.2020
in EUR '000		
up to one year	3,178,391	2,830,510
more than one year up to five years	2,208,485	2,011,015
more than five years up to ten years	925,165	832,439
more than ten years	770,447	671,949
Total	7,082,488	6,345,913

EUR 126,769,000 (EUR 119,215,000) in recourse claims were deducted from the provision for outstanding claims. A detailed presentation of the change in gross loss reserve for the property and casualty line of business is provided on page 115.

10.4. Provision for premium refunds

Development	2021	2020
in EUR '000		
Provision for premium refunds		
Book value as of 31.12. of the previous year	393,873	422,517
Exchange rate differences	3,248	-3,260
Book value as of 1.1.	397,121	419,257
Additions	427,892	54,127
Amount used/released	-290,070	-79,042
Transfer to mathematical reserve	-141,797	-469
Book value as of 31.12.	393,146	393,873
Deferred profit participation		
Book value as of 31.12. of the previous year	1,477,543	1,369,634
Book value as of 1.1.	1,477,543	1,369,634
Unrealised gains and losses on financial assets available for sale	-323,279	116,017
Underwriting gains and losses from provisions for employee benefits	14,515	3,555
Revaluations recognised through profit and loss	37,785	-11,663
Book value as of 31.12.	1,206,564	1,477,543
Provision for premium refunds incl. deferred profit participation	1,599,710	1,871,416

Maturity structure of premium refunds	Profit-related*		Profit-unrelated	
	31.12.2021	31.12.2020	31.12.2021	31.12.2020
in EUR '000				
up to one year	193,227	186,066	69,178	59,954
more than one year up to five years	393,674	491,776	1,840	1,738
more than five years up to ten years	256,238	319,750	2,517	2,266
more than ten years	669,011	797,858	14,025	12,008
Total	1,512,150	1,795,450	87,560	75,966

*Incl. deferred profit participation

10.5. Other underwriting provisions

Development	2021	2020
in EUR '000		
Book value as of 31.12. of the previous year	57,445	48,969
Exchange rate differences	-42	-1,197
Book value as of 1.1.	57,403	47,772
Additions	25,252	19,276
Amount used/released	-18,854	-9,603
Book value as of 31.12.	63,801	57,445

Other underwriting provisions are primarily a provision for guaranteed interest for the PAC Doverie in Bulgaria and the provision for cancellations.

Maturity structure	31.12.2021	31.12.2020
in EUR '000		
up to one year	20,666	21,257
more than one year up to five years	11,268	3,713
more than five years up to ten years	1,381	1,454
more than ten years	30,486	31,021
Total	63,801	57,445

11. UNDERWRITING PROVISIONS FOR UNIT- AND INDEX-LINKED LIFE INSURANCE

Composition	31.12.2021	31.12.2020
in EUR '000		
Unit-linked life insurance	7,302,876	6,349,808
Index-linked life insurance	885,917	1,267,408
Total	8,188,793	7,617,216

Development	2021	2020
in EUR '000		
Book value as of 31.12. of the previous year	7,617,216	8,115,999
Exchange rate differences	42,741	-97,029
Book value as of 1.1.	7,659,957	8,018,970
Additions	1,624,302	932,438
Amount used/released	-1,095,466	-1,334,192
Book value as of 31.12.	8,188,793	7,617,216

Maturity structure	31.12.2021	31.12.2020
in EUR '000		
up to one year	728,456	584,911
more than one year up to five years	1,202,133	1,948,796
more than five years up to ten years	1,183,717	1,196,511
more than ten years	5,074,487	3,886,998
Total	8,188,793	7,617,216

12. NON-UNDERWRITING PROVISIONS

Composition	31.12.2021	31.12.2020
in EUR '000		
Provisions for pensions and similar obligations	539,249	590,947
Provision for pension obligations	436,191	485,620
Provision for severance obligations	103,058	105,327
Provisions for other employee benefits	57,256	55,072
Other non-underwriting provisions	293,684	230,790
Total	890,189	876,809

The increase in other non-underwriting provisions was mainly due to additional provisions related to VIG Insurance Group digitalisation initiatives.

12.1. Provision for pension obligations

Development of DBO	2021	2020
in EUR '000		
Present value of the obligations (DBO) as of 31.12. of the previous year	**894,169**	920,002
Exchange rate differences	-7	-22
Present value of the obligations (DBO) as of 1.1.	**894,162**	919,980
Current service costs	13,755	15,979
Past service costs	8	5
Interest expense	6,561	6,808
Remeasurement	**-53,829**	-14,318
Actuarial gain/loss demographic	-1	777
Actuarial gain/loss financial	-42,770	242
Experience adjustment	-11,058	-15,337
Settlement payments	-1	-2,949
Benefits paid	-30,843	-31,336
Changes in scope of consolidation	-1,049	0
Present value of the obligations (DBO) as of 31.12.	**828,764**	894,169
thereof active personnel	254,349	300,181
thereof DBO retirees	574,415	593,988

Development of plan assets	2021	2020
in EUR '000		
Plan assets as of 31.12. of the previous year	**408,549**	413,642
Plan assets as of 1.1.	**408,549**	413,642
Interest income	3,007	3,060
Remeasurement	**-325**	3,114
Net return on assets	-325	3,114
Contributions*	7,930	16,110
Settlement payments	0	-72
Benefits paid	-26,588	-27,305
Plan assets as of 31.12.	**392,573**	408,549

Development of provision	2021	2020
in EUR '000		
Book value as of 31.12. of the previous year	**485,620**	506,360
Exchange rate differences	-7	-22
Book value as of 1.1.	**485,613**	506,338
Current service costs	13,755	15,979
Past service costs	8	5
Interest expense	3,554	3,748
Remeasurement	**-53,504**	-17,432
Net return on assets	325	-3,114
Actuarial gain/loss demographic	-1	777
Actuarial gain/loss financial	-42,770	242
Experience adjustment	-11,058	-15,337
Contributions*	-7,930	-16,110
Settlement payments	-1	-2,877
Benefits paid	-4,255	-4,031
Changes in scope of consolidation	-1,049	0
Book value as of 31.12.	**436,191**	485,620

*The contributions shown were made entirely by the employers.

Additional information for the Austrian companies

The plan assets consist of the following:

Structure of financial investments in the mathematical reserve for occupational group insurance	31.12.2021	31.12.2020
in %		
Wiener Städtische and VIG Holding	100.00	100.00
Fixed-interest securities	92.93	95.55
Loans	1.47	1.53
Bank deposits	3.74	1.07
Shares, supplementary capital, profit participation rights, participation capital	1.86	1.86
Donau Versicherung	100.00	100.00
Fixed-interest securities	99.92	85.26
Bank deposits	0.08	14.74

The asset allocation of the mathematical reserve for occupational group insurance is structured according to the maturity of the liabilities. Pension contributions are expected to be EUR 11,538,000 in financial year 2022 (ACTUAL in 2021: EUR 7,930,000 incl. transfers).

Pension sensitivity analysis	Variation	DBO	Change
	in %	in EUR '000	in %
Base parameters		817,595	
Interest rate	+0.5	758,584	-7.22
	-0.5	884,366	8.17
Future salary increases	+0.5	825,564	0.97
	-0.5	810,214	-0.90
Future pension increases	+0.5	874,287	6.93
	-0.5	766,119	-6.30
Employee turnover	+2.5	783,127	-4.22
	-2.5	820,756	0.39
Mortality	+5.0	801,594	-1.96
	-5.0	833,119	1.90

Parameter variations were calculated. Mortality is increased or decreased proportionally.

Pension cash flow	Expected payments
year(s)	in EUR '000
1	32,553
2	33,429
3	33,720
4	33,945
5	33,975
6–10	169,675
11–15	162,756
16–20	146,110
21–30	226,335
31–40	136,215
41+	71,841

13. LIABILITIES EXCL. SUBORDINATED LIABILITIES

Composition	31.12.2021	31.12.2020
in EUR '000		
Underwriting	1,166,270	1,083,646
Liabilities from direct business	1,008,912	890,430
to policyholders	562,792	522,515
to insurance intermediaries	269,732	248,045
to insurance companies	176,388	118,362
arising from financial insurance policies	0	1,508
Liabilities from reinsurance business	133,544	153,668
Deposits from ceded reinsurance business	23,814	39,548
Non-underwriting	1,734,010	1,170,660
Liabilities to financial institutions	351,087	325,267
Other liabilities	1,382,923	845,393
Total	2,900,280	2,254,306

Composition of Other liabilities	31.12.2021	31.12.2020
in EUR '000		
Tax liabilities (excl. income taxes), levies and fees	96,683	90,896
Liabilities for social security	21,949	19,382
Property management, building contract and property transfer liabilities	16,821	16,423
Personnel-related liabilities	153,998	143,992
Liabilities for unpaid incoming invoices	126,598	114,167
Interest payable for subordinated liabilities	32,313	32,452
Lease liabilities	181,048	189,762
Liabilities from sureties	59,816	46,183
Financing liabilities*	597,319	104,314
Other liabilities	96,378	87,822
Total	1,382,923	845,393

*Includes derivative liabilities and other financing liabilities

On 18 March 2021, a senior subordinated bond with a total nominal value of EUR 500,000,000.00 and a term of 15 years was issued for the first time. VIG Holding can call the bond in full for the first time on 26 December 2035 and any following day until maturity. The senior sustainability bond bears interest at a fixed rate of 1.00% p.a. until the end of the term. The bond is listed on the Vienna Stock Exchange and shown under financing liabilities.

Maturity structure	31.12.2021			31.12.2020
	Underwriting	Non-underwriting	Total	Total
in EUR '000				
up to one year	1,113,560	799,223	1,912,783	1,762,155
more than one year up to five years	34,028	261,517	295,545	277,245
more than five years up to ten years	10,101	82,250	92,351	81,477
more than ten years	8,581	591,020	599,601	133,429
Total	1,166,270	1,734,010	2,900,280	2,254,306

14. CONTINGENT LIABILITIES AND RECEIVABLES

Litigation relating to coverage

In their capacity as insurance companies, the Group companies are involved in a number of court proceedings as defendants or have been threatened with litigation. In addition, there are proceedings, in which the Group companies are not involved as parties, but may be affected by the outcome of such lawsuits due to agreements with other insurers concerning participation in claims. In the opinion of the Group, adequate provisions proportionate to the amount in dispute have been established for all claims in accordance with the law.

Off-balance sheet claims	31.12.2021	31.12.2020
in EUR '000		
Contingent receivables	314	0

Off-balance sheet commitments	31.12.2021	31.12.2020
in EUR '000		
Liabilities and assumed liabilities	750	750
Guarantee bond	0	13,504

15. PREMIUMS WRITTEN – GROSS

Composition	2021						
	Motor own damage insurance (Casco)	Motor third party liability insurance	Other property and casualty insurance	Life insurance – regular premium	Life insurance – single premium	Health insurance	Total
in EUR '000							
Austria	316,921	327,699	1,499,767	1,208,158	228,008	467,890	4,048,443
Czech Republic	279,235	349,310	526,050	659,140	30,204	21,000	1,864,939
Poland	192,220	310,739	444,957	166,804	135,654	29,417	1,279,791
Extended CEE	566,526	584,560	621,151	527,891	423,819	162,786	2,886,733
Special Markets	47,251	39,958	270,776	88,844	50,900	33,957	531,686
Group Functions	0	0	1,904,412	32,535	0	28,070	1,965,017
Consolidation							-1,574,043
Total	1,402,153	1,612,266	5,267,113	2,683,372	868,585	743,120	11,002,566

Composition	2020						
	Motor own damage insurance (Casco)	Motor third party liability insurance	Other property and casualty insurance	Life insurance – regular premium	Life insurance – single premium	Health insurance	Total
in EUR '000							
Austria	302,792	324,088	1,442,407	1,215,779	293,740	451,901	4,030,707
Czech Republic	244,265	311,892	492,355	630,899	34,685	18,297	1,732,393
Poland	190,967	297,169	407,732	168,103	106,357	25,908	1,196,236
Extended CEE	509,080	527,427	586,278	480,818	390,088	146,759	2,640,450
Special Markets	42,267	45,984	265,056	87,526	58,946	31,870	531,649
Group Functions	0	0	1,682,277	26,009	0	28,236	1,736,522
Consolidation							-1,439,503
Total	1,289,371	1,506,560	4,876,105	2,609,134	883,816	702,971	10,428,454

16. FINANCIAL RESULT EXCL. RESULT FROM SHARES IN AT EQUITY CONSOLIDATED COMPANIES

Composition	Austria		Czech Republic		Poland		Extended CEE	
	2021	2020	2021	2020	2021	2020	2021	2020
in EUR '000								
Current income	646,176	685,403	73,422	75,914	23,216	23,704	115,924	115,747
Appreciation	1,517	677	4,461	4,844	1,503	4,052	5,526	4,069
thereof reversal of impairment	0	43	0	0	0	0	334	19
Gains from disposal	55,039	103,936	17,918	26,201	9,351	14,798	19,536	15,112
Other income	59,812	51,115	10,066	21,876	7,544	7,486	29,495	29,342
Total income	762,544	841,131	105,867	128,835	41,614	50,040	170,481	164,270
Depreciation	56,411	103,060	4,950	6,214	5,911	2,955	9,062	15,595
thereof impairment	6,635	57,745	916	2,280	4,000	1	228	4,176
Exchange rate differences	-127	-842	2,280	709	145	-3,352	1,596	-8,351
Losses from disposal	10,702	5,400	11,235	26,718	804	3,350	1,066	1,704
Interest expenses	55,792	55,866	5,034	5,555	1,487	2,941	5,489	6,570
Interest expenses for personnel provisions	3,632	3,824	0	0	0	0	0	0
Interest expenses for liabilities to financial institutions	2,159	2,140	0	0	0	0	0	0
Interest expenses for financing liabilities	978	1,502	0	0	0	0	221	140
Interest expenses for subordinate liabilities	35,966	36,104	1,083	1,050	39	520	893	1,037
Interest expenses for lease liabilities	1,772	1,624	774	1,156	118	184	714	777
Other interest expenses	11,285	10,672	3,177	3,349	1,330	2,237	3,661	4,616
Other expenses	59,665	141,282	11,389	24,791	9,321	8,010	23,179	20,829
Managed portfolio fees	4,367	4,437	1,394	788	3,494	2,463	1,212	1,677
Asset management expenses	54,880	53,601	2,848	2,917	4,579	4,316	21,331	17,935
Other expenses	418	83,244	7,147	21,086	1,248	1,231	636	1,217
Total expenses	182,443	304,766	34,888	63,987	17,668	13,904	40,392	36,347

Composition	Special Markets		Group Functions		Consolidation		Total	
	2021	2020	2021	2020	2021	2020	2021	2020
in EUR '000								
Current income	34,270	29,710	82,411	88,058	-60,453	-64,608	914,966	953,928
Appreciation	66	49	3,100	7,015	0	0	16,173	20,706
thereof reversal of impairment	66	50	3,100	6,934	0	0	3,500	7,046
Gains from disposal	595	369	8,745	14,317	0	0	111,184	174,733
Other income	654	523	10,633	4,080	-1,007	0	117,197	114,422
Total income	35,585	30,651	104,889	113,470	-61,460	-64,608	1,159,520	1,263,789
Depreciation	546	1,608	27,403	20,628	0	0	104,283	150,060
thereof impairment	33	1,080	13,200	6,915	0	0	25,012	72,197
Exchange rate differences	-2,851	-852	6,193	35,899	-163	-557	7,073	22,654
Losses from disposal	97	229	11,829	4,953	0	0	35,733	42,354
Interest expenses	221	1,971	90,653	83,052	-56,125	-60,897	102,551	95,058
Interest expenses for personnel provisions	0	0	520	478	0	0	4,152	4,302
Interest expenses for liabilities to financial institutions	0	0	3,276	3,192	0	0	5,435	5,332
Interest expenses for financing liabilities	54	59	30,090	26,452	-25,597	-25,848	5,746	2,305
Interest expenses for subordinate liabilities	0	0	50,000	50,066	-22,432	-23,059	65,549	65,718
Interest expenses for lease liabilities	56	90	47	237	-341	-434	3,140	3,634
Other interest expenses	111	1,822	6,720	2,627	-7,755	-11,556	18,529	13,767
Other expenses	1,931	2,125	198,413	131,835	-1,036	0	302,862	328,872
Managed portfolio fees	0	0	0	0	0	0	10,467	9,365
Asset management expenses	1,800	1,600	157,466	124,857	0	0	242,904	205,226
Other expenses	131	525	40,947	6,978	-1,036	0	49,491	114,281
Total expenses	-56	5,081	334,491	276,367	-57,324	-61,454	552,502	638,998

Information on operating expenses for investment property is provided in Note 2.1. Property on page 122.

