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**GROW**



# **Annual financial statements 2022**

**FOR VIENNA INSURANCE GROUP AG  
WIENER VERSICHERUNG GRUPPE**

**Annual financial statements in accordance with the Austrian Commercial Code (UGB)  
and Austrian Insurance Supervision Act (VAG)**



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## NOTE:

Company names have been shortened in the text below. A list of full company names is provided on page 49.

# Company profile

## MORE GROWTH AND MORE SOLIDARITY

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 over 50 insurance companies and pension funds. The roots of the Group reach back to the year 1824.

VIG Insurance Group's some 29,000 employees serve roughly 28 million customers with the goal of further expanding the Group's market leadership.

"We believe in the long-term potential that our home region has to offer and in the continued significant economic growth in the CEE region, which is greater than that of Western Europe. We have the economic strength and necessary stability for overcoming challenges."

Great levels of solidarity are clear to see within our Group. For instance, the VIG Family Fund has been set up and will contribute to rebuilding Ukraine in the medium and long term for our Ukrainian employees.

## ORGANISATION AND OBJECTIVES

VIG Holding uses a number of control units, e.g. Risk Management, Asset Management, Planning and Controlling, and Strategy, to maintain close contact with the Group companies and to act as an interface and promoter for the implementation of local entrepreneurship. The focus is on maintaining an intensive collaborative exchange between all Group companies and their around 29,000 employees in 30 countries that allows both the interests of the individual companies and the Group as a whole to be pursued.

In addition to international collaboration, profitability and sustainable growth are also important objectives for VIG Holding and the Group as a whole. To achieve these objectives, sustainability-related topics based on the five areas of core business, customers, employees, society and the environment are used with a regional focus on Central and Eastern Europe, with the aim of further expanding the

Group's leading position in the insurance market in the CEE region.

## VIG 25 STRATEGIC PROGRAMME

The VIG 25 strategic programme was developed for the period from 2021 to 2025.

Current trends and developments and their effects on the insurance industry have led to clear requirements for the Group: strengthening sustainability as an integral part and foundation of the business model, using digitalisation to promote greater efficiency and productivity, developing new ways to approach and retain customers and promoting a general understanding of risk provisions.

## STRONG CAPITAL RESOURCES

VIG Insurance Group's strong capital resources continue to be an important asset for the Group. The VIG Insurance Group solvency ratio of 280 % and VIG Holding solvency rate of 417 % at the end of 2022 show that their solvency is stable even in times of crisis. This large capital buffer allows Vienna Insurance Group to pursue sustainable profitable growth.

The international rating agency Standard & Poor's (S&P) reconfirmed its A+ rating with a stable outlook for Vienna Insurance Group. This means that VIG continues to be one of the highest-rated companies in the Vienna Stock Exchange's ATX index.

The ratings agency once more rated VIG's business profile as "strong" and its financial risk profile as "very strong". As the market leader in Austria and multiple CEE markets, Vienna Insurance Group continues to benefit from the upswing in insurance markets and from its geographic and commercial diversification. S&P once more sees VIG's excellent capital resources as a relative strength for the rating. The Group's bancassurance partnership with the Erste Group, which has spanned many years, was also praised.

# Management report 2022

## VIG HOLDING BUSINESS DEVELOPMENT

Premiums written, net earned premiums, expenses for claims and insurance benefits, administrative expenses and reinsurance balance had the following breakdown for property and casualty insurance in 2022 (and in the same period in 2021):

	2022			2021		
	Direct business	Indirect business	Total	Direct business	Indirect business	Total
in EUR '000						
Premiums written	250,734	1,248,584	1,499,318	186,149	1,098,741	1,284,890
Net earned premiums	238,564	1,206,720	1,445,284	176,543	1,068,386	1,244,929
Expenses for claims and insurance benefits	215,455	737,446	952,901	171,709	620,914	792,623
Administrative expenses	18,472	440,611	459,083	14,635	437,708	452,343
Reinsurance balance	-1,681	-5,991	-7,672	15,797	-3,836	11,961

The reinsurance balance is composed of net earned reinsurance premiums, effective reinsurance claims and reinsurance commissions.