Composition	2021			2020		
Income	Current income	Appreciation	Gains from disposal	Current income	Appreciation	Gains from disposal
in EUR '000						
Property	101,972	3,385	4,470	103,732	289	2,388
Loans	**77,326**	**115**	**9,147**	79,564	68	46,503
Loans	41,243	115	9,138	41,667	68	332
Reclassified loans	7,775	0	0	7,276	0	0
Bonds classified as loans	28,308	0	9	30,621	0	46,171
Financial assets held to maturity - bonds	67,227	0	9	68,171	0	0
Financial assets reclassified as held to maturity - bonds	14,091	0	0	20,570	0	1
Financial assets available for sale	**605,638**	**0**	**86,419**	629,024	6,689	96,259
Bonds	534,566	0	39,665	553,159	6,689	62,980
Shares and other participations	22,713	0	21,773	32,538	0	15,548
thereof participations	9,024	0	2,117	16,076		542
Investment funds	48,359	0	24,981	43,327	0	17,731
Financial assets recognised at fair value through profit and loss*	3,241	12,673	9,986	3,549	13,660	29,051
Other investments	20,973	0	1,153	19,740	0	531
Unit- and index-linked life insurance	24,498	0	0	29,578	0	0
Total	**914,966**	**16,173**	**111,184**	953,928	20,706	174,733

*Including held for trading

EUR 75,060,000 (EUR 99,442,000) for financial assets available for sale were reclassified from shareholders' equity to the income statement in the current reporting period.

Composition	2021			2020		
Expenses	Depreciation	Exchange rate differences	Losses from disposal	Depreciation	Exchange rate differences	Losses from disposal
in EUR '000						
Property	73,413	0	30	71,914	0	92
Loans	**3,500**	**188**	**183**	23	-748	305
Loans	3,500	-24	9	23	-325	305
Reclassified loans	0	0	174	0	0	0
Bonds classified as loans	0	212	0	0	-423	0
Financial assets held to maturity - bonds	0	827	3	0	-1,239	4
Financial assets reclassified as held to maturity - bonds	0	46	0	0	-323	0
Financial assets available for sale	**19,824**	**3,367**	**19,440**	68,501	-4,700	10,997
Bonds	0	2,696	4,843	9,079	-5,880	2,967
Shares and other participations	19,461	202	3,697	43,911	15	484
thereof participations	0	0	0	807		308
Investment funds	363	469	10,900	15,511	1,165	7,546
Financial assets recognised at fair value through profit and loss*	7,546	2,280	13,449	9,622	827	30,567
Other investments	0	365	2,628	0	28,837	389
Total	**104,283**	**7,073**	**35,733**	150,060	22,654	42,354

*Including held for trading

Interest expenses and other expenses result from items on the liabilities side of the balance sheet or from business operations and therefore cannot be directly allocated to an investment class.

17. RESULT FROM SHARES IN AT EQUITY CONSOLIDATED COMPANIES

Composition	2021	2020
in EUR '000		
Income	24,872	490
Current result	24,872	490
Expenses	0	-29,000
Depreciation	0	-29,000
thereof impairment	0	-29,000
Total	24,872	-28,510

18. OTHER INCOME AND EXPENSES

Composition	2021	2020
in EUR '000		
Other income	165,789	145,661
Underwriting	100,649	80,850
Non-underwriting	65,140	64,811
Other expenses	317,902	232,222
Underwriting	219,804	194,944
Non-underwriting	98,098	37,278

Details of other income	2021	2020
in EUR '000		
Other income	165,789	145,661
thereof compensation for services performed	14,707	11,650
thereof release of other provisions	3,950	5,056
thereof fees of all kinds	25,845	22,925
thereof exchange rate gains	44,009	50,317
thereof income related to leases	3,705	286
thereof reversal of allowances for receivables and receipt of payment for written-off receivables	23,433	13,216
thereof commission income	2,218	3,300
thereof interest not from investments	2,760	3,127

Details of other expenses	2021	2020
in EUR '000		
Other expenses	317,902	232,222
thereof creation of allowances for receivables and receivable write-offs	39,858	44,839
thereof write-downs of insurance portfolio and customer base	8,677	16,992
thereof brokering expenses	2,037	1,387
thereof underwriting taxes	48,754	43,342
thereof exchange rate losses	43,997	21,529
thereof expenses related to leases	28,584	31,898
thereof other contributions and fees	14,191	14,381
thereof expenses for government-imposed contributions	27,038	24,055
thereof creation of other provisions	30,575	7,582

19. EXPENSES FOR CLAIMS AND INSURANCE BENEFITS – RETENTION

All payments to policyholders arising from loss events, claims settlement expenses directly related to loss events, and internal costs attributable to claims settlement under the allocation according to origin principle, are shown as expenses for claims and insurance benefits. Expenses for loss prevention are also reported in this item. Expenses for claims and insurance benefits are reduced by the income gained from using existing contractual and statutory avenues of recourse (this applies in particular to property and casualty insurance). Changes in the underwriting provisions are also reported in expenses for claims and insurance benefits.

Composition	2021	2020
in EUR '000		
Expenses for claims and insurance benefits – gross	**8,081,691**	7,688,410
Payments for claims and insurance benefits	7,754,860	7,657,038
Changes in the provision for outstanding claims	712,195	633,520
Change in mathematical reserve	-537,988	-707,301
Change in other underwriting provisions	3,012	8,343
Expenses for profit-related and profit-unrelated premium refunds	149,612	96,810
Expenses for claims and insurance benefits – reinsurers´ share	**-945,130**	-657,841
Payments for claims and insurance benefits	-545,920	-470,632
Changes in the provision for outstanding claims	-373,713	-158,933
Change in mathematical reserve	-520	98
Change in other underwriting provisions	1,763	-2,002
Expenses for profit-unrelated premium refunds	-26,740	-26,372
Expenses for claims and insurance benefits – retention	**7,136,561**	7,030,569
Payments for claims and insurance benefits	7,208,940	7,186,406
Changes in the provision for outstanding claims	338,482	474,587
Change in mathematical reserve	-538,508	-707,203
Change in other underwriting provisions	4,775	6,341
Expenses for profit-related and profit-unrelated premium refunds	122,872	70,438

20. ACQUISITION AND ADMINISTRATIVE EXPENSES

The acquisition and administrative expenses item is broken down into acquisition expenses, administrative expenses less reinsurance commissions and profit commissions for reinsurance cessions. It therefore includes VIG Insurance Group personnel and materials expenses allocated according to the origin principle.

Composition	2021	2020
in EUR '000		
Acquisition expenses	**2,211,125**	2,046,899
Commission expenses*	1,573,075	1,426,524
Pro rata personnel expenses	377,940	370,464
Pro rata material expenses	260,110	249,911
Administrative expenses	**510,949**	446,504
Pro rata personnel expenses	237,997	213,450
Pro rata material expenses	272,952	233,054
Reinsurance commissions	-185,246	-164,924
Total	**2,536,828**	2,328,479

*Includes commissions of EUR 1,481,503,000 (EUR 1,324,483,000) for direct insurance business

21. TAXES

Composition	2021	2020
in EUR '000		
Actual taxes	270,566	201,011
from the current period	263,908	233,519
from previous periods	6,658	-32,508
Deferred taxes	-147,227	-97,817
Change of deferred taxes in the current year	-131,532	-103,928
Deferred taxes due to temporary differences relating to other periods	-12,467	8,108
Deferred taxes due to loss carry forwards relating to other periods	-3,228	-1,997
Total	123,339	103,194

Reconciliation	2021	2020
in EUR '000		
Expected tax rate in %	25.0%	25.0%
Result before taxes	511,333	345,862
Expected tax expenses	127,833	86,466
Adjusted for tax effects due to:		
Different local tax rate	-41,668	-24,352
Change of tax rates	476	1,483
Non-deductible expenses	110,625	111,835
Income not subject to tax	-93,774	-76,579
Taxes from previous years	-9,037	-26,397
Non-recognition/reduction of deferred tax assets due to temporary differences	1,936	2,803
Non-recognition/reduction of deferred tax assets due to loss carry forwards	3,355	8,703
Effects due to group taxation/profit transfers	3,859	-4,063
Tax effects due to deferred profit participation	9,421	16,997
Others	10,313	6,298
Effective tax expenses	123,339	103,194
Effective tax rate in %	24.1%	29.8%

The income tax rate of the parent company is used as the group tax rate.

The non-deductible expenses consist primarily of depreciation and the income not subject to tax is mainly the result of appreciation, dividends and interest received.

22. EARNINGS PER SHARE

Under IAS 33.10, basic earnings per share are to be calculated by dividing profit or loss attributable to common shareholders of the parent entity (the numerator) by the weighted average number of common shares outstanding (the denominator) during the period.

Earnings per share		2021	2020
Result for the period	EUR '000	387,994	242,668
Non-controlling interests in net result for the period	EUR '000	-12,264	-11,155
Result for the period less non-controlling interests	EUR '000	375,730	231,513
Number of shares at closing date	units	128,000,000	128,000,000
Earnings per share*	EUR	2.94	1.81

*The undiluted earnings per share equals the diluted earnings per share (in EUR).

Consolidated financial statements

23. LIABILITIES FROM FINANCING ACTIVITIES

Development	31.12.2021			
	Subordinated liabilities (including interest)[1]	Liabilities to financial institutions	Lease liabilities	Financing liabilities[2]
in EUR '000				
Book value as of 31.12. of the previous year	1,496,361	325,267	189,762	102,204
Cash changes	**-68,341**	**19,596**	**-28,535**	**486,944**
Cash inflows	0	35,000	0	488,000
Payments	-3,790	-10,733	-28,535	-33
Interest paid	-64,551	-4,671	0	-1,023
Non-cash changes	**65,579**	**6,224**	**19,821**	**5,484**
Additions	64,431	6,221	16,093	5,741
Disposals	0	0	-17	-260
Changes in scope of consolidation	0	0	828	0
Measurement changes	0	0	0	2
Exchange rate differences	1,148	3	2,917	1
Book value as of 31.12.	**1,493,599**	**351,087**	**181,048**	**594,632**

[1] The interest payable for subordinated liabilities is included in other liabilities.
[2] Contains derivative liabilities from financing liabilities and other financing liabilities

Development	31.12.2020			
	Subordinated liabilities (including interest)[1]	Liabilities to financial institutions	Lease liabilities	Financing liabilities[2]
in EUR '000				
Book value as of 31.12. of the previous year	1,496,971	215,418	199,332	74,539
Cash changes	-64,518	103,795	-33,282	25,762
Cash inflows	0	124,739	0	28,500
Payments	0	-16,803	-33,282	-889
Interest paid	-64,518	-4,141	0	-1,849
Non-cash changes	63,908	6,054	23,712	1,903
Additions	64,614	6,055	26,415	2,303
Disposals	0	0	-247	0
Measurement changes	0	0	-16	-387
Exchange rate differences	-706	-1	-2,440	-13
Book value as of 31.12.	1,496,361	325,267	189,762	102,204

[1] The interest payable for subordinated liabilities is included in other liabilities.
[2] Contains derivative liabilities from financing liabilities and other financing liabilities

24. FINANCIAL INSTRUMENTS AND FAIR VALUE MEASUREMENT HIERARCHY

Fair values and book values of financial instruments and investments

Fair values and book values of financial instruments and investments	31.12.2021				
	Book value	Level 1	Level 2	Level 3	Fair value
in EUR '000					
Property	2,850,588	0	64,483	4,617,616	4,682,099
Owner-occupied property	472,303	0	26,866	788,603	815,469
Investment property	2,378,285	0	37,617	3,829,013	3,866,630
Shares in at equity consolidated companies	276,913				
Loans	2,156,064	58,403	2,280,842	40,412	2,379,657
Loans	1,273,633	0	1,322,849	26,155	1,349,004
Reclassified loans	106,677	33,681	92,792	0	126,473
Bonds classified as loans	775,754	24,722	865,201	14,257	904,180
Other financial assets	28,653,998	23,486,989	4,427,171	838,085	28,752,245
Financial assets held to maturity	2,255,318	1,767,514	541,052	9,646	2,318,212
Financial assets reclassified as held to maturity	302,402	327,417	10,338	0	337,755
Financial assets available for sale	25,849,069	21,260,626	3,829,911	758,532	25,849,069
Financial assets recognised at fair value through profit and loss[1]	247,209	131,432	45,870	69,907	247,209
Other investments	872,227				872,227
Financial investments for unit- and index-linked life insurance	8,525,331	8,525,331			8,525,331
Subordinated liabilities	1,461,286	0	1,586,047	21,199	1,607,246
Liabilities to financial institutions	351,087				351,087
Financing liabilities[2]	594,614	0	487,493	102,870	590,363

[1] including held for trading
[2] Not including derivative liabilities

Fair values and book values of financial instruments and investments	31.12.2020				
	Book value	Level 1	Level 2	Level 3	Fair value
in EUR '000					
Property	2,507,413	0	63,132	4,127,729	4,190,861
Owner-occupied property	477,469	0	27,210	769,443	796,653
Investment property	2,029,944	0	35,922	3,358,286	3,394,208
Shares in at equity consolidated companies	291,561				
Loans	2,566,884	162,320	2,615,357	102,552	2,880,229
Loans	1,647,782	76,214	1,610,950	85,860	1,773,024
Reclassified loans	136,308	59,988	97,855	5,000	162,843
Bonds classified as loans	782,794	26,118	906,552	11,692	944,362
Other financial assets	28,685,004	23,919,022	4,424,592	734,347	29,077,961
Financial assets held to maturity	2,163,435	1,924,912	544,108	10,825	2,479,845
Financial assets reclassified as held to maturity	293,003	352,601	16,949	0	369,550
Financial assets available for sale	25,983,431	21,517,902	3,806,396	659,133	25,983,431
Financial assets recognised at fair value through profit and loss[1]	245,135	123,607	57,139	64,389	245,135
Other investments	850,324				850,324
Financial investments for unit- and index-linked life insurance	7,968,039	7,968,039			7,968,039
Subordinated liabilities	1,463,909	0	1,615,767	21,036	1,636,803
Liabilities to financial institutions	325,267				325,267
Financing liabilities[2]	102,189	0	0	102,189	102,189

[1] including held for trading
[2] Not including derivative liabilities

Information on the nature and extent of risks arising from financial instruments is provided in the Financial instruments and risk management section on page 93.

Property (fair values)	31.12.2021	31.12.2020
in EUR '000		
Owner-occupied property	815,469	796,653
evaluated by an independent expert	348,034	310,809
evaluated by an internal expert	467,435	485,844
Investment property	3,866,630	3,394,208
evaluated by an independent expert*	916,684	810,888
evaluated by an internal expert	2,949,946	2,583,320

*This corresponds to 23.71% (23.89%) of the fair value of investment property.

Measurement process

The measurement process aims to determine the fair value of financial assets using price quotations that are publicly available in active markets or valuations based on recognised economic models using observable inputs. If public price quotations and observable market data are not available for an investment, the investment is generally measured using valuation reports prepared by appraisers (e.g. expert reports). The organisational units responsible for appraisal of investments are independent of the units that assume the risk exposure of the investments, thereby ensuring separation of functions and responsibilities.

As a rule, the aim is to use the same price within VIG Insurance Group to value a particular security on each valuation date. In practice, however, situations occur when the cost of process compliance would be inappropriate. For example, the local provisions in some countries in which VIG Insurance Group operates require the insurance companies there to use prices on the local stock exchange to value certain investments. In this case, if the same security is held by other companies in VIG Insurance Group, these companies might use another price source for valuation.

Institutional funds are another example where uniform valuation can only be achieved at an inordinately high cost. The Austrian companies hold varying amounts of institutional funds that are required under the IFRS to be included in the consolidated financial statements. However, the valuation logic of an institutional fund requires the fund value (NAV) on a particular date to be calculated using the (in general, closing) prices on the previous day. In this case, a security that is both held in an institutional fund and directly held will be valued using different prices.

The following items are measured at fair value:

- Financial assets available for sale,
- Financial assets recognised at fair value through profit and loss (incl. held for trading),
- Derivative financial instruments (assets/liabilities), and
- Financial instruments for unit- and index-linked life insurance.

Balance sheet items that are not reported at fair value are subject to a non-recurring measurement at fair value. These items are measured at fair value when events occur that indicate that the book value might no longer be recoverable (impairment).

The following items are not reported at fair value:

- Financial assets held to maturity,
- Shares in at equity consolidated companies,
- Property (owner-occupied and investment property),
- Loans, and
- Receivables.

REAL ESTATE VALUATION

The capitalised earnings method and discounted cash flow method are the main valuation methods used in VIG Insurance Group to calculate the fair value of properties.

Each time valuation is performed, the methods are verified which allow the fair value of a property to be calculated. VIG Insurance Group mainly uses the capitalised earnings method. In rare cases, a discounted cash flow method is also used, provided it can be used to determine the highest and best use value for the property type.

Capitalised earnings method

In this method, the value of a property is determined by using an appropriate interest rate to capitalise expected or received future gross profits over the expected useful life. The net operating income is calculated by deducting actual operating, maintenance and administrative expenses (management expenses). An allowance for lost rental income and any liquidation proceeds and costs are also taken into account. The rate used to calculate capitalised earnings is based on the achievable return on investment. Net operating income minus the return on the land is capitalised at this rate over the remaining useful life to calculate the capitalised earnings value of the structural facility. This is added to the land value to calculate the total capitalised earnings value of the property.

Discounted cash flow method

The discounted cash flow method is a valuation method that discounts cash flows during the forecast phase (phase I) back to the valuation date. Discounting is performed using a rate for a comparable risky investment with property- and market-specific premiums. The gross profit for the year plus vacancy rental (at current market rent) minus non-allocable management costs equals the net operating income for the year. The method allows precise analysis of the individual years of the initial forecast phase so that investments and vacancies can be assigned to individual years and accounted for in advance. In phase II, the proceeds from a fictitious disposal at the end of the forecast phase (max. 10 years) are calculated by capitalising future cash flows. The rate used for this calculation is the rate for a comparably risky investment plus market- and property-specific premiums, less the expected increase in value.

OTHER DISCLOSURES ABOUT THE VALUATION PROCESS

The use of different pricing models and assumptions can lead to differing results for fair value. Changes in the estimates and assumptions used to determine the fair value of assets in cases where no market price quotations are available may necessitate a write-up or write-down of the book value of the assets in question and the recognition of the corresponding income or expense in the income statement.

Certain investments whose fair value is normally not repeatedly measured are measured once at fair value when events or changes in circumstances indicate that the book value might no longer be recoverable. If financial assets are measured at fair value when impairment is recognised or fair value minus selling costs is used as a measurement basis in accordance with IFRS 5, a disclosure to this effect is included in Note 16. Financial result excl. result from shares in at equity consolidated companies starting on page 148 or Note 18. Other income and expenses on page 151.

Measurement hierarchy – Financial instruments recognised at fair value

Measurement hierarchy	31.12.2021			31.12.2020		
Financial instruments recognised at fair value	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
in EUR '000						
Financial assets						
Financial assets available for sale	21,260,626	3,829,911	758,532	21,517,902	3,806,396	659,133
Bonds	18,334,752	3,721,353	249,107	18,893,447	3,709,909	292,349
Shares and other participations	425,500	4,427	341,006	372,249	3,636	296,400
Investment funds	2,500,374	104,131	168,419	2,252,206	92,851	70,384
Financial investments for unit- and index-linked life insurance	8,525,331			7,968,039		
Financial liabilities						
Financing liabilities*	0	487,493	102,870	0	0	102,189

*Not including derivative liabilities

The unrealised effect on the result (net profit or loss) from level 3 financial instruments that are still in the portfolio and whose fair value is recognised in profit or loss was EUR -578,000 during the reporting year (EUR -625,000).

Reclassification of financial instruments

The companies in VIG Insurance Group regularly reviews the validity of the last fair value classification performed on each valuation date. For example, a reclassification is performed, if needed inputs are no longer directly observable in the market.

Reclassifications between Level 1 and 2 primarily occur if liquidity, trading frequency or trading activity of the particular financial instrument once again, or no longer allows one to conclude that an active market exists. For example, the market maker for a security frequently changes, with corresponding changes on the liquidity. Similarly, when shares are included in (or removed from) an index that acts as a benchmark for many funds. In this case, the classification can also change. As a result of the decentralised structure of VIG Insurance Group, the classifications are generally reviewed by the local companies at the end of the period. Any reclassifications are presented as if they had taken place at the end of the period.

Unobservable input factors

Asset class	Measurement methods	Unobservable input factors	Range
Property	Market value	Capitalisation rate	1.00%–7.50%
		Rental income	EUR 3,000–EUR 3,765,000
		Land prices	EUR 0–EUR 11,000
	Discounted Cash flow	Capitalisation rate	3.56%–8.03%
		Rental income	EUR 96,555–EUR 6,913,000
	Building rights	Capitalisation rate	2.5%–4.0%
		Rental income	76,751 EUR–4,377,000 EUR
		Land prices	250 EUR–730 EUR
		Construction interest actually paid	0.2%–5.7%
Financial assets available for sale	Present value method	Spreads	-0.13%–4.13%

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

The spread assumption is the critical factor for the changes in value of Level 3 measured bonds in the "Financial instruments available for sale" category and as a result, the sensitivity to this factor is of particular interest. The spreads have increased up to 120 basis points compared to the measurement performed before the COVID-19 pandemic.

The most important bonds measured using a level 3 method in the "Financial instruments available for sale" category are held by the Austrian, Czech and Polish Group companies and show the following sensitivities:

Financial assets available for sale – bonds	Fair Value
in EUR '000	
Fair value at 31.12.2021	249,107
Spread +50bp	-3,170
Effect on the statement of comprehensive income	-3,170

The following sensitivities result from calculations using the Solvency II partial internal model:

Property	Fair Value
in EUR '000	
Fair value at 31.12.2021	4,195,291
Rental income -5%	4,045,918
Rental income +5%	4,360,263
Capitalisation rate -50bp	4,477,311
Capitalisation rate +50bp	3,968,470
Land prices -5%	4,166,862
Land prices +5%	4,238,491

Since property is measured at cost, negative sensitivities would only affect profit or loss if property value fell below book value. Other comprehensive income is therefore unaffected.

Financial instruments reconciliation

Development	2021			2020		
Financial assets available for sale	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
in EUR '000						
Fair value at 31.12 of the previous year	21,517,902	3,806,396	659,133	21,011,483	3,476,413	660,207
Exchange rate differences	23,856	7,257	182	-102,154	-5,287	-3,879
Fair value at 1.1.	21,541,758	3,813,653	659,315	20,909,329	3,471,126	656,328
Reclassification between securities categories	0	0	15	0	0	-6
Reclassification to Level	9,421	65,879	50,951	36,688	135,265	44,850
Reclassification from Level	-93,988	-20,560	-11,703	-130,840	-56,090	-29,873
Additions	2,640,362	625,106	192,969	2,751,042	518,759	96,976
Disposals	-2,199,866	-530,097	-96,578	-2,327,967	-320,465	-65,481
Changes in scope of consolidation	0	0	-32,037	0	0	-42,324
Changes in value recognised in profit and loss	0	0	0	6,689	0	0
Changes recognised directly in equity	-637,023	-123,926	15,241	332,084	58,483	7,358
Impairments	-38	-144	-19,641	-59,123	-682	-8,695
Fair value at 31.12.	21,260,626	3,829,911	758,532	21,517,902	3,806,396	659,133

For information on the effects of changes in value recognised in profit or loss, please refer to Note 16. Financial result excl. result from shares in at equity consolidated companies on page 148.

25. NUMBER OF EMPLOYEES AND PERSONNEL EXPENSES

Number of employees	2021	2020
Number		
Sales representatives	13,142	13,450
Office staff	12,542	12,230
Total	25,684	25,680

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

Personnel expenses	2021	2020
in EUR '000		
Wages and salaries	624,170	594,092
Expenses for severance benefits and payments to company pension plans	8,624	7,908
Expenses for retirement provisions	18,970	13,690
Mandatory social security contributions and expenses	171,955	162,082
Other social security expenses	22,619	21,108
Total	846,338	798,880
thereof sales representatives	378,722	361,418
thereof office staff	467,616	437,462

26. AUDITING FEES AND AUDITING SERVICES

KPMG Austria GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft (KPMG Austria GmbH) was the auditor of these consolidated financial statements. The following expenses were recognised during the financial year for services provided by KPMG Austria GmbH and the Austrian member firms (KPMG Austria-wide):

Composition	2021			2020
	KPMG Austria wide	KPMG Austria GmbH	Total	Total
in EUR '000				
Audit of consolidated financial statements	0	265	265	251
Audit of parent company financial statements	0	59	59	56
Other audit services	375	48	423	392
Tax advisory fees	9	0	9	21
Fees for audit related services	524	84	608	479
Total	908	455	1,364	1,199

27. MEMBERS OF MANAGEMENT IN KEY POSITIONS

Supervisory Board	
Chairman	Günter Geyer
1st Deputy Chairman	Rudolf Ertl
2nd Deputy Chairman	Robert Lasshofer (since 6 September 2021)
	Georg Riedl (until 6 September 2021)
Members	Martina Dobringer
	Zsuzsanna Eifert (since 15 July 2021)
	Gerhard Fabisch
	Robert Lasshofer (from 15 July until 6 September 2021)
	Peter Mihók
	Heinz Öhler
	Georg Riedl (since 6 September 2021)
	Gabriele Semmelrock-Werzer
	Katarina Slezáková
	Gertrude Tumpel-Gugerell

Managing Board	
Chairwoman	Elisabeth Stadler
Deputy Chairman	Hartwig Löger (since 15 September 2021)
Members	Liane Hirner
	Peter Höfinger
	Gerhard Lahner
	Gábor Lehel
	Hartwig Löger (until 14 September 2021)
	Harald Riener
	Peter Thirring

28. AFFILIATED COMPANIES AND PARTICIPATIONS

Company name, registered office	Country of domicile	Equity interest 2021[1)]	Equity interest 2020[1)]	Equity 2021[2)]	Equity 2020[2)]
		in %	in %	in EUR '000	in EUR '000
Fully consolidated companies					
"BULSTRAD LIFE VIENNA INSURANCE GROUP" JOINT STOCK COMPANY, Sofia	Bulgaria	100.00	100.00	27,375	30,111
"Compensa Vienna Insurance Group", ADB, Vilnius	Lithuania	100.00	100.00	86,338	88,220
"Grüner Baum" Errichtungs- und Verwaltungsges.m.b.H., Vienna	Austria	100.00	100.00	39,996	39,953
Anděl Investment Praha s.r.o., Prague	Czech Republic	100.00	100.00	24,052	23,498
Anif-Residenz GmbH & Co KG, Vienna	Austria	100.00	100.00	16,597	14,901
Asigurarea Românească - ASIROM Vienna Insurance Group S.A., Bucharest	Romania	99.79	99.72	79,960	85,031
ATBIH GmbH, Vienna	Austria	100.00	100.00	173,509	182,488
ATRIUM TOWER SPÓŁKA Z OGRANICZONĄ ODPOWIEDZIALNOSCIĄ, Warsaw	Poland	100.00	100.00	18,559	20,271
BCR Asigurări de Viață Vienna Insurance Group S.A., Bucharest	Romania	93.98	93.98	48,074	47,537
Blizzard Real Sp. z o.o., Warsaw	Poland	100.00	100.00	3,347	2,925
BTA Baltic Insurance Company AAS, Riga	Latvia	100.00	100.00	64,005	71,897
Bulgarski Imoti Asistans EOOD, Sofia	Bulgaria	100.00	100.00	-1,284	-543
Businesspark Brunn Entwicklungs GmbH, Vienna	Austria	100.00	100.00	33,983	34,433
CAPITOL, akciová spoločnosť, Bratislava	Slovakia	100.00	100.00	1,562	1,242
CENTER Hotelbetriebs GmbH, Vienna	Austria	80.00	80.00	10	-1,042
Central Point Insurance IT-Solutions GmbH, Vienna	Austria	100.00	100.00	10,952	-24,296
Česká podnikatelská pojišťovna, a.s., Vienna Insurance Group, Prague	Czech Republic	100.00	100.00	114,722	129,748
Compania de Asigurări "DONARIS VIENNA INSURANCE GROUP" Societate pe Actiuni, Chișinău	Moldova	99.99	99.99	5,639	4,837
Compensa Life Vienna Insurance Group SE, Tallinn	Estonia	100.00	100.00	45,469	51,483
Compensa Towarzystwo Ubezpieczeń Na Życie S.A. Vienna Insurance Group, Warsaw	Poland	99.97	99.97	59,036	72,226
Compensa Towarzystwo Ubezpieczeń S.A. Vienna Insurance Group, Warsaw	Poland	99.94	99.94	96,104	140,163
CP Solutions a.s., Prague	Czech Republic	100.00	100.00	12,849	12,027
DBLV Immobesitz GmbH & Co KG, Vienna	Austria	100.00	100.00	3,025	3,075
DBR-Liegenschaften GmbH & Co KG, Stuttgart	Germany	100.00	100.00	8,247	9,674
Deutschmeisterplatz 2 Objektverwaltung GmbH, Vienna	Austria	100.00	100.00	2,963	3,043
Donau Brokerline Versicherungs-Service GmbH, Vienna	Austria	100.00	100.00	96,047	95,792
DONAU Versicherung AG Vienna Insurance Group, Vienna	Austria	100.00	100.00	108,482	104,360
DVIB alpha GmbH, Vienna	Austria	100.00	100.00	8,373	8,377
DVIB GmbH, Vienna	Austria	100.00	100.00	95,420	94,041
DV Immoholding GmbH, Vienna	Austria	100.00	100.00	22,854	8,315
ELVP Beteiligungen GmbH, Vienna	Austria	100.00	100.00	23,324	23,322
EUROPEUM Business Center s.r.o., Bratislava	Slovakia	100.00	100.00	8,634	9,030
Floridsdorf am Spitz 4 Immobilienverwertungs GmbH, Vienna	Austria	100.00	100.00	18,545	18,672
Gesundheitspark Wien-Oberlaa Gesellschaft m.b.H., Vienna	Austria	100.00	100.00	29,446	29,826
GLOBAL ASSISTANCE, a.s., Prague	Czech Republic	100.00	100.00	6,134	5,408
HUN BM Korlátolt Felelősségű Társaság, Budapest	Hungary	100.00	100.00	4,830	4,475
Insurance Company Vienna osiguranje d.d., Vienna Insurance Group, Sarajevo	Bosnia-Herzegovina	100.00	100.00	11,649	9,921
INSURANCE ONE-SHAREHOLDER JOINT-STOCK COMPANY BULSTRAD VIENNA INSURANCE GROUP EAD, Sofia	Bulgaria	100.00	100.00	76,845	59,540
InterRisk Lebensversicherungs-AG Vienna Insurance Group, Wiesbaden	Germany	100.00	100.00	23,518	23,518
InterRisk Towarzystwo Ubezpieczeń S.A. Vienna Insurance Group, Warsaw	Poland	100.00	100.00	72,346	112,131
InterRisk Versicherungs-AG Vienna Insurance Group, Wiesbaden	Germany	100.00	100.00	56,120	53,770