## FINANCIAL PERFORMANCE INDICATORS

### Premium income

VIG Holding generated a total premium volume of EUR 1,499.32 million in 2022, representing a year-on-year increase of 16.7 %. Direct premiums written (corporate business) increased 34.70 % year-on-year to EUR 250.73 million. Premium income from indirect business (assumed reinsurance) was EUR 1,248.58 million, 13.6 % higher than the previous year. The value of assumed reinsurance includes EUR 21,484,000 (EUR 15,639,000) for health insurance and EUR 16,174,000 (EUR 5,133,000) for life insurance.

VIG Holding retained EUR 1,356.82 million (2021: EUR 1,178.62 million) of the premiums written. EUR 142.50 million was ceded to reinsurers in 2022 (2021: EUR 106.27 million). Gross earned premiums were EUR 1,445.28 million (2021: EUR 1,244.93 million). Net earned premiums increased EUR 165.82 million to EUR 1,305.50 million.

### Expenses for claims and insurance benefits

Gross expenses for claims and insurance benefits were EUR 952.90 million in 2022 (2021: EUR 792.62 million). EUR 215.46 million of this amount was attributable to corporate business (2021: EUR 171.71 million), EUR 43.75 million more than the previous year.

The gross claims ratio for direct business (excluding health and life insurance) decreased from 96.6 % to 89.6 %. Expenses for claims and insurance benefits for assumed reinsurance rose 18.0 % to EUR 717.31 million. The gross claims ratio for indirect business was 61.2 % (2021: 58.0 %). After deducting reinsurance of EUR 126.15 million (2021: EUR 112.22 million), expenses for claims and insurance benefits were EUR 806.62 million (2021: EUR 667.60 million).

### Administrative expenses

Administrative expenses were EUR 459.08 million in 2022, or 1.5 % higher than the previous year (2021: EUR 452.34 million). This change was primarily due to an increase in commissions for indirect business. EUR 18.47 million of the administrative expenses were for the corporate business and EUR 440.61 million for the reinsurance business. After reinsurance commissions for ceded reinsurance business, EUR 453.12 million in administrative expenses remained for

VIG Holding. This was an increase of EUR 5.77 million compared to the previous year.

### Combined ratio

VIG Holding's combined ratio was 98.7% in 2022 (2021: 99.6 %), and 95.8 % for direct business (corporate business) (2021: 95.0 %). This ratio is calculated as the sum of all underwriting expenses and income plus net payments for claims and insurance benefits, including the net change in underwriting provisions, divided by net earned premiums for property and casualty insurance.

### Financial result

VIG Holding had a financial result of EUR 159.26 million (2021: EUR 400.55 million). Impairment of shares in affiliated companies was EUR 212.89 million (2021: EUR 105.35 million).

	2022	2021
<i>in EUR '000</i>		
Land and buildings	10,891	9,531
Investments in affiliated companies and participations	326,510	599,565
Other investments	-14,065	21,130
<b>Total income (net)</b>	<b>323,336</b>	<b>630,225</b>
Other investment and interest income	46,644	16,982
Expenses for asset management	-93,355	-117,911
Interest expenses	-96,934	-88,501
Other investment expenses	-20,431	-40,244
<b>Investment profit according to income statement</b>	<b>159,260</b>	<b>400,551</b>

### Result from ordinary activities

VIG Holding earned a result from ordinary activities of EUR 169.44 million in 2022 (2021: EUR 399.52 million).

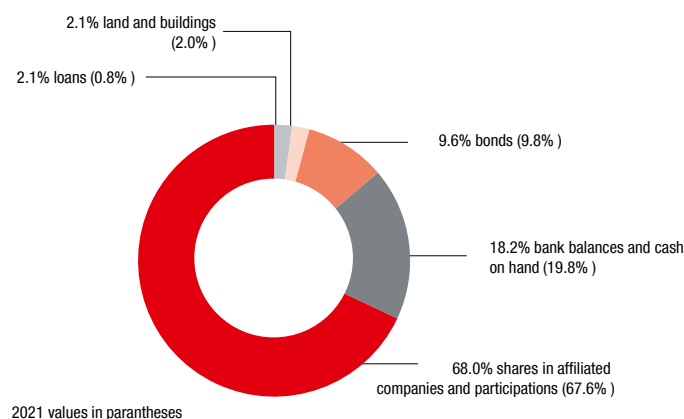
### Investments

Investments, including liquid assets, were EUR 7,191.80 million as of 31 December 2022 (2021: EUR 6,834.52 million).