Company name, registered office	Country of domicile	Equity interest 2021[1]	Equity interest 2020[1]	Equity 2021[2]	Equity 2020[2]
		in %	in %	in EUR '000	in EUR '000
INTERSIG VIENNA INSURANCE GROUP Sh.A., Tirana	Albania	89.98	89.98	6,648	6,085
Joint Stock Company Insurance Company GPI Holding, Tbilisi	Georgia	90.00	90.00	15,100	12,291
Joint Stock Company International Insurance Company IRAO, Tbilisi	Georgia	100.00	100.00	4,832	3,640
Joint Stock Insurance Company WINNER-Vienna Insurance Group, Skopje	North Macedonia	100.00	100.00	7,461	7,138
Kaiserstraße 113 GmbH, Vienna	Austria	100.00	100.00	2,798	2,637
KÁLVIN TOWER Ingatlanfejlesztési és Beruházási Korlátolt Felelősségű Társaság, Budapest	Hungary	100.00	100.00	2,309	2,499
KAPITOL, a.s., Brno	Czech Republic	100.00	100.00	1,920	2,318
KKB Real Estate SIA, Riga	Latvia	100.00	100.00	20,472	17,311
KOMUNÁLNA poisťovňa, a.s. Vienna Insurance Group, Bratislava	Slovakia	100.00	100.00	74,869	76,662
KOOPERATIVA poisťovňa, a.s. Vienna Insurance Group, Bratislava	Slovakia	98.47	98.47	385,574	408,100
Kooperativa pojišťovna, a.s., Vienna Insurance Group, Prague	Czech Republic	97.28	97.28	682,480	754,598
LVP Holding GmbH, Vienna	Austria	100.00	100.00	622,534	591,192
MAP-WSV Beteiligungen GmbH, Vienna	Austria	100.00	100.00	307,688	220,778
MC EINS Investment GmbH, Vienna	Austria	100.00	100.00	19,726	19,096
MH 54 Immobilienanlage GmbH, Vienna	Austria	100.00	100.00	26,356	26,402
NNC REAL ESTATE SPÓŁKA Z OGRANICZONĄ ODPOWIEDZIALNOŚCIĄ, Warsaw	Poland	100.00		20,284	
Nußdorfer Straße 90-92 Projektentwicklung GmbH & Co KG, Vienna	Austria	100.00	100.00	39,450	39,213
OMNIASIG VIENNA INSURANCE GROUP S.A., Bucharest	Romania	99.54	99.54	143,913	149,566
OÜ LiveOn Paevalille, Tallinn	Latvia	100.00		92	
Palais Hansen Immobilienentwicklung GmbH, Vienna	Austria	56.55	56.55	37,277	17,200
Passat Real Sp. z o.o., Warsaw	Poland	100.00	100.00	-1,191	-1,390
Pension Assurance Company Doverie AD, Sofia	Bulgaria	92.58	92.58	31,402	29,183
PFG Holding GmbH, Vienna	Austria	89.23	89.23	78,376	77,316
PFG Liegenschaftsbewirtschaftungs GmbH & Co KG, Vienna	Austria	92.88	92.88	12,478	7,446
Porzellangasse 4 Liegenschaftsverwaltung GmbH & Co KG, Vienna	Austria	100.00	100.00	12,983	13,005
PRIVATE JOINT-STOCK COMPANY "INSURANCE COMPANY "KNIAZHA LIFE VIENNA INSURANCE GROUP", Kyiv	Ukraine	99.81	99.81	3,407	2,743
Private Joint-Stock Company "Insurance company" Ukrainian insurance group", Kyiv	Ukraine	100.00	100.00	18,653	17,594
PRIVATE JOINT-STOCK COMPANY "UKRAINIAN INSURANCE COMPANY "KNIAZHA VIENNA INSURANCE GROUP", Kyiv	Ukraine	99.99	99.99	11,478	8,481
PROGRESS Beteiligungsges.m.b.H., Vienna	Austria	70.00	70.00	15,825	17,973
Projektbau GesmbH, Vienna	Austria	100.00	100.00	15,065	15,358
Projektbau Holding GmbH, Vienna	Austria	100.00	90.00	14,185	14,186
Rathstraße 8 Liegenschaftsverwertungs GmbH, Vienna	Austria	100.00	100.00	1,656	1,498
Ray Sigorta A.Ş., Istanbul	Turkey	94.96	94.96	28,867	37,079
Rößlergasse Bauteil Drei GmbH, Vienna	Austria	100.00	100.00	29,583	29,378
Rößlergasse Bauteil Zwei GmbH, Vienna	Austria	100.00	100.00	11,552	11,495
S - budovy, a.s., Prague	Czech Republic	100.00	100.00	3,059	2,895
Schulring 21 Bürohaus Errichtungs- und Vermietungs GmbH & Co KG, Vienna	Austria	100.00	100.00	7,744	7,736
SECURIA majetkovosprávna a podielová s.r.o., Bratislava	Slovakia	100.00	100.00	10,305	7,160
Senioren Residenz Fultererpark Errichtungs- und Verwaltungs GmbH, Vienna	Austria	100.00	100.00	-6,749	-6,409
Senioren Residenz Veldidenapark Errichtungs- und Verwaltungs GmbH, Vienna	Austria	66.70	66.70	8,211	8,268
SIA “Alauksta 13/15”, Riga	Latvia	100.00	100.00	971	3
SIA “Artilērijas 35”, Riga	Latvia	100.00	100.00	918	3
SIA “Ģertrūdes 121”, Riga	Latvia	100.00	100.00	3,379	3
SIA "Global Assistance Baltic", Riga	Latvia	100.00	100.00	277	300
SIA "LiveOn", Riga	Latvia	70.00		21,530	

Company name, registered office	Country of domicile	Equity interest 2021[1)]	Equity interest 2020[1)]	Equity 2021[2)]	Equity 2020[2)]
		in %	in %	in EUR '000	in EUR '000
SIA "LiveOn Stirnu", Riga	Latvia	100.00		1,702	
SIA LiveOn Terbatas, Riga	Latvia	100.00		8,201	
SIA "Urban Space", Riga	Latvia	100.00	100.00	481	456
Sigma Interalbanian Vienna Insurance Group Sh.a, Tirana	Albania	89.05	89.05	16,501	14,918
SK BM s.r.o., Bratislava	Slovakia	100.00	100.00	13,136	13,273
SMARDAN 5 DEVELOPMENT S.R.L., Bucharest	Romania	100.00	100.00	-51	-8
Stock Company for Insurance and Reinsurance MAKEDONIJA Skopje - Vienna Insurance Group, Skopje	North Macedonia	94.26	94.26	27,280	25,925
SVZ GmbH, Vienna	Austria	100.00	100.00	176,329	162,664
SVZD GmbH, Vienna	Austria	100.00	100.00	73,285	60,408
SVZI GmbH, Vienna	Austria	100.00	100.00	171,480	158,700
T 125 GmbH, Vienna	Austria	100.00	100.00	9,012	8,875
TBI BULGARIA EAD in liquidation, Sofia	Bulgaria	100.00	100.00	529	40,437
TECHBASE Science Park Vienna GmbH, Vienna	Austria	100.00	100.00	17,829	18,033
twinformatics GmbH, Vienna	Austria	100.00	100.00	2,887	2,546
UAB LiveOn Linkmenu, Vilnius	Lithuania	100.00		4,188	
UNION Vienna Insurance Group Biztosító Zrt., Budapest	Hungary	98.64	98.64	50,774	50,254
Untere Donaulände 40 GmbH & Co KG, Vienna	Austria	100.00	100.00	11,340	11,341
Vienibas Gatve Investments OÜ, Tallinn	Estonia	100.00	100.00	73	-102
Vienibas Gatve Properties SIA, Riga	Latvia	100.00	100.00	1,630	1,631
Vienna-Life Lebensversicherung AG Vienna Insurance Group, Bendern	Liechtenstein	100.00	100.00	9,535	9,163
Vienna Life Towarzystwo Ubezpieczeń na Życie S.A. Vienna Insurance Group, Warsaw	Poland	100.00	100.00	4,976	4,167
VIG-AT Beteiligungen GmbH, Vienna	Austria	100.00	100.00	352,832	314,222
VIG-CZ Real Estate GmbH, Vienna	Austria	100.00	100.00	147,538	140,059
VIG FUND, a.s., Prague	Czech Republic	100.00	100.00	275,189	232,016
VIG Home, s.r.o., Bratislava	Slovakia	100.00	100.00	21,897	8,006
V.I.G. ND, a.s., Prague	Czech Republic	100.00	100.00	94,959	90,566
VIG Offices, s.r.o., Bratislava	Slovakia	100.00	100.00	16,003	10,459
VIG Properties Bulgaria AD, Sofia	Bulgaria	99.97	99.97	3,748	3,746
VIG RE zajišťovna, a.s., Prague	Czech Republic	100.00	100.00	179,835	180,831
VIG REAL ESTATE DOO, Belgrade	Serbia	100.00	100.00	10,432	10,462
VIG Services Ukraine, LLC, Kyiv	Ukraine	100.00	100.00	1,438	1,461
Virtus Sechzehn Beteiligungs GmbH, Vienna	Austria	100.00		28,751	
VITEC Vienna Information Technology Consulting GmbH, Vienna	Austria	51.00	51.00	447	504
WGPV Holding GmbH, Vienna	Austria	100.00	100.00	107,003	107,980
WIBG Holding GmbH & Co KG, Vienna	Austria	100.00	100.00	80,098	78,898
WIBG Projektentwicklungs GmbH & Co KG, Vienna	Austria	100.00	100.00	80,031	79,044
Wiener Osiguranje Vienna Insurance Group ad, Banja Luka	Bosnia-Herzegovina	100.00	100.00	8,919	9,088
Wiener osiguranje Vienna Insurance Group dioničko društvo za osiguranje, Zagreb	Croatia	97.82	97.82	98,736	107,483
"WIENER RE" akcionarsko društvo za reosiguranje, Belgrade	Serbia	100.00	100.00	7,491	7,569
WIENER STÄDTISCHE OSIGURANJE akcionarsko drustvo za osiguranje, Belgrade	Serbia	100.00	100.00	55,964	62,421
WIENER STÄDTISCHE VERSICHERUNG AG Vienna Insurance Group, Vienna	Austria	97.75	97.75	559,209	545,874
WIENER TOWARZYSTWO UBEZPIECZEŃ SPÓŁKA AKCYJNA VIENNA INSURANCE GROUP, Warsaw	Poland	100.00	100.00	34,035	44,171
WIENER VEREIN BESTATTUNGS- UND VERSICHERUNGSSERVICE-GESELLSCHAFT M.B.H., Vienna	Austria	100.00	100.00	1,938	1,896
WILA GmbH, Vienna	Austria	100.00	100.00	31,685	15,790
WINO GmbH, Vienna	Austria	100.00	100.00	46,117	18,300
WNH Liegenschaftsbesitz GmbH, Vienna	Austria	100.00	100.00	5,363	4,969
WSBV Beteiligungsverwaltung GmbH & Co KG, Vienna	Austria	100.00	100.00	24,125	11,294

Company name, registered office	Country of domicile	Equity interest 2021[1)]	Equity interest 2020[1)]	Equity 2021[2)]	Equity 2020[2)]
		in %	in %	in EUR '000	in EUR '000
WSV Beta Immoholding GmbH, Vienna	Austria	100.00	100.00	73,972	45,987
WSVA Liegenschaftbesitz GmbH, Vienna	Austria	100.00	100.00	43,310	10,468
WSVB Liegenschaftbesitz GmbH, Vienna	Austria	100.00	100.00	41,496	29,150
WSVC Liegenschaftbesitz GmbH, Vienna	Austria	100.00	100.00	21,341	16,298
WSV Immoholding GmbH, Vienna	Austria	100.00	100.00	511,862	399,183
WSV Triesterstraße 91 Besitz GmbH & Co KG, Vienna	Austria	100.00	100.00	81,865	79,710
WSV Vermögensverwaltung GmbH, Vienna	Austria	100.00	100.00	7,487	4,568
WWG Beteiligungen GmbH, Vienna	Austria	87.07	87.07	93,289	91,785

1 The share in equity equals the share in voting rights before non-controlling interests.

2 The capital value shown corresponds to the latest local annual financial statements available.

Company name, registered office	Country of domicile	Equity interest 2021[1)]	Equity interest 2020[1)]	Equity 2021[2)]	Equity 2020[2)]
		in %	in %	in EUR '000	in EUR '000
At equity consolidated companies					
"Schwarzatal" Gemeinnützige Wohnungs- und Siedlungsanlagen-GmbH, Vienna	Austria	100.00	100.00	165,442	158,289
Alpenländische Gemeinnützige WohnbauGmbH, Innsbruck	Austria	94.84	94.84	229,840	212,947
Beteiligungs- und Immobilien GmbH, Linz	Austria	25.00	25.00	19,878	18,651
Beteiligungs- und Wohnungsanlagen GmbH, Linz	Austria	25.00	25.00	229,253	220,763
CROWN-WSF spol. s.r.o., Prague	Czech Republic	30.00	30.00	8,882	8,224
EGW Erste gemeinnützige Wohnungsgesellschaft mbH, Vienna	Austria	99.77	99.77	309,955	289,207
ERSTE d.o.o. - za upravljanje obveznim i dobrovljnim mirovinskim fondovima, Zagreb	Croatia	25.30	25.30	15,481	14,470
Gemeinnützige Industrie-Wohnungsaktiengesellschaft, Leonding	Austria	55.00	55.00	332,045	317,753
Gemeinnützige Mürz-Ybbs Siedlungsanlagen-GmbH, Kapfenberg	Austria	99.92	99.92	148,588	142,197
Gewista-Werbegesellschaft m.b.H., Vienna	Austria	33.00	33.00	116,801	104,366
NEUE HEIMAT Oberösterreich Gemeinnützige Wohnungs- und SiedlungsgesmbH, Linz	Austria	99.82	99.82	212,512	198,070
Neuland gemeinnützige Wohnbau-Gesellschaft m.b.H., Vienna	Austria	61.00	61.00	109,955	108,101
Österreichisches Verkehrsbüro Aktiengesellschaft, Vienna (Consolidated Financial Statements)	Austria	36.58	36.58	61,670	40,607
SOZIALBAU gemeinnützige Wohnungsaktiengesellschaft, Vienna	Austria	54.17	54.17	342,450	337,194
Towarzystwo Ubezpieczeń Wzajemnych „TUW", Warsaw	Poland	52.16	52.16	57,690	62,278
Urbanbau Gemeinnützige Bau-, Wohnungs- und Stadterneuerungsgesellschaft m.b.H., Vienna	Austria	51.46	51.46	142,492	137,346
VBV - Betriebliche Altersvorsorge AG, Vienna (Consolidated Financial Statements)	Austria	25.32	25.32	279,847	260,233

1 The share in equity equals the share in voting rights before non-controlling interests.

2 The capital value shown corresponds to the latest local annual financial statements available.

Company name, registered office	Country of domicile	Equity interest 2021[1)]
		in %
Non-consolidated companies		
" Assistance Company " Ukrainian Assistance Service" LLC, Kyiv	Ukraine	100.00
"Eisenhof" Gemeinnützige Wohnungsgesellschaft m.b.H., Vienna	Austria	20.13
"JAHORINA AUTO" d.o.o., Banja Luka	Bosnia-Herzegovina	100.00
"LifeTrust" Ltd, Sofia	Bulgaria	100.00
"Neue Heimat" Stadterneuerungsgesellschaft m.b.H., Linz	Austria	79.51
AB Modřice, a.s., Prague	Czech Republic	97.28
AIS Servis, s.r.o., Brno	Czech Republic	98.10
Akcionarsko društvo za životno osiguranje Wiener Städtische Podgorica, Vienna Insurance Group, Podgorica	Montenegro	100.00

Company name, registered office	Country of domicile	Equity interest 2021[1)]
		in %
ALBA Services GmbH, Vienna	Austria	48.87
Amadi GmbH, Wiesbaden	Germany	100.00
AQUILA Hausmanagement GmbH, Vienna	Austria	97.75
AREALIS Liegenschaftsmanagement GmbH, Vienna	Austria	48.87
arithmetica Consulting GmbH, Vienna	Austria	98.31
AUTODROM SOSNOVÁ u České Lípy a.s., Prague	Czech Republic	97.28
AUTONOVA BRNO s.r.o., Brno	Czech Republic	98.10
Autosig SRL, Bucharest	Romania	99.54
B&A Insurance Consulting s.r.o., Moravská Ostrava	Czech Republic	48.45
BB Parking s.r.o., Bratislava	Slovakia	98.47
BEESAFE SPÓŁKA Z OGRANICZONA ODPOWIEDZIALNOSCIA, Warsaw	Poland	99.99
Benefia Ubezpieczenia Spolka z ograniczona odpowiedzialnoscia, Warsaw	Poland	99.94
Bohemika a.s., Žatec	Czech Republic	100.00
Bohemika HYPO s.r.o., Žatec	Czech Republic	100.00
Bulstrad Trudova Meditzina EOOD, Sofia	Bulgaria	100.00
Camelot Informatik und Consulting Gesellschaft m.b.H., Vienna	Austria	92.86
CARPLUS Versicherungsvermittlungsagentur GmbH, Vienna	Austria	97.75
CLAIM EXPERT SERVICES S.R.L., Bucharest	Romania	99.16
Compensa Dystrybucja Sp. z o. o., Warsaw	Poland	99.97
ČPP servis, s.r.o., Prague	Czech Republic	100.00
DBLV Immobesitz GmbH, Vienna	Austria	100.00
DBR-Liegenschaften Verwaltungs GmbH, Stuttgart	Germany	97.75
DELOIS s. r. o., Bratislava	Slovakia	98.47
DELOIS II s.r.o., Bratislava	Slovakia	98.47
DV Asset Management EAD, Sofia	Bulgaria	100.00
DV CONSULTING EOOD, Sofia	Bulgaria	100.00
DV Invest EAD, Sofia	Bulgaria	100.00
EBS Wohnungsgesellschaft mbH Linz, Linz	Austria	24.44
EBV-Leasing Gesellschaft m.b.H., Vienna	Austria	47.90
EGW Datenverarbeitungs-Gesellschaft m.b.H., Vienna	Austria	71.92
EGW Liegenschaftsverwertungs GmbH, Vienna	Austria	71.92
EGW-NOE Erste gemeinnützige Wohnungsgesellschaft mbH, Wiener Neustadt	Austria	71.92
EKG UW Nord GmbH, Klagenfurt	Austria	24.46
Elsö Maganegeszsegügyi Halozat Zrt., Budapest	Hungary	48.33
ERSTE Biztosítási Alkusz Kft, Budapest	Hungary	98.64
European Insurance & Reinsurance Brokers Ltd., London	United Kingdom	100.00
EXPERTA Schadenregulierungs-Gesellschaft mbH, Vienna	Austria	99.44
Finanzpartner GmbH, Vienna	Austria	48.87
FinServis Plus, s.r.o., Prague	Czech Republic	100.00
Foreign limited liability company "InterInvestUchastie", Minsk	Belarus	100.00
GELUP GmbH, Vienna	Austria	32.58
GGVier Projekt-GmbH, Vienna	Austria	53.76
Glamas Beteiligungsverwaltungs GmbH & Co "Beta" KG, Vienna	Austria	42.76
Global Assistance Georgia LLC, Tiflis	Georgia	95.00
Global Assistance Polska Sp.z.o.o., Warsaw	Poland	99.99
GLOBAL ASSISTANCE SERVICES s.r.o., Prague	Czech Republic	100.00
GLOBAL ASSISTANCE SERVICES SRL, Bucharest	Romania	99.23
GLOBAL ASSISTANCE SLOVAKIA s.r.o., Bratislava	Slovakia	99.22
Global Expert, s.r.o., Pardubice	Czech Republic	98.10
Global Partner Péče, z.ú., Prague	Czech Republic	63.23
Global Partner Zdraví, s.r.o., Prague	Czech Republic	63.23
Global Partner, a.s., Prague	Czech Republic	63.23
Global Repair Centres, s.r.o., Pardubitz	Czech Republic	98.10

Company name, registered office	Country of domicile	Equity interest 2021[1)]
		in %
Global Services Bulgaria JSC, Sofia	Bulgaria	100.00
Hausservice Objektbewirtschaftungs GmbH, Vienna	Austria	20.72
HOTELY SRNÍ, a.s., Prague	Czech Republic	97.28
Hotel Voltino in Liquidation, Zagreb	Croatia	97.82
HORIZONT Personal-, Team- und Organisationsentwicklung GmbH, Vienna	Austria	98.29
Immodat GmbH, Vienna	Austria	20.72
IMOVE Immobilienverwertung- und -verwaltungs GmbH, Vienna	Austria	20.72
INSHIFT GmbH & Co. KG, Köln	Germany	23.53
InterRisk Informatik GmbH, Wiesbaden	Germany	100.00
ITIS Spolka z ograniczoną odpowiedzialnoscią spolka komandytowa, Warsaw	Poland	99.99
ITIS Sp.z.o.o., Warsaw	Poland	98.03
Joint Stock Company "Curatio", Tbilisi	Georgia	90.00
Joint Stock Insurance Company WINNER LIFE - Vienna Insurance Group, Skopje	North Macedonia	100.00
Kitzbüheler Bestattung WV GmbH, Kitzbühel	Austria	97.75
KUPALA Belarusian-Austrian Closed Joint Stock Insurance Company, Minsk	Belarus	98.26
KWC Campus Errichtungsgesellschaft m.b.H., Klagenfurt	Austria	48.87
LD Vermögensverwaltung GmbH, Vienna	Austria	98.65
Lead Equities II. Auslandsbeteiligungs AG, Vienna	Austria	21.59
Lead Equities II.Private Equity Mittelstandsfinanzierungs AG, Vienna	Austria	21.59
LiSciV Muthgasse GmbH & Co KG, Vienna	Austria	42.76
Main Point Karlín II., a.s., Prague	Czech Republic	97.28
Money & More Pénzügyi Tanácsadó Zártkörűen Működő Részvéntársaság, Budapest	Hungary	98.64
Nadacia poisťovne KOOPERATIVA, Bratislava	Slovakia	98.47
NID Projektentwicklung GmbH, St. Pölten	Austria	100.00
Nordbahnhof Projekt EPW8 GmbH & Co KG, Vienna	Austria	97.75
Nordbahnhof Projekt EPW8 Komplementär GmbH, Vienna	Austria	97.75
Nordbahnhof Projekt Taborstraße 123 GmbH & Co KG, Vienna	Austria	100.00
Nordbahnhof Projekt Taborstraße 123 Komplementär GmbH, Vienna	Austria	100.00
PFG Liegenschaftsbewirtschaftungs GmbH, Vienna	Austria	73.69
POLISA - ŻYCIE Ubezpieczenia Sp.z.o.o., Warsaw	Poland	99.97
Pražská softwarová s.r.o., Prague	Czech Republic	98.10
Privat Joint-stock company "OWN SERVICE", Kyiv	Ukraine	100.00
Projektbau Planung Projektmanagement Bauleitung GesmbH, Vienna	Austria	54.51
Quadrant Q ZWÖLF Projektentwicklungs GmbH, St. Pölten	Austria	97.75
Renaissance Hotel Realbesitz GmbH, Vienna	Austria	40.00
Risk Consult Bulgaria EOOD, Sofia	Bulgaria	51.00
Risk Consult Polska Sp.z.o.o., Warsaw	Poland	68.15
RISK CONSULT Sicherheits- und Risiko- Managementberatung Gesellschaft m.b.H., Vienna	Austria	51.00
Risk Expert Risk ve Hasar Danismanlik Hizmetleri Limited Sirketi, Istanbul	Turkey	64.19
Risk Experts Risiko Engineering GmbH, Vienna	Austria	12.24
Risk Experts s.r.o., Bratislava	Slovakia	51.00
Risk Logics Risikoberatung GmbH, Vienna	Austria	51.00
samavu s.r.o, Bratislava	Slovakia	98.47
Sanatorium Astoria, a.s., Karlsbad	Czech Republic	97.28
SB Liegenschaftsverwertungs GmbH, Vienna	Austria	40.26
S.C. CLUB A.RO S.R.L., Bucharest	Romania	99.79
S.C. Risk Consult & Engineering Romania S.R.L., Bucharest	Romania	51.00
S.C. SOCIETATEA TRAINING IN ASIGURARI S.R.L., Bucharest	Romania	99.16
serviceline contact center dienstleistungs-GmbH, Vienna	Austria	97.75
S.O.S.- EXPERT d.o.o. za poslovanje nekretninama, Zagreb	Croatia	100.00
Senioren Residenzen gemeinnützige Betriebsgesellschaft mbH, Vienna	Austria	97.75
Slovexperta, s.r.o., Žilina	Slovakia	98.70
Soleta Beteiligungsverwaltungs GmbH, Vienna	Austria	42.76

Company name, registered office	Country of domicile	Equity interest 2021[1)
		in %
Sparkassen-Versicherungsservice Gesellschaft m.b.H., Vienna	Austria	97.75
Spółdzielnia Usługowa VIG EKSPERT W WARSZAWIE, Warsaw	Poland	99.97
SURPMO, a.s., Prague	Czech Republic	97.28
TAUROS Capital Investment GmbH & Co KG, Vienna	Austria	19.55
TAUROS Capital Management GmbH, Vienna	Austria	25.30
TBI Info AD, Sofia	Bulgaria	20.00
TeleDoc Holding GmbH, Vienna	Austria	25.01
TGMZ Team Gesund Medizin Zentren GmbH, Vienna	Austria	39.10
TOGETHER GmbH, Vienna	Austria	24.71
twinfaktor GmbH, Vienna	Austria	98.87
UAB "Compensa Life Distribution", Vilnius	Lithuania	100.00
UNION-Erted Ellatasszervezö Korlatold Felelössegü Tarsasag, Budapest	Hungary	98.64
Versicherungsbüro Dr. Ignaz Fiala Gesellschaft m.b.H., Vienna	Austria	47.90
Vienna Insurance Group Polska Spółka z organiczoną odpowiedzialnością, Warsaw	Poland	99.99
Vienna International Underwriters GmbH, Vienna	Austria	100.00
viesure innovation center GmbH, Vienna	Austria	98.87
VIG AM Real Estate, a.s., Prague	Czech Republic	100.00
VIG AM Services GmbH, Vienna	Austria	100.00
VIG Management Service SRL, Bucharest	Romania	99.16
VIG POLSKA REAL ESTATE SPÓŁKA Z OGRANICZONA ODPOWIEDZIALNOSCIA, Warsaw	Poland	99.97
VIG Services Bulgaria EOOD, Sofia	Bulgaria	100.00
VIG Services Shqiperi Sh.p.K., Tirana	Albania	89.52
VIG ZP, s. r. o., Bratislava	Slovakia	99.22
VIG/C-QUADRAT TOWARZYSTWO FUNDUSZY INVESTYCYJNYCH SPÓŁKA AKCYJNA, Warsaw	Poland	50.99
VIVECA Beteiligungen GmbH, Vienna	Austria	100.00
VÖB Direkt Versicherungsagentur GmbH, Graz	Austria	48.87
WAG Wohnungsanlagen Gesellschaft m.b.H., Linz	Austria	24.44
Wien 3420 Aspern Development AG, Vienna	Austria	23.92
Wiener Städtische Donau Leasing GmbH, Vienna	Austria	97.75
Wiener Verein Bestattungsbetriebe GmbH, Kramsach	Austria	97.75
WOFIN Wohnungsfinanzierungs GmbH, Vienna	Austria	20.72
WSBV Beteiligungsverwaltung GmbH, Vienna	Austria	97.75
zuuri s.r.o., Bratislava	Slovakia	98.47

1 The share in equity equals the share in voting rights before non-controlling interests.

Merged companies	Country of domicile	Merger date	Absorbing company
Insurance Company Nova Ins EAD, Sofia	Bulgaria	4.10.2021	INSURANCE ONE-SHAREHOLDER JOINT-STOCK COMPANY BULSTRAD VIENNA INSURANCE GROUP EAD, Sofia
VIG Offices 1, s.r.o., Bratislava	Slovakia	1.1.2021	VIG Offices, s.r.o., Bratislava
CAL ICAL "Globus", Kyiv	Ukraine	13.4.2021	Private Joint-Stock Company "Insurance company" Ukrainian insurance group", Kyiv

Please see the Scope and methods of consolidation section starting on page 83 for information on changes in the scope of consolidation.

The information required under § 265(2) no. 4 of the Austrian Corporation Code (UGB) is provided in the overview of participations in the separate financial statements.

29. RELATED PARTIES

Related parties

Related parties are the affiliated companies, joint ventures and associated companies listed in Note 28. Affiliated companies and participations starting on page 162. In addition, the members of the Managing Board and Supervisory Board of VIG Holding also qualify as related parties. Wiener Städtische Versicherungsverein directly and indirectly holds around 72.47% (around 72.47%), and therefore a majority of the voting rights of VIG Holding. Based on this controlling interest, it and the members of its managing board and supervisory board are therefore also related parties.

Members of the Managing Board and Supervisory Board did not receive any advances or loans and had no loans outstanding during the reporting periods. There were also no guarantees outstanding for members of the Managing Board or Supervisory Board during the reporting periods.

Transactions with related companies

Transactions with non-consolidated affiliated and associated companies mainly relate to financing and charges for services.

Transactions between the fully consolidated companies included in the consolidated financial statements are eliminated during consolidation and are therefore not included in the notes.

Transactions with Wiener Städtische Versicherungsverein

Wiener Städtische Versicherungsverein is the majority shareholder of VIG Holding. It has the legal form of a mutual insurance association that has spun off its insurance operations under the Austrian Insurance Supervision Act (VAG) and consequently has no insurance business operations. Due to the outsourcing to Wiener Städtische Versicherung AG that took place at that time, its only responsibilities are those as a majority shareholder of VIG Holding, so that intercompany charges within VIG Insurance Group are of minor importance. They are based on service agreements between VIG Insurance Group and Wiener Städtische Versicherungsverein for intercompany charges for internal audit services, finance and accounting, provision of personnel and office leases based on the arm's length principle.

Open items with related companies	31.12.2021	31.12.2020
in EUR '000		
Loans	178,630	163,279
Associated companies	115,417	101,375
Subsidiaries not included in the consolidated financial statements	63,213	61,904
Receivables	147,524	227,592
Parent company	108,690	208,982
Associated companies	27,441	5,012
Subsidiaries not included in the consolidated financial statements	11,393	13,598
Liabilities excl. subordinated liabilities	158,605	272,252
Parent company	136,836	255,508
Associated companies	6,381	1,989
Subsidiaries not included in the consolidated financial statements	15,388	14,755

Transactions with related companies	2021	2020
in EUR '000		
Loans	4,743	19,447
Associated companies	364	11,131
Subsidiaries not included in the consolidated financial statements	4,379	8,316
Receivables	110,567	71,281
Parent company	24,470	45,414
Associated companies	56,088	9,307
Subsidiaries not included in the consolidated financial statements	30,009	16,560
Liabilities excl. subordinated liabilities	283,286	225,298
Parent company	134,131	55,127
Associated companies	13,111	47,254
Subsidiaries not included in the consolidated financial statements	136,044	122,917

The transactions do not include changes in open items resulting from a change in the scope of consolidation.

Open items with related persons	31.12.2021	31.12.2020
in EUR '000		
Receivables	2	126
Liabilities excl. subordinated liabilities	77	81

Transactions with related parties	2021	2020
in EUR '000		
Loans	0	12
Receivables	196	505
Liabilities excl. subordinated liabilities	1,850	1,494

The related party items in the income statement do not exceed EUR 3,000,000 and primarily consist of Payments to Supervisory Board members.

Compensation of management in key positions

Supervisory board and managing board remuneration (gross)	2021	2020
in EUR '000		
Remuneration paid to Supervisory Board members	695	578
Total payments to former members of the Managing Board or their survivors	1,330	1,149
Provision for future pension and severance obligations of Managing Board members	3,159	3,546
Provision for other future long-term claims of Managing Board members	6,374	5,772
Remuneration paid to active Managing Board members	7,243	6,279
Total	18,801	17,324

Remuneration for Managing Board members

Managing Board remuneration takes into account the importance of the Group and the responsibility that goes with it, the economic situation of the Company, and the appropriateness of the remuneration in the market environment.

The variable portion of the remuneration emphasises the need for sustainability and achieving it fully depends critically on an analysis of the sustainable performance of the Company that extends beyond a single reporting year.

The performance-related remuneration is limited. The maximum performance-related remuneration that the Managing Board can receive by achieving the traditional targets in financial year 2021 is around 30% to around 40% of total remuneration. Special bonus remuneration can also be earned for appropriate target achievement, and remuneration for overachievement in certain target areas. In total, the members of the Managing Board can earn variable remuneration equal to a maximum of around 45% to 50% of their total remuneration in this way.

Large parts of performance-related remuneration are only paid after a delay. The delay for financial year 2021 extends to 2025. The deferred portions are awarded based on the sustainable performance of the Group.

The Managing Board is not entitled to performance-related remuneration if performance fails to meet certain thresholds. Even if the targets are fully met in a given financial year, because of the focus on sustainability, the full variable remuneration is only awarded if the Group also achieves sustainable performance in the three following years.

Managing Board remuneration does not include stock options or similar instruments.

Members of the Company's Managing Board who are active as of 31 December 2019 are entitled to funded defined benefit pensions – based, among other things, on the length of service in VIG Insurance Group – equal to a maximum of 40% of the measurement base if they remain in the Managing Board until age 65. The measurement base is equal to their standard fixed remuneration. This pension amount can be increased in individual cases if work continues past the maximum pension age, since a pension is not drawn during this period.

Starting as of 1 January 2020, newly appointed members of the Managing Board can be granted entitlements to defined benefit pensions (alternatively entitlements to defined contribution pensions). As a rule, entitlements require at least one reappointment, and are granted in stages, so that the maximum entitlement of 40% of fixed remuneration cannot be reached until age 65 after at least 10 years of service as a member of the Managing Board. If a member of the Managing Board has previously served in other positions in the Group for at least 5 years, an entitlement can already be granted at the beginning of the term of office.

Pensions are normally received (regardless of the initial appointment date) only if a Managing Board member's position is not extended and the member is not at fault for the lack of extension, or the Managing Board member retires due to illness or age.

The provisions of the Austrian Employee and Employment Provisions Act (Mitarbeiter- und Selbstständigen-Vorsorgegesetz) ("new severance") apply to the contracts of the Managing Board members.

Only the contracts for Managing Board members who have been active in the Group for a long time provide for a severance payment structured in accordance with the provisions of the Austrian Employee Act (Angestelltengesetz), in the version prior to 2003, in combination with applicable industry-specific provisions. This allows these Managing Board members to receive a severance payment equal to two to twelve months' remuneration, depending on the period of service, with a supplement of 50% if the member retires or leaves after a long-term illness. A Managing Board member who leaves by their own choice, without agreement with the Company, before retirement is possible, or leaves due to their own fault, is not entitled to severance payment.

Managing Board members are provided a company car for both business and personal use. The members of the Managing Board received EUR 7,243,000 (EUR 6,279,000) from the Company during the reporting period for their services. The members of the Managing Board received EUR 774,000 (EUR 719,000) from subsidiaries during the reporting period.

Former members of the Managing Board received EUR 1,330,000 (EUR 1,149,000).

The Managing Board had eight members in the current financial year.

30. LEASES

The interest expenses for leases recognised in the reporting period are shown in Note 16. Financial result excl. result from shares in at equity consolidated companies starting on page 148.

30.1. Lessees

The significant cash outflows for leases from lessees amount to a total of EUR 39,989,000 (EUR 48,800,000).

30.2. Lessors – operating leases

Maturity analysis of undiscounted lease payments	31.12.2021	31.12.2020
in EUR '000		
up to one year	116,444	107,547
one to two years	108,133	102,266
two to three years	100,423	94,751
three to four years	91,348	88,510
four to five years	84,626	81,078
more than five years	2,412,971	2,088,127
Total	2,913,945	2,562,279

Lease income	2021	2020
in EUR '000		
Fixed lease income	113,972	107,714
Lease income of variable lease payments	23,615	16,836
Total	137,587	124,550

31. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

AEGON Hungary

On 16 February 2022, VIG Holding and the Hungarian state-owned holding company Corvinus Nemzetközi Befektetési Zrt. ("Corvinus") reached agreement on the details of their cooperation, whose main features had been set down in the memorandum of understanding of 23 December 2021. Corvinus will receive a 45% interest in the Hungarian VIG companies under the cooperation. The agreement was signed on 21 February 2022 in Budapest.