Deposits were EUR 1,218.47 million in 2022 (2021: EUR 1,092.8 million). Of the investments at the end of 2022, 68,0 % (2021: 67,6 %) were shares in affiliated companies and participations, 9,6 % (2021: 9,8 %) were bonds (including pension funds), 2,1 % (2021: 0,8 %) were loans, 2,1 % (2021: 2,0 %) were land and buildings, and 18,2 % (2021: 19,8 %) were bank balances and cash on hand.

Detailed information is provided on pages 26 and 27 of the annual financial statements.

### BREAKDOWN OF INVESTMENTS IN 2022





**VIG Holding acquires Aegon N.V. companies**

The purchase agreement that was concluded on 29 November 2020 for the VIG Group acquisition of the companies of the Dutch company Aegon N.V. in Hungary, Poland, Romania and Türkiye has been partially closed. The VIG Group finalised the acquisition of the Hungarian Aegon companies in March 2022. Consequently, the Hungarian state holding Corvinus holds a 45% stake in Aegon Hungary. In April 2022, the acquisition of the Turkish Aegon insurance company was successfully completed. The acquisitions of the Aegon companies in Poland and Romania are provisionally expected to be completed in 2023, once the outstanding approvals have been granted by the authorities.

**Underwriting provisions**

Underwriting provisions were EUR 1,633.66 million as of 31 December 2022 (2021: EUR 1,422.75 million). This corresponds to a year-on-year increase of 14.8 %, which was primarily due to provisions for outstanding claims arising from direct business. The reinsurers' share was EUR 255.29 million (2021: EUR 179.14 million).

**Solvency ratio**

VIG Holding's solvency ratio of 417 % is high due to an outstanding endowment of capital resources combined with a low capital requirement and is also down to its function as a holding company in the Group.

## NON-FINANCIAL PERFORMANCE INDICATORS

For the 2022 reporting year, VIG Holding is publishing its sixth sustainability report that addresses the sustainability-related issues for the Group. This report can be downloaded free of charge at [www.vig.com/sustainability-reports](http://www.vig.com/sustainability-reports). A few examples of the VIG Holding's own initiatives are presented below.

### **VIG Family Fund – Solidarity with Ukraine**

Since the first day of the Russian attack on Ukraine, VIG has shown solidarity with the people affected. VIG itself is represented by several companies in the country: USG, Kniazha, Kniazha Life, VIG Services Ukraine and Ukrainian Assistance Service. Help for Ukrainian colleagues came from a number of VIG companies and operated at a variety of levels. Protecting employees and their families was the primary objective of the support measures. In addition to many initial aid measures, the management of VIG Holding also established the VIG Family Fund. The basic endowment of EUR 5 million was increased to its current level of around EUR 7 million by other contributions from the Group companies and direct contributions from employees. The fund is intended to cover part of the medium- and long-term losses due to the war and help the families of the Ukrainian companies directly affected by the war during reconstruction.

### **Social involvement – Example: Social Active Day**

On Social Active Day, VIG employees set a strong, cross-border example of solidarity every year. VIG employees have been able to get involved in social causes since Social Active Day was launched by VIG's principal shareholder, Wiener Städtische Versicherungsverein, back in 2011. Involvement can take many forms, from preparing and distributing food and collecting litter in green spaces through to offering support and guidance to children, young people and the elderly. For example, in the year under review, Elisabeth Stadler and Liane Hirner emphasized their solidarity with their Ukrainian colleagues and their families, who came to Vienna after the war broke out, by inviting them to go to the Prater amusement park with them.

205 (195) VIG Holding employees took part in this Group-wide initiative in 2022.