The Hungarian VIG companies will be held by the Hungarian holding company (VIG Magyarország Befektetési Zrt.) and two Dutch holding companies (Aegon Hungary Holding B.V., Aegon Hungary Holding II B.V) in the future. Corvinus will acquire a non-controlling 45% minority interest in each of these three holding companies. The total purchase price agreed for the three 45% interests in the holding companies is around EUR 350 million.

Closing of the transaction is subject to the approvals required under supervisory and competition law and acquisition of the Hungarian Aegon companies.

War situation in Ukraine

The current political situation in Ukraine is also creating uncertainty in financial markets, among other things. VIG Insurance Group has an exposure of around EUR 211 million to Russian financial instruments. It was not possible to estimate the degree to which the Group would be affected by the editorial deadline. Information on market risk and capital market scenario analyses is available starting on page 102 of the risk report.

VIG Insurance Group is represented in the Ukrainian market by three insurance companies that held around EUR 148 million in assets as of 31 December 2021. In the event of a complete loss of the Ukrainian operations, the VIG Insurance Group result before taxes would be decreased by the net asset value after adjusting for currency effects. As of the balance sheet date, the Ukrainian insurance companies had net assets of around EUR 55 million after adjusting for currency effects. As of the editorial deadline, the Ukrainian insurance companies had been able to maintain limited operations in spite of the current conditions. Due to the current volatile situation in Ukraine, VIG Insurance Group is regularly examining whether the Ukrainian companies continue to satisfy the requirements as a going concern.

Change in the Austrian tax rate

The National Council passed the Austrian 2022 Tax Reform on 20 January 2022. As a result of the reform, the corporate income tax rate will be reduced in stages from 25% to 24% in 2023 and to 23% in 2024. The effect this will have on the calculation of deferred taxes cannot yet be reliably quantified.

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 policyholder profit participation plus any direct credits must be at least 85% of the measurement basis.

Measurement basis within the meaning of § 4 (1) LV-GBV	2021	2020
in EUR '000		
Net earned premiums – retention	750,055	817,649
Income and expenses from investments and interest expenses	295,145	309,369
Expenses for claims and insurance benefits – retention	-900,283	-974,159
Acquisition and administrative expenses	-121,544	-130,053
Other underwriting and non-underwriting income and expenses	2,347	3,362
Taxes on income	-1,367	934
Total	24,353	27,102

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 have to be at least 85% of the measurement basis for the health insurance policies concerned.

Measurement basis within the meaning of § 4 (1) LV-GBV	2021	2020
in EUR '000		
Net earned premiums – retention	8,536	8,482
Income and expenses from investments and interest expenses	1,037	806
Expenses for claims and insurance benefits – retention	-7,440	-8,583
Acquisition and administrative expenses	-1,211	-1,026
Other underwriting and non-underwriting income and expenses	5	19
Taxes on income	-196	-97
Total	731	-399

KEY FIGURES PER BALANCE SHEET UNIT

	2021				2020			
	Property/ Casualty	Life	Health	Total	Property/ Casualty	Life	Health	Total
in %								
Cost ratio	32.67	20.49	16.74	27.37	32.18	18.59	16.27	26.25
Claims ratio	61.48				62.84			
Combined ratio	94.15				95.02			

PREMIUMS PER BALANCE SHEET UNIT (INCL. CONSOLIDATION EFFECTS)

Property and Casualty insurance

Premiums written – gross	2021	2020
in EUR '000		
Direct business	6,458,724	6,033,384
Casualty insurance	422,750	432,980
Health insurance	130,077	120,115
Motor own-damage insurance (Casco)	1,402,153	1,289,371
Rail vehicle own-damage	4,202	3,333
Aircraft own-damage insurance	5,904	6,070
Sea, lake and river shipping own-damage insurance	13,587	13,079
Transport insurance	65,311	56,919
Fire and natural hazards insurance	1,240,890	1,136,903
Other property	650,121	617,018
Third party liability insurance for self-propelled land vehicles	1,612,266	1,506,560
Carrier insurance	26,631	23,734
Aircraft liability insurance	6,370	5,926
Sea, lake and river shipping liability insurance	5,082	3,942
General liability insurance	560,306	516,297
Credit insurance	7,820	4,255
Guarantee insurance	44,959	48,264
Insurance for miscellaneous financial losses	114,500	105,297
Legal expenses insurance	62,231	61,377
Assistance insurance, travel health insurance	83,564	81,944
Indirect business	424,815	361,477
Marine, aviation and transport insurance	21,136	15,900
Other insurance	375,278	317,099
Health insurance	28,401	28,478
Total	6,883,539	6,394,861

No net earned premiums from indirect property and casualty insurance business were deferred one year before being recognised in the income statement.

Life insurance

Premiums written – gross	2021	2020
in EUR '000		
Regular premium - direct business	2,643,571	2,575,974
Single-premium - direct business	865,034	880,005
Direct business	3,508,605	3,455,979
thereof policies with profit participation	1,415,337	1,402,808
thereof policies without profit participation	576,352	473,434
thereof unit-linked life insurance portfolio	1,514,933	1,560,736
thereof index-linked life insurance portfolio	1,983	19,001
Indirect business	26,003	23,752
Total	3,534,608	3,479,731

Financial instruments for unit- and index-linked life insurance are shown in the respective separate financial statements. Of the EUR 460,000 (EUR 384,000) in net earned premiums from indirect life insurance business, EUR 424,000 (EUR 345,000) was deferred for one year before being shown in the income statement.

Health insurance

Premiums written – gross	2021	2020
in EUR '000		
Direct business	584,419	553,862

DECLARATION BY THE MANAGING BOARD

We declare to the best of our knowledge that the consolidated 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, that the Group management report presents the business development, result and position of the Group so as to give a true and fair view of its net assets, financial position and results of operations, and that the Group management report provides a description of the principal risks and uncertainties to which the Group is exposed.

The declaration for the annual financial statements of VIENNA INSURANCE GROUP AG Wiener Versicherung Gruppe is issued in the Annual Report of this company.

The consolidated financial statements for financial year 2021 were approved for publication by a resolution of the Managing Board on 16 March 2022.

Vienna, 16 March 2022

Elisabeth Stadler
General Manager, CEO,
Chairwoman of
the Managing Board

Hartwig Löger
Deputy General Manager,
Deputy Chairman
of the Managing Board

Liane Hirner
CFRO, Member of
the Managing Board

Peter Höfinger
Member of
the Managing Board

Gerhard Lahner
COO, Member of
the Managing Board

Gábor Lehel
CIO, Member of
the Managing Board

Harald Riener
Member of
the Managing Board

Peter Thirring
CTO, Member of
the Managing Board

Managing Board areas of responsibility:

Elisabeth Stadler:	Management of the VIG Group, Strategy, Bancassurance and International Partnerships, Communication & Marketing, European Affairs and ESG, General Secretariat and Legal, Human Resources, Internal Audit, Sponsoring, Subsidiaries and M&A, Central Functions; Country responsibilities: Germany
Hartwig Löger:	Planning and Controlling, Strategy and Development; Country responsibilities: Austria, Hungary, Slovakia, Czech Republic
Liane Hirner:	Asset Risk Management, Digitalisation, Finance and Risk, Enterprise Risk Management, Finance Department, Investor Relations; Country responsibilities: Liechtenstein
Peter Höfinger:	Corporate Business, Reinsurance; Country responsibilities: Albania, Bosnia-Herzegovina, Bulgaria, Croatia, Kosovo, Moldova, Montenegro, North Macedonia, Romania, Serbia
Gerhard Lahner:	Asset Management (incl. Real Estate), Holding IT, Process & Project Management, Treasury incl. Asset Liability Management, VIG Corporate IT; Country responsibilities: Georgia
Gábor Lehel:	Innovation; Country responsibilities: Belarus
Harald Riener:	Assistance, Customer Experience, Tool Box Sales; Country responsibilities: Estonia, Latvia, Lithuania, Poland, Ukraine
Peter Thirring:	Actuarial Department, Active Reinsurance, Anti-Money Laundering, Compliance, Insurance Life/Non-Life Retail; Country responsibilities: Turkey

AUDITOR’S REPORT

REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

Audit Opinion

We have audited the consolidated financial statements of

VIENNA INSURANCE GROUP AG Wiener Versicherung Gruppe,Vienna, Austria,

and its subsidiaries ("the Group"), which comprise the Consolidated Balance Sheet as at 31 December 2021, the Consolidated Income Statement, the Consolidated Statement of Comprehensive Income, the Consolidated Shareholders’ Equity, the Consolidated Cash Flow Statement for the year then ended, and the Notes to the Consolidated Financial Statements.

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2021, and its consolidated financial performance and consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) as adopted by the EU, the additional requirements pursuant to Section 245a UGB (Austrian Commercial Code) as well as other legal or regulatory requirements.

Basis for our Opinion

We conducted our audit in accordance with the EU Regulation 537/2014 ("AP Regulation") and Austrian Standards on Auditing. These standards require the audit to be conducted in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the "Auditor’s Responsibilities" section of our report. We are independent of the audited Group in accordance with Austrian company law and professional regulations, and we have fulfilled our other responsibilities under those relevant ethical requirements. We believe that the audit evidence we have obtained up to the date of the auditor’s report is sufficient and appropriate to provide a basis for our audit opinion on this date.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, however, we do not provide a separate opinion thereon.

We have identified the following key audit matters:

- Recoverability of goodwill
- Liability Adequacy Test – “LAT”)

RECOVERABILITY OF GOODWILL

Refer to notes 1.1. Goodwill on page 120, Impairment of goodwill on page 68 and Intangible Assets (A) on page 70

Risk for the Consolidated Financial Statements

The recoverability of goodwill recognized in the Consolidated Financial Statements of the Vienna Insurance Group amounting to EUR 1,260.3 million, is monitored separately at country level. At least once a year and in case of a triggering event on an ad hoc basis Vienna Insurance Group performs a recoverability test (the so-called impairment test) of the recorded goodwill amounts.

The impairment test of goodwill is complex and based on discretionary factors. Those factors include in particular the expected future cash flows of the individual countries (taking into account the development of future premiums, budgeted combined ratios and financial income), which are primarily based on past experience as well as on the management's assessment of the expected market environment on the future business development. Other factors are the assumed long-term growth rate as well as the underlying region-specific costs of capital.

Our Response

We have carried out the following main audit procedures in connection with the recoverability of goodwill:

- We have assessed the appropriateness of key assumptions, of discretionary decisions and of the valuation method applied for the impairment testing.
- We have reconciled the expected future cash flows used in the calculation with the strategic business planning approved by the management.
- Furthermore, we have dealt with the key planning assumptions and reconciled the assumptions regarding the market development with general and sector-specific market expectations.
- We have analysed the consistency of planning data using information from prior periods.
- Given that minor changes in the applied cost of capital rate significantly impact the recoverable amount of the cash generating units, we have, together with our valuation specialists, assessed the determination of the applied cost of capital rate and comprehended the derivation of the underlying parameters.
- By means of our own sensitivity analysis we have determined whether the tested book values are still sufficiently covered by the recoverable amounts in case of possible changes in the assumptions within a realistic range.
- Additionally, we have assessed whether the disclosures in the notes with respect to the recoverability of goodwill are appropriate.

LIABILITY ADEQUACY TEST – "LAT"

Refer to notes pages 79ff, 112 to 113

Risk for the Consolidated Financial Statements

With life and health insurance, Vienna Insurance Group holds a significant amount of long-term contracts for which premiums have been calculated using a high discount rate. As these interest rates are also used to measure the liabilities from insurance contracts, there is – due to the persistently low interest rates in the market – a risk that the insurance liabilities are not adequately measured.

At each balance sheet date Vienna Insurance Group uses current estimates of future cash flows from insurance contracts to determine whether the insurance liabilities are adequately accounted for in the balance sheet.

To ensure this, future cash flows from existing policies are calculated on a best estimate basis using actuarial methods. For life and health insurance the cash flow model used for this purpose is also used to calculate the Market Consistent

Embedded Value ("MCEV"). The MCEV is determined according to the "Market Consistent Embedded Value Principles" published by the CFO Forum in June 2008 and last amended in April 2016.

The performance of the liability adequacy test is complex, and its underlying assumptions are based on a large number of estimates and discretionary factors.

Our Response

We involved our actuarial specialist as part of the audit team and carried out the following main audit procedures in connection with the liability adequacy test:

- We have examined the appropriateness of key assumptions and discretionary decisions as well as the calculation models and methods applied.
- In order to assess the appropriateness of the assumptions and methods used, we gained an understanding of the methodology in discussions with the actuaries of Vienna Insurance Group and analysed the assumptions used as well as the resulting cash flows.
- In particular, we assessed whether the applied methodology was consistent with the "Market Consistent Embedded Value Principles" published by the CFO Forum in June 2008 and last amended in April 2016.
- In addition, we assessed the appropriateness of the implementation of the methodology within the models, analysed the consistency of assumptions used on the basis of information from prior periods, and examined the completeness of the modeled portfolio.
- Furthermore, we critically dealt with the sensitivity analysis prepared by the company.

Other Information

Management is responsible for other information. Other information is all information provided in the annual report, other than the consolidated financial statements, the group management report and the auditor's report.

Our opinion on the consolidated financial statements does not cover other information and we do not provide any kind of assurance thereon.

In conjunction with our audit, it is our responsibility to read this other information and to assess whether, based on knowledge gained during our audit, it contains any material inconsistencies with the consolidated financial statements or any apparent material misstatement of fact. If we conclude that there is a material misstatement of fact in other information, we must report that fact. We have nothing to report in this regard.

Responsibilities of Management and the Audit Committee for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the EU, the additional requirements pursuant to Section 245a UGB (Austrian Commercial Code) as well as other legal or regulatory requirements and for such internal controls as management determines are necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Management is also responsible for assessing the Group’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 intents to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The audit committee is responsible for overseeing the Group’s financial reporting process.

Auditor’s Responsibilities

Our objectives are to obtain reasonable assurance about whether the consolidated 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 audit opinion. Reasonable assurance represents a high level of assurance, but provides no guarantee that an audit conducted in accordance with the AP Regulation and Austrian Standards on Auditing (and therefore ISAs), will always detect a material misstatement, if any. Misstatements may result from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with the AP Regulation and Austrian Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit.

Moreover:

- We identify and assess the risks of material misstatement in the consolidated financial statements, whether due to fraud or error, we design and perform audit procedures responsive to those risks and obtain sufficient and appropriate audit evidence to serve as a basis for our audit opinion. The risk of not detecting material misstatements resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or override of internal control.
- We 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 Group's internal control.
- We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- We 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 Group’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our audit report to the respective note in the consolidated financial statements. If such disclosures are not appropriate, we will modify our audit 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 Group to cease to continue as a going concern.
- We evaluate the overall presentation, structure and content of the consolidated financial statements, including the notes, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- We obtain sufficient appropriate audit evidence regarding the financial information of the entities and business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.
- We communicate with the audit committee regarding, amongst other matters, the planned scope and timing of our audit as well as significant findings, including any significant deficiencies in internal control that we identify during our audit.
- We communicate to the audit committee that we have complied with the relevant professional requirements in respect of our independence, that we will report any relationships and other events that could reasonably affect our independence and, where appropriate, the related safeguards.
- From the matters communicated with the audit committee, we determine those matters that were of most significance in the audit i.e. key audit matters. We describe these key audit matters in our auditor's report unless laws or other legal regulations preclude public disclosure about the matter or when in very rare cases, we determine that a matter should not be included in our audit report because the negative consequences of doing so would reasonably be expected to outweigh the public benefits of such communication.

REPORT ON OTHER LEGAL REQUIREMENTS

Group Management Report
In accordance with Austrian company law, the group management report is to be audited as to whether it is consistent with the consolidated financial statements and prepared in accordance with legal requirements.

Management is responsible for the preparation of the group management report in accordance with Austrian company law and other legal or regulatory requirements.

We have conducted our audit in accordance with generally accepted standards on the audit of group management reports as applied in Austria.

Opinion
In our opinion, the group management report is consistent with the consolidated financial statements and has been prepared in accordance with legal requirements. The disclosures pursuant to Section 243a UGB (Austrian Commercial Code) are appropriate.

Statement
Based on our knowledge gained in the course of the audit of the consolidated financial statements and our understanding of the Group and its environment, we did not note any material misstatements in the group management report.

Additional Information in accordance with Article 10 AP Regulation
We were elected as auditors at the Annual General Meeting on 25 September 2020 and were appointed by the supervisory board on 22 October 2020 to audit the financial statements of Company for the financial year ending on 31 December 2021.

In addition, during the Annual General Meeting on 21 May 2021, we have been elected as auditors for the following financial year and appointed by the supervisory board on 2 June 2021.

We have been auditors of the Company, without interruption, since the consolidated financial statements at 31 December 2013.

We declare that our opinion expressed in the "Report on the Consolidated Financial Statements" section of our report is consistent with our additional report to the Audit Committee, in accordance with Article 11 AP Regulation.

We declare that we have not provided any prohibited non-audit services (Article 5 Paragraph 1 AP Regulation) and that we have ensured our independence throughout the course of the audit, from the audited Group.

Engagement Partner
The engagement partner is Mr Thomas Smrekar.

Vienna, 16 März 2022

KPMG Austria GmbH
Wirtschaftsprüfungs- und Steuerberatungsgesellschaft

signed by:

Mag. Thomas Smrekar
Wirtschaftsprüfer
(Austrian Chartered Accountant)

This report is a translation of the original report in German, which is solely valid.
The consolidated financial statements together with our auditor's opinion may only be published if the consolidated financial statements and the group management report are identical with the audited version attached to this report. Section 281 Paragraph 2 UGB (Austrian Commercial Code) applies.

List of abbreviations

Abbreviation	Full company name
APEIRON	APEIRON Biologics AG
Asirom	Asigurarea Românească - ASIROM Vienna Insurance Group S.A., Bucharest
BCR Life	BCR Asigurări de Viață Vienna Insurance Group S.A., Bucharest
Beteiligungs- und Wohnungsanlagen GmbH	Beteiligungs- und Wohnungsanlagen GmbH, Linz
BTA Baltic	BTA Baltic Insurance Company AAS, Riga
Bulstrad Life	BULSTRAD LIFE VIENNA INSURANCE GROUP JOINT STOCK COMPANY, Sofia
Bulstrad Non-Life	INSURANCE ONE-SHAREHOLDER JOINT-STOCK COMPANY BULSTRAD VIENNA INSURANCE GROUP EAD, Sofia
Compensa Life (Estonia)[1]	Compensa Life Vienna Insurance Group SE, Tallinn
Compensa Life (Poland)[1]	Compensa Towarzystwo Ubezpieczeń Na Życie S.A. Vienna Insurance Group, Warsaw
Compensa Non-Life (Lithuania)[1]	"Compensa Vienna Insurance Group", ADB, Vilnius
Compensa Non-Life (Poland)[1]	Compensa Towarzystwo Ubezpieczeń S.A. Vienna Insurance Group, Warsaw
Corvinus	Corvinus Nemzetközi Befektetési Zrt.
ČPP	Česká podnikatelská pojišťovna, a.s., Vienna Insurance Group, Prague
Digital Impact Labs Leipzig	Digital Impact Labs Leipzig GmbH
Donaris	Compania de Asigurări "DONARIS VIENNA INSURANCE GROUP" Societate pe Actiuni, Chișinău
Donau Versicherung	DONAU Versicherung AG Vienna Insurance Group, Vienna
Erste Group	Erste Group Bank AG, Vienna
Erste Heimstätte GmbH	EGW Erste gemeinnützige Wohnungsgesellschaft mbH, Vienna
Globus	CAL ICAL "Globus", Kiev
GPIH	Joint Stock Company Insurance Company GPI Holding, Tbilisi
InterRisk	InterRisk Towarzystwo Ubezpieczeń S.A. Vienna Insurance Group, Warsaw
InterRisk Life	InterRisk Lebensversicherungs-AG Vienna Insurance Group, Wiesbaden
InterRisk Non-Life	InterRisk Versicherungs-AG Vienna Insurance Group, Wiesbaden
Intersig	INTERSIG VIENNA INSURANCE GROUP Sh.A., Tirana
IRAO	Joint Stock Company International Insurance Company IRAO, Tbilisi
ISTCube	IST cube (EuVECA) GmbH & Co KG
Kniazha	PRIVATE JOINT-STOCK COMPANY "UKRAINIAN INSURANCE COMPANY "KNIAZHA VIENNA INSURANCE GROUP", Kiev
Kniazha Life	PRIVATE JOINT-STOCK COMPANY "INSURANCE COMPANY "KNIAZHA LIFE VIENNA INSURANCE GROUP", Kiev
Komunálna	KOMUNÁLNA poisťovňa, a.s. Vienna Insurance Group, Bratislava
Kooperativa (Slovakia)[1]	KOOPERATIVA poisťovňa, a.s. Vienna Insurance Group, Bratislava
Kooperativa (Czech Republic)[1]	Kooperativa pojišťovna, a.s., Vienna Insurance Group, Prague
Health	Health insurance
Life	Life insurance
Makedonija Osiguruvanje	Stock Company for Insurance and Reinsurance MAKEDONIJA Skopje - Vienna Insurance Group, Skopje
n/a	not applicable
Nova	Insurance Company Nova Ins EAD, Sofia
OePR	Austrian Financial Reporting Enforcement Panel
Österreichisches Verkehrsbüro AG	Österreichisches Verkehrsbüro Aktiengesellschaft, Vienna (Consolidated Financial Statements)
PAC Doverie	Pension Assurance Company Doverie AD, Sofia
Plug&Play	Plug and Play Austria GmbH
Ray Sigorta	Ray Sigorta A.Ş., Istanbul
S-budovy	S - budovy, a.s., Prague
Property/Casualty	Property and casualty insurance
Seesam	Seesam Insurance AS, Tallinn
Sigma Interalbanian	Sigma Interalbanian Vienna Insurance Group Sh.a, Tirana
TUW "TUW"	Towarzystwo Ubezpieczeń Wzajemnych „TUW", Warsaw
UIG	Private Joint-Stock Company "Insurance company" Ukrainian insurance group", Kiev
Union Biztosító	UNION Vienna Insurance Group Biztosító Zrt., Budapest
VBV - Betriebliche Altersvorsorge AG	VBV - Betriebliche Altersvorsorge AG, Vienna (Consolidated Financial Statements)

Abbreviation	Full company name
VENPACE	INSHIFT GmbH & Co. KG
Vienna Life (Poland)[1]	Vienna Life Towarzystwo Ubezpieczeń na Życie S.A. Vienna Insurance Group, Warsaw
Vienna osiguranje (Bosnia and Herzegowina)[1]	Insurance Company Vienna osiguranje d.d., Vienna Insurance Group, Sarajevo
Vienna-Life (Liechtenstein)[1]	Vienna-Life Lebensversicherung AG Vienna Insurance Group, Bendern
VIG/C-QUADRAT	VIG/C-QUADRAT TOWARZYSTWO FUNDUSZY INVESTYCYJNYCH SPÓŁKA AKCYJNA, Warsaw
VIG Fund	VIG FUND, a.s., Prague
VIG-insurance group[2]	VIENNA INSURANCE GROUP AG Wiener Versicherung Gruppe, Vienna
VIG Holding[3]	VIENNA INSURANCE GROUP AG Wiener Versicherung Gruppe, Vienna
VIG Re	VIG RE zajišťovna, a.s., Prague
VIG-AT Beteiligungen	VIG-AT Beteiligungen GmbH, Vienna
Wiener Osiguranje (Croatia)[1]	Wiener osiguranje Vienna Insurance Group dioničko društvo za osiguranje, Zagreb
Wiener Osiguranje (Bosnia and Herzegowina)[1]	Wiener Osiguranje Vienna Insurance Group ad, Banja Luka
Wiener Re	"WIENER RE" akcionarsko društvo za reosiguranje, Belgrade
Wiener Städtische	WIENER STÄDTISCHE VERSICHERUNG AG Vienna Insurance Group, Vienna
Wiener Städtische Osiguranje (Serbia)[1]	WIENER STÄDTISCHE OSIGURANJE akcionarsko drustvo za osiguranje, Belgrade
Wiener Städtische Versicherungsverein	Wiener Städtische Wechselseitiger Versicherungsverein - Vermögensverwaltung - Vienna Insurance Group, Vienna
Wiener TU	WIENER TOWARZYSTWO UBEZPIECZEŃ SPÓŁKA AKCYJNA VIENNA INSURANCE GROUP, Warsaw
Winner Life	Joint Stock Insurance Company WINNER LIFE - Vienna Insurance Group, Skopje
Winner Non-Life	Joint Stock Insurance Company WINNER-Vienna Insurance Group, Skopje

1 Country names in parentheses are added if there is more than one company with the same abbreviated name and it is not clear from the context which one is intended. The context is assumed to be clear, for example, if the name is used in a description of activities taking place within a country.

2 Used when referring to consolidated VIG-Group companies.

3 Used when referring to the individual company.

Glossary

Acquisition and administrative expenses
The acquisition and administrative expenses item is broken down into acquisition expenses, administrative expenses less reinsurance commissions and profit commissions for reinsurance cessions. Expenses for claims investigation, loss prevention and claims processing (claims handling expenses) and for making insurance payments (settlement costs) are shown in the expenses for claims and insurance benefits item.

Affiliated companies
The parent company and its subsidiaries are considered to be affiliated companies if the parent company is able to exert control over the business policies of the subsidiary. Examples of this are where the parent company can affect variable returns from the subsidiary, a controlling agreement exists or it is possible to appoint the majority of the Members of the Managing Board or other executive bodies of the subsidiary.

Asset and liability management (ALM)
ALM refers to taking both assets and liabilities into account when implementing strategic decisions in order to achieve optimal company results. ALM is therefore needed for determining and managing the risk capital required, matching assets and liabilities (duration, cash flow and income matching) as well as optimising investments and reinsurance.

Austrian Commercial Code (UGB)
The Austrian Commercial Code (UGB) includes commercial law provisions applicable to companies. These include company law, accounting provisions, special civil law provisions and provisions on company-related transactions.

Austrian Insurance Supervision Act (VAG)
The Austrian Insurance Supervision Act (Versicherungsaufsichtsgesetz – VAG) includes provisions governing the organisation and supervision of insurance companies.

Baltic states
The Baltic states consist of the countries Estonia, Latvia and Lithuania.

Business operating result
The business operating result is included as a subtotal in the income statement in order to show the operating financial performance of the Group. The business operating result is a before-tax amount that excludes the impairment of intangible assets and reversal of impairment of intangible assets items and, until financial year 2019, the result from fully consolidated non-profit societies.

Cash flow statement
The cash flow statement presents the changes in cash and cash equivalents during a financial year, broken down into the three areas of ordinary activities, investing activities, and financing activities. The aim is to provide information on the financial strength of the company.

Ceded reinsurance premiums
Share of the premiums that is paid to a reinsurer so that it will cover certain risks.

Central and Eastern Europe (CEE) or CEE markets
The VIG 25 strategic programme distinguishes between CEE markets and special markets in the country portfolio. The 20 CEE markets include: Albania, Austria, Croatia, Bosnia-Herzegovina, Bulgaria, the Czech Republic, Estonia, Hungary, Kosovo, Latvia, Lithuania, Moldova, Montenegro, North Macedonia, Poland, Romania, Serbia, Slovakia, Slovenia and Ukraine. Note that differences may exist between this definition and the definition of CEE used by other companies, financial institutions (e.g. IMF, OECD, WIFO, IHS), etc.

There are branch offices in some countries that are managed by companies assigned to other reportable segments.

Claims incurred but not reported
Losses that are reported in the current financial year but occurred in the previous year. A reserve is formed for these losses each year as at the balance sheet date (= Incurred But Not Reported (IBNR) reserve).

Combined ratio (net)
The combined ratio is calculated as the sum of underwriting income and expenses, net payments for claims and insurance benefits, including the net change in underwriting provisions, and acquisition and administrative expenses, divided by net earned premiums in the property and casualty balance sheet unit.

Consolidation
The financial statements of the parent company and those of the subsidiaries are combined when the consolidated financial statements are prepared. During this process, intragroup equity interests, interim results, receivables and payables and income and expenses are eliminated.

Deposits on assumed and ceded reinsurance business
Deposits on assumed reinsurance business are underwriting claims of the reinsurance company against the direct insurer. When business is ceded, the direct insurer retains a portion of the reinsurer's share of premiums and claims as security. This security portion is shown as a deposit on assumed reinsurance business in the reinsurer's balance sheet. The direct insurer recognises a deposit on ceded reinsurance business in the identical amount.

Derivative financial instruments (derivatives)
Derivatives are financial instruments whose value depends on the price of an underlying asset. Derivatives can be classified systematically according to the nature of the underlying assets (interest rates, share prices, currency rates or commodity prices). Options, futures, forwards and swaps are examples of derivative financial instruments.

Direct business
Insurance business where a direct legal relationship exists between the insurance company and policyholder.

Earnings per share (undiluted/diluted)
The ratio of consolidated profit for the year divided by the average number of shares issued. The diluted earnings per share include convertible securities that have been exercised, or are still available for exercise, in the calculation of the number of shares and profit for the year. The convertible securities consist of convertible bonds and stock options.

Embedded value
The embedded value represents the economic value of the insurance business and is comprised of future profits from the insurance portfolio. Profits from future new business are not included. It therefore corresponds to the distributable profits after taxes and takes into account the risks contained in the business.

Environmental Social Governance (ESG)
ESG stands for the Environment, Social and (responsible) Governance sustainability criteria. The term describes the degree to which a company takes these factors into account, as well as an investment approach that can be used to select potential investments.

Equity method
This method is used to account for shares in associated companies. As a rule, the value recognised corresponds to the Group's proportional share of the equity in these companies or groups of companies. For current valuation, the value recognised is adjusted using a proportional share of changes to equity. The shares in the result for the year are allocated to the Group result and disbursed profit distributions are deducted.

Expenses for claims and insurance benefits
The expenses for claims and insurance benefits item is comprised of the payments for insurance claims, expenses for claims investigation, claims settlement (claims settlement expenses), and claims prevention, and the change in the associated provisions.

Fair value
The value of a financial instrument that is observable in the market or can be calculated using a theoretical pricing model that takes into account factors on which the price depends.

Financial assets available for sale
Available-for-sale financial assets include securities that were not acquired with the intention of being held to maturity, or for short-term trading purposes. They are recognised at fair value as of the balance sheet date. Fluctuations in market value are recognised directly in equity.

Financial assets held to maturity
These financial assets comprise debt securities that are intended to be held to maturity. They are measured initially at acquisition cost and are subsequently measured at amortised cost. In the case of permanent impairment, a write-down is recognised in profit or loss.

Financial result
The financial result consists of income and expenses from investments, interest expenses and other expenses. This includes, for example, income from financial instruments, loans, property and participations, as well as bank interest and expenses incurred in the financial area, such as depreciation of property, write-downs of financial instruments to listed market prices, bank fees or interest expenses for financing.

General Data Protection Regulation (GDPR)
Regulation (EU) 2016/679 on the protection of natural persons with regard to the processing of personal data entered into force on 25 May 2018 and was therefore immediately applicable in the European Union. The GDPR standardises the provisions applicable to the processing of personal data by private-sector companies and public bodies in the entire EU. The main objectives of the GDPR are data security and strengthening the fundamental rights and freedoms of natural persons. The GDPR was implemented in Austria by the Austrian Data Protection Amendment Act of 2018 (Datenschutz-Anpassungsgesetz 2018), which extensively amended the Austrian Data Protection Act of 2000 (Datenschutzgesetz 2000).

Gross domestic product (GDP)
GDP is a measure of the economic output of a country. All goods and services produced or provided within a country (by citizens or foreigners) during a specified period, are evaluated at current prices (market prices) or constant prices (prices in a certain base year). By using a constant price level in the calculations, price increases can be eliminated so that the figures presented over time are independent of inflation. GDP at constant prices is also known as real GDP.

Gross/Net
In insurance terminology, "gross/net" means before or after reinsurance has been deducted ("net" is also used to mean "for own account" or "retention"). In connection with income from participations, the term "net" is used when related expenses have already been deducted from income (e.g. write-offs or losses from disposals). Therefore, (net) income from participations equals the profit or loss from these interests.

Income from investments and interest income
Income from investments and interest income is comprised of income from participations (of which affiliated companies), income from property, income from other investments, write-ups, gains from disposals, and other income and interest income.

Indirect business
Insurance business where the company acts as a reinsurer.

Insurance density
Annual per capita insurance premiums, used as an indicator for the state of development of a country's insurance sector.

Insurance Distribution Directive (IDD)
Directive 2016/97/EU, also referred to as the Insurance Distribution Directive, has been applicable within the European Union since 1 October 2018. The IDD affects all aspects of the insurance business, including the recruiting of insurance distributors entailing training and advanced training, product development, the advisory process including wide-ranging duties to provide information, the distribution of standardised information sheets, the handling of conflicts of interest and compensation.

Insurance supervisory authority
The Austrian insurance supervisory authority is a part of the Austrian Financial Market Authority (FMA) that was established as an independent authority in April 2002. Its supervision extends to private-sector insurance companies with registered offices in Austria.

International Accounting Standards (IAS)
The IAS are international accounting standards – also see International Financial Reporting Standards.

International Financial Reporting Standards (IFRS)
The IFRS are international financial reporting standards. Since 2002, the designation IFRS has stood for the overall framework of all standards adopted by the International Accounting Standards Board (IASB). Standards that were previously adopted, however, are still cited as IAS.