### **VIG Holding promotes peace – Example: Global Peace Photo Award**

The events in Ukraine show the value of peaceful existence. VIG is therefore committed to enabling and maintaining peace. "People and companies both need a peaceful environment. It is the only way that people can develop freely and companies can plan for the future and do well in the long term," says Elisabeth Stadler. VIG Holding has been one of the main partners of the Global Peace Photo Award since 2022. It had already sponsored the special prize for the Children's Peace Image of the Year in the years before. The international photo competition selects pictures that express the idea of peaceful coexistence. By doing so, it inspires hope and celebrates pacifism – in a world where the media presents many images of raw brutality, hate and destruction rather than empathy and caring. Exhibitions are held in public spaces to bring the message of peace to as many people as possible. VIG Holding therefore also supported an exhibition of the peace photos in the Slovenian city of Celje in 2022, which attracted more than 140,000 visitors.

The winning photo in 2022, titled "A small yet great victory over the pandemic", by photographer Sourav Das shows the initiative of an Indian teacher who moved his class outdoors during the COVID-19 pandemic to ensure their right to an education.

The Global Peace Photo Award was inspired by the 1911 Nobel Peace Prize winners Alfred Fried and Tobias Asser. It has been awarded since 2013 and in addition to VIG also receives support from the World Press Photo Foundation, UNESCO and the Austrian Parliament. 15,000 pictures were submitted from 115 countries in 2022.

### **Notes instead of borders – Example: Gustav Mahler Youth Orchestra**

The Gustav Mahler Youth Orchestra (GMYO) in Vienna is considered to be the world's leading youth orchestra. In addition to promoting young musicians, it also helps them play music with their colleagues from other countries. Since 1992, it has been open to musicians younger than 26 years of age from anywhere in Europe. The high point for the GMYO in summer 2022 was the prestigious invitation from the Salzburg Festival to participate in the opening concert and a theatrical opera production. VIG Holding has supported the orchestra for many years.

### **Throw prejudice overboard – Example: “mirno more” sailing project**

“mirno more” is Croatian for “peaceful sea” – and is also the name of the world’s largest social education sailing project for disadvantaged children and young people. Launched at the beginning of the Yugoslavian crisis in 1992, the peace fleet aims to throw prejudice overboard and sail towards friendship and peaceful coexistence instead. 800 people and 90 boats took part in the week-long sailing project off the Croatian coast in 2022. VIG Holding sponsored this peace project once again.

### **Employees**

VIG Holding offers many attractive prospects and development opportunities for its employees. It offers a broad range of training and advanced training courses and an attractive working environment. The clearly defined skills in the VIG Talent Toolset form the basis for many learning programmes that support the personal development of employees and the dynamic further development of the VIG Group. With a dedicated career path for experts, employees are offered another development option as an alternative to management careers.

The “VIG Talk” annual review took place in VIG Holding. These meetings between employees and managers take place once a year and consist of two parts. The “Target Talk” focuses on mutual feedback and work priorities and objectives, and “Talent Talk” provides an opportunity to think about the VIG Talent Toolset and discuss personal and professional development.

In addition, a diversity concept that focuses on the criteria of gender, internationality and generations has been used for several years. More information on this concept is available in the Corporate Governance Report. The advisory company Boston Consulting Group and “trend” business magazine recognised VIG Holding as a “Diversity All Star” due to it being among the top companies in the BCG Gender Diversity Index Austria for five years. This index rates gender parity in Austria’s 50 largest listed companies.

The option of working from home, flexible working hours, a company cafeteria, company kindergarten, sports and health programmes and other medical services increase the appeal of the work environment. The VIG Group consciously focuses on “life balance” in the Company because the term is better at expressing the idea that “work”

and “life” are inseparable than “work-life balance”. VIG Human Resources is therefore constantly developing measures to improve the “life balance” of everyone in the organisation. In VIG Holding, all employees – and relatives in the same household – can, for instance, receive assistance with personal or work problems. A free, anonymous hotline offers professional advice and coaching on topics such as parental leave, workplace conflicts and family stress. This strengthens mental health and resilience. The employee assistance programme also includes a wellbeing platform with videos, podcasts and articles. This led to the launch of the integrated concept of “Keep Moving” for improving sustainability, mobility and health. VIG Holding employees can choose from a number of sports and mobility programmes to maintain and promote their life balance. Programmes for healthy and sustainable sports and mobility options have been combined with information on sustainability and recycling. They are also aimed at strengthening employee loyalty and VIG’s image as an attractive employer. Part of Keep Moving is the “VIG Bike Action”, whereby VIG Holding employees can use a pushbike or an electric bike for four years.

The training programmes – both in-person and virtual – are constantly being further expanded. The “Masterplan” online platform, for example, offers an extensive selection of training courses. Specific events for employees, executives and experts – often including external speakers – offer an informative programme and space for networking.

In 2022, VIG Holding was once more included in the “Leading Employers Austria” list. Based on the world’s most comprehensive study, the study was performed as a meta-analysis. The largest annual recruitment study by “Best Recruiters” uses around 250 criteria to rank the employer branding activities and recruitment of 500 Austrian companies. Once again, VIG Holding was ranked as the best in the industry and, for the first time, came third in the overall rating as a result of the consistent quality of its public image and service-based approach for applicants.

The current human resources strategy has three main objectives: VIG Insurance Group should be seen as a diverse, innovative, learning organisation, empowering executives to create a positive working environment and support employees with future challenges, and an appropriate feedback culture should exist. These objectives are pursued using strategic HR partnerships, a value-driven

working environment, and executives and employees who are fit for the future.

There were an average of 317 employees, including Managing Board members, in 2022.

### **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. Viesure was also established for this purpose as an internal “innovation hub” focusing mainly on Austria. Since December 2022, investment has also been made in the APEX Deep Tech Fund, which focuses on tech start-ups, and VIG offers support in identifying and researching innovations at an

early stage in order to use these in the Group’s business model to the benefit of its customers. An example of such innovation is the use of sensors and satellite technology as an early warning system for potential forest fires. The VIG Group also indirectly promotes research activities through its participations in ISTCube to increase basic research in Austria and APEIRON and invIOS to support research into biotech and the fight against cancer and respiratory illnesses.

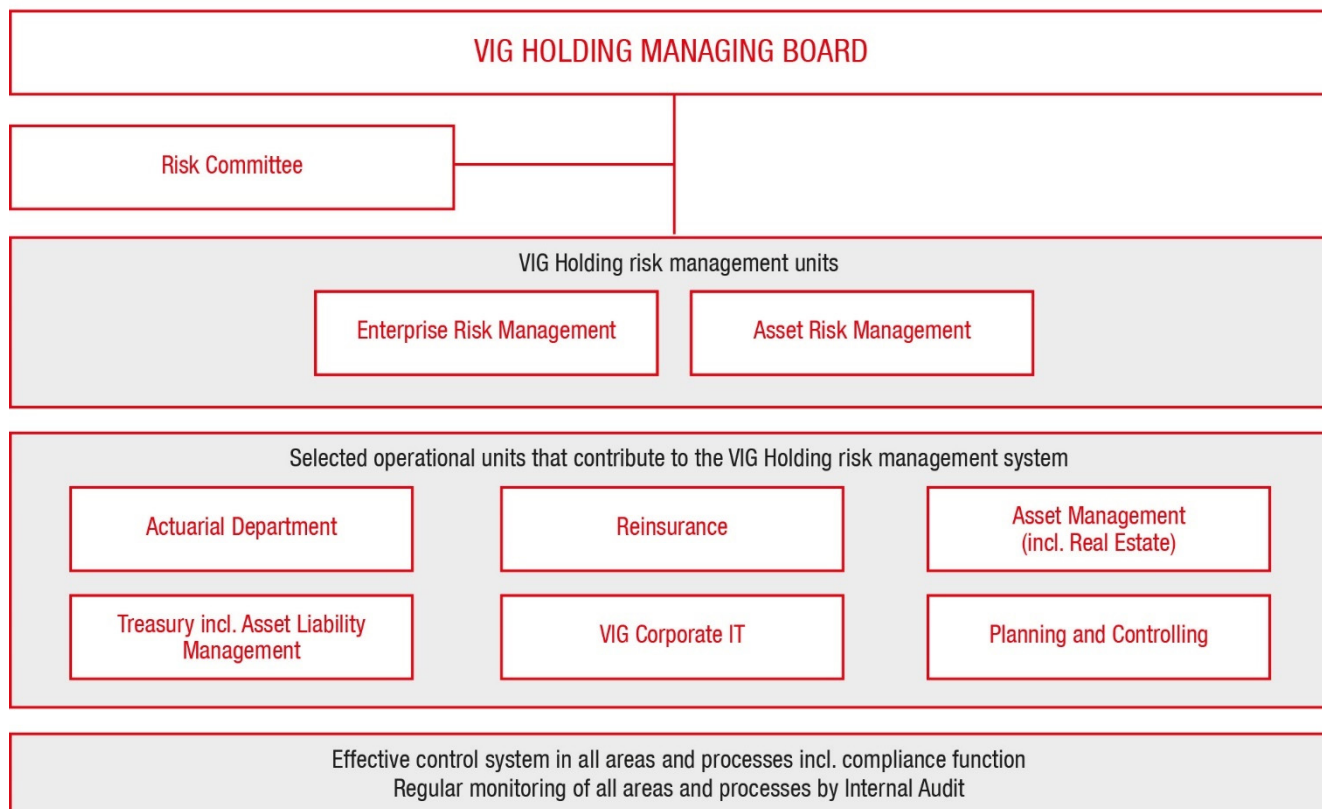
### **Other information**

VIG Holding established three branch offices in financial year 2019, extending the business operations of the VIG Insurance Group into Northern Europe. The Group therefore operates branches located in Copenhagen, Oslo and Stockholm.

Please see the notes to the financial statements (I. Summary of significant accounting policies) for information on the financial instruments used.

## RISK REPORT

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.



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 overall risk profile of the Group and VIG Holding 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.

#### **ASSET MANAGEMENT**

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 reports to Managing Board member Peter Thirring. 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 Höfing. 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.

#### **HOLDING IT**

The Holding IT department reports to Managing Board member Gerhard Lahner. The department is responsible for managing IT at VIG Holding level (IT strategy, IT governance, IT security, IT projects, etc.) and works closely with the VIG Corporate IT department, which is responsible for these matters at a Group level.

#### **TREASURY INCL. ASSET LIABILITY MANAGEMENT**

The department reports to Managing Board member Gerhard Lahner. 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.

#### CORPORATE BUSINESS

The department reports to Managing Board member Peter Höfingner and underwrites insurance contracts for large Austrian and international customers. The department also assists subsidiaries with resources and know-how. The aim is to achieve a uniform underwriting philosophy and approach in all Vienna Insurance Group companies that perform such business.

#### INTERNAL AUDIT

The department reports to the Managing Board. Chairwoman of the Managing Board 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.

#### **VIG Holding's overall risk 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.

**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.

**Underwriting risks:** The core business of the Vienna Insurance Group consists of the transfer of risk from policy holders to the insurance company. Underwriting risks in the areas of reinsurance and non-life insurance are primarily the

result of changes in insurance-specific parameters, such as loss frequency, loss amount, lapse rates and lapse costs.

**Reputation risks:** Reputation risk is the risk of negative changes in business due to damage to a company's reputation.

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

**Strategic risks:** Strategic risks can arise due to changes in the economic environment, case law, or the regulatory environment. Established risk management processes are used to regularly identify, analyse, evaluate, report, control and monitor all the risks to which VIG Holding is exposed.

The risk control measures used are avoidance, reduction, diversification, transfer and acceptance of risks and opportunities. A Group-wide unified internal control system also helps to ensure compliance with the guidelines and requirements resulting from risk management. VIG Holding is primarily exposed to market risk due to its activities as an insurance holding company. A conservative investment policy is used to limit other market risk due to investments. Market risk is monitored using fair value measurement, value-at-risk (VaR) calculations, sensitivity analysis and stress tests.

Market risk is by far VIG Holding's most important risk exposure, in particular the equity and currency risk resulting from its primary activity, holding participations in insurance companies.

VIG Holding is also exposed to underwriting risks as a result of its international corporate business and reinsurance business. Appropriate underwriting provisions are determined using recognised actuarial methods and assumptions and managed by means of guidelines concerning the assumption of insurance risks. VIG Holding also limits the potential liability from its insurance business/active reinsurance business by ceding part of the risk it has assumed to the external reinsurance market through the Group reinsurance company VIG Re.

With respect to credit risk, consideration is only given to those issuers or contracting parties whose credit quality or

reliability can be assessed by VIG Holding, whether on the basis of an in-house analysis, credit