Loss reserve
A reserve for losses that have already been incurred but have not yet been settled. These losses can be divided into two categories: reserves for reported but not yet settled claims ("Reported But Not Settled", "RBNS"), and reserves for claims that have been incurred but have not yet been reported, or the correct amount has not been reported ("Incurred But Not (Enough) Reported", "IBNR", "IBNER").

Market capitalisation (stock market value)
This equals the value of a stock corporation calculated by multiplying the current stock exchange price by the total number of shares issued.

Mathematical reserve
A reserve calculated according to mathematical principles for future insurance payments in the life and health insurance balance sheet units. In the health insurance balance sheet unit, this is also referred to as an ageing reserve.

Net earned premiums
The portion of premiums written that is allocated to the reported financial year.

Non-life
Non-life insurance includes the property and casualty insurance and health insurance segments.

Nordics
Nordics includes the countries of Denmark, Norway, Sweden and Finland. VIG Holding is represented by branches in Denmark, Norway and Sweden. The EU freedom to provide services allows customers to also be served in Finland. Note that differences may exist between this definition and the definition of Nordics or Northern Europe used by other companies, financial institutions (e.g. IMF, OECD, WIFO, IHS), etc.

Operating return on equity (operating RoE)
Operating RoE measures the profitability of the Group by expressing the business operating result as a ratio of the capital employed. This ratio is calculated by dividing the business operating result by the average shareholders' equity. Shareholders' equity adjusted for a provision for unrealised gains and losses is used for this purpose.

Organic growth
Organic growth means the growth of a company resulting from the company's own financial strength. Such growth is therefore not the result of purchasing other companies.

Own Risk and Solvency Assessment (ORSA)
Under Article 45 of Directive 2009/138/EC, every insurance company must perform the Own Risk and Solvency Assessment (ORSA) as part of its risk management system.

Personal insurance
Personal insurance includes all insurance that covers personal risks (such as life insurance, health insurance and accident insurance).

Premium
Agreed fee paid in exchange for assumption of risk by an insurance company.

Premiums written
Direct business premiums written are comprised of set premiums, plus policyholder collateral payments, but not including insurance or fire service taxes, reduced by premiums cancelled during the financial year. In indirect business, the premiums written correspond to the premiums that the ceding insurer has indicated for offset.

Present value
Current value of future cash flows, calculated by discounting the future cash flows with a certain discount rate.

Price-earnings ratio (PE ratio)
A financial ratio for evaluating shares. The PE ratio is the ratio of the share price to the earnings per share in a reference period, or to the expected earnings per share in a future period. If the reference period is defined as one year, the PE ratio is the end-of-year price divided by the earnings per share in that year.

Profit participation
See profit-related premium refunds.

Profit-related premium refunds
The policyholder's profit participation in the profit of the insurance class in question (mandatory for traditional life insurance).

Profit-unrelated premium refunds
Contractually accorded refund of premiums to the policyholder.

Provision for unearned premiums
Unearned premiums are the portion of premiums written that were specified for the period following the balance sheet date and are therefore not included in the income for the reported financial year. These premiums are used to cover obligations arising after the balance sheet date.

Rating
A rating is an evaluation on a scale of the creditworthiness of a debtor (countries, companies, etc.) often carried out by a specialised rating agency. Also see Standard and Poor's.

Reinsurance
Reinsurance is when an insurance company insures a portion of its risk with another insurance company.

Single premium
A single premium is a special type of premium payment for life insurance in which a self-chosen amount is paid as a single premium at the beginning of the policy.

Solvency II
Solvency II is a legal directive applicable in Europe for the capital adequacy of insurance companies. It concerns methods for risk-based management of the overall solvency of insurance companies and also includes qualitative elements (e.g. internal risk management).

Special markets
VIG distinguishes between special markets that are reportable segments under IFRS 8 and special markets according to the country portfolio for the VIG 25 strategic programme. The ten special markets according to the country portfolio include: Denmark, Germany, Liechtenstein, Italy, Norway, Turkey, Georgia, Belarus, France and Sweden. The Special Markets reportable segment includes Germany, Georgia, Liechtenstein and Turkey.

There are branch offices in some countries that are managed by companies assigned to other reportable segments.

Standard & Poor's (S&P)
S&P is an internationally recognised rating agency. It analyses and evaluates companies, countries and bonds, among other things. It uses its own rating scale, which ranges from AAA for the highest category to CC for the lowest when rating the financial strength of insurance companies. The ratings can be modified by adding a plus or minus sign.

Stress test
Stress tests are a special form of scenario analysis. The objective is to arrive at a quantitative assessment of the potential losses incurred by portfolios in the event of extreme market fluctuations.

Underwriter
Underwriters are responsible for evaluating risks in the insurance industry, and have the authority to underwrite risks. They estimate the probability and size of a loss, calculate insurance premiums and establish policy terms.

Underwriting provisions
Underwriting provisions consist of the provision for outstanding claims, mathematical reserve, unearned premiums, provisions for profit-related and profit-unrelated premium refunds, the equalisation provision and other underwriting provisions.

Unit- and index-linked life insurance
Insurance where the investment in financial instruments is made at the policyholder's risk. The financial instruments in this area are valued at fair value, with the underwriting reserves shown at the value of the financial instruments.

Value-at-risk (VaR)
The VaR concept is a procedure used to calculate potential losses arising from changes in the price of a trading position. This loss potential is expressed using a specific confidence limit (e.g. 98%), and is calculated based on market-related price changes.

Value of new business
The present value of future annual surpluses that can be generated from new policies concluded in the current financial year.

VIG Insurance Group
As a rule, this term refers to all consolidated VIG (insurance) companies. If a statement refers exclusively to the activities of the Holding, the term VIG Holding is used.

Volatility
Volatility refers to the fluctuations in securities prices, currency prices and interest rates.

ALBANIA
SIGMA INTERALBANIAN – VIENNA INSURANCE GROUP
INTERSIG – VIENNA INSURANCE GROUP

BOSNIA-HERZEGOVINA
WIENER OSIGURANJE – VIENNA INSURANCE GROUP
vienna osiguranje – VIENNA INSURANCE GROUP

BULGARIA
BULSTRAD – VIENNA INSURANCE GROUP
BULSTRAD Life – VIENNA INSURANCE GROUP
PENSION ASSURANCE COMPANY DOVERIE – VIENNA INSURANCE GROUP

DENMARK
VIG – VIENNA INSURANCE GROUP

GERMANY
InterRisk – VIENNA INSURANCE GROUP
VIG Re

ESTONIA
bta – VIENNA INSURANCE GROUP
COMPENSA – VIENNA INSURANCE GROUP
Seesam – VIENNA INSURANCE GROUP

FRANCE
VIG Re

GEORGIA
GPI – VIENNA INSURANCE GROUP
IRAO – VIENNA INSURANCE GROUP

ITALY
WIENER STÄDTISCHE – VIENNA INSURANCE GROUP

KOSOVO
SIGMA – VIENNA INSURANCE GROUP

CROATIA
WIENER OSIGURANJE – VIENNA INSURANCE GROUP

LATVIA
bta – VIENNA INSURANCE GROUP
COMPENSA – VIENNA INSURANCE GROUP

LIECHTENSTEIN
VIENNA-LIFE – VIENNA INSURANCE GROUP

LITHUANIA
bta – VIENNA INSURANCE GROUP
COMPENSA – VIENNA INSURANCE GROUP

MOLDOVA
DONARIS – VIENNA INSURANCE GROUP

MONTENEGRO
Život WIENER STÄDTISCHE – VIENNA INSURANCE GROUP

NORTH MACEDONIA
WINNER – VIENNA INSURANCE GROUP
Life WINNER – VIENNA INSURANCE GROUP
МАКЕДОНИЈА ОСИГУРУВАЊЕ – VIENNA INSURANCE GROUP

NORWAY
VIG – VIENNA INSURANCE GROUP

AUSTRIA
VIG – VIENNA INSURANCE GROUP
WIENER STÄDTISCHE – VIENNA INSURANCE GROUP
Donau – VIENNA INSURANCE GROUP

POLAND
COMPENSA – VIENNA INSURANCE GROUP
InterRisk – VIENNA INSURANCE GROUP
Vienna Life – VIENNA INSURANCE GROUP
wiener – VIENNA INSURANCE GROUP

ROMANIA
OMNIASIG – VIENNA INSURANCE GROUP
Asirom – VIENNA INSURANCE GROUP
BCR ASIGURARI DE VIATA – VIENNA INSURANCE GROUP

SWEDEN
VIG – VIENNA INSURANCE GROUP

SLOVAKIA
Kooperativa – VIENNA INSURANCE GROUP
KOMUNÁLNA POISŤOVŇA – VIENNA INSURANCE GROUP

SLOVENIA
WIENER STÄDTISCHE – VIENNA INSURANCE GROUP

CZECH REPUBLIC
Kooperativa – VIENNA INSURANCE GROUP
ČPP – VIENNA INSURANCE GROUP
VIG Re

TURKEY
RAY SIGORTA – VIENNA INSURANCE GROUP

UKRAINE
КНЯЖА – VIENNA INSURANCE GROUP
life КНЯЖА – VIENNA INSURANCE GROUP
USG – VIENNA INSURANCE GROUP

HUNGARY
UNION – VIENNA INSURANCE GROUP

BELARUS
КУПАЛА – VIENNA INSURANCE GROUP

Version: March 2022

We are Number 1
in Central and Eastern Europe.

VIG
VIENNA INSURANCE GROUP

Addresses of VIG insurance companies

Country	Postal address	Phone	E-mail/Internet address
ALBANIA			
Intersig	AL-Tirana Bllok Area, Ismail Qemali, Samos Tower/ 2nd Floor	+355 (0) 4 227 0576	info@intersig.al www.intersig.al
Sigma Interalbanian	AL-Tirana Rr. Komuna e Parisit, Pallati Lura/Kati II, Tirana, Shqiperi	+355 (0) 4 225 8254	kontakt@sivig.al www.sivig.al
BOSNIA-HERZEGOVINA			
Vienna osiguranje	BiH-71000 Sarajevo Fra Andela Zvizdovica 1/A9	+387 (0) 33 943 640	info@viennaosiguranje.ba www.viennaosiguranje.ba
Wiener Osiguranje	BiH-78000 Banja Luka Kninska 1a	+387 (0) 51 931 100	direkcija@wiener.ba www.wiener.ba
BULGARIA			
Bulstrad Non-Life	BG-1000 Sofia Positano Square 5	+359 (0) 2 985 66 10	public@bulstrad.bg www.bulstrad.bg
Bulstrad Life	BG-1301 Sofia Sveta Sofia Str. 6	+359 (0) 2 401 4000	bullife@bulstradlife.bg www.bulstradlife.bg
Nova	BG-1000 Sofia Positano Square 5	+359 (0) 2 93 30 46	office@novains.bg www.novains.bg
PAC Doverie	BG-1113 Sofia Tintyava Str. 13-B	+359 (0) 2 46 46 173	head@poc-doverie.bg www.poc-doverie.bg
DENMARK			
VIG Holding (branch)	DK-1250 Copenhagen Sankt Annæ Plads 13	+45 72 19 64 08	Tom.Faerovik@vig.com www.denmark.vig
GERMANY			
InterRisk Life	D-65203 Wiesbaden Carl-Bosch-Straße 5	+49 (0) 611 27 87-0	info@interrisk.de www.interrisk.de
InterRisk Non-Life	D-65203 Wiesbaden Carl-Bosch-Straße 5	+49 (0) 611 27 87-0	info@interrisk.de www.interrisk.de
VIG Re (branch)	D-60323 Frankfurt am Main Bockenheimer Landstr. 66	+49 151 58 26 05 33	info@vig-re.com www.vig-re.com
ESTONIA			
BTA Baltic (branch)	EE-11415 Tallinn Lõõtsa 2B	+372 5 68 68 068	bta@bta.ee www.bta.ee
Compensa Life	EE-10152 Tallinn Narva mnt. 63/2	+372 610 3000	info@compensalife.ee www.compensalife.ee
Seesam (branch of Compensa Non-Life Lithuania)	EE-10145 Tallinn Maakri 19/1	+372 628 1800	seesam@seesam.ee www.seesam.ee
FRANCE			
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GEORGIA			
GPIH	GE-0171 Tbilisi Kostava Str. 67	+995 322 505 111	info@gpih.ge www.gpih.ge
IRAO	GE-0160 Tbilisi Bochorishvili Str. 88/15	+995 322 949 949	office@irao.ge www.irao.ge

Service information

Country	Postal address	Phone	E-mail/Internet address
ITALY			
Wiener Städtische (branch)	IT-00147 Rome Via Cristoforo Colombo 112	+39 0 6 510 70 11	wiener@wieneritalia.com www.wieneritalia.com
KOSOVO			
Sigma Interalbanian Kosovo (branch)	KOS-10000 Prishtinë, Aktash, St. Edmond Hoxha 27	+381 38 246 301	info@sigma-ks.net www.sigma-ks.net
CROATIA			
Wiener Osiguranje	HR-10000 Zagreb Slovenska ulica 24	+385 (0) 1 371 86 00	kontakt@wiener.hr www.wiener.hr
LATVIA			
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Compensa Life (branch)	LV-1004 Riga Vienibas gatve 87h	+371 6760 6939	info@compensalife.lv www.compensalife.lv
Compensa Non-Life (branch of Compensa Non-Life Lithuania)	LV-1004 Riga Vienibas gatve 87h	+371 6755 8888	info@compensa.lv www.compensa.lv
LIECHTENSTEIN			
Vienna-Life	LI-9487 Bendern Industriestraße 2	+423 235 06 60	office@vienna-life.li www.vienna-life.li
LITHUANIA			
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Compensa Non-Life	LT-06115 Vilnius Ukmergés g. 280	+370 5 249 1911	info@compensa.lt www.compensa.lt
Compensa Life (branch)	LT-06115 Vilnius Ukmergés g. 280	+370 5 250 4000	info@compensalife.lt www.compensalife.lt
MOLDOVA			
Donaris	MD-2068 Chisinau Moscova Boulevard 15/7	+373 22 265 700	office@donaris.md www.donaris.md
MONTENEGRO			
Wiener Städtische Osiguranje	ME-81000 Podgorica Rimski Trg 47	+382 20 205 150	office@wiener.co.me www.wiener.co.me
NORTH MACEDONIA			
Makedonija Osiguruvanje	MK-1000 Skopje11 Oktomvri Str. 25	+389 (0) 23 115 188	info@insumak.mk www.insumak.mk
Winner Life	MK-1000 Skopje 11 Oktomvri Str. 25	+389 (0) 2 3114 333	life@winnerlife.mk www.winnerlife.mk
Winner Non-Life	MK-1000 Skopje Boris Trajkovski 62	+389 (0) 2 3231 631	winner@winner.mk www.winner.mk
NORWAY			
VIG Holding (branch)	NO-1366 Lysaker Lysaker Torg 10	+47 48 40 40 30	Trond.Haugen@vig.com www.norway.vig

Country	Postal address	Phone	E-mail/Internet address
AUSTRIA			
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VIG Holding	AT-1010 Vienna Schottenring 30	+43 (0) 50 390 22000	info@vig.com www.vig.com
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POLAND			
Compensa Life	PL-02-342 Warsaw Aleje Jerozolimskie 162	+48 22 867 66 67	mojacompensa@compensazycie.com.pl www.compensa.pl
Compensa Non-Life	PL-02-342 Warsaw Aleje Jerozolimskie 162	+48 22 501 6100	centrala@compensa.pl www.compensa.pl
InterRisk	PL-00-668 Warsaw ul. Stanislawa Noakowskiego 22	+48 22 575 25 25	sekretariat@interrisk.pl www.interrisk.pl
Vienna Life	PL-02-342 Warsaw Al. Jerozolimskie 162A	+48 22 460 22 22	info@viennalife.pl www.viennalife.pl
Wiener TU	PL-02-675 Warsaw ul. Woloska 22A	+48 022 469 60 00	kontakt@wiener.pl www.wiener.pl
ROMANIA			
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BCR Life	RO-011 835 Bucharest Str. Rabat No. 21, Sector 1	+40 (0) 21 206 90 40	office@bcrasigviata.ro www.bcrasigviata.ro
Omniasig	RO-011 822 Bucharest Aleea Alexandru No. 51, Sector 1	+40 (0) 21 405 74 20	office@omniasig.ro www.omniasig.ro
SWEDEN			
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SLOVAKIA			
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This annual 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. Disclosures using the words "expected", "target" or similar formulations are an indication of 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 report went to press. Actual results may differ from the forecasts if the assumptions underlying the forecast prove to be wrong or if unexpectedly large risks occur.

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

The annual report was prepared with great care to ensure that all information is complete and accurate. The possibility of rounding, typesetting or printing errors, however, cannot be ruled out completely.

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In case of doubt, the German version is authoritative

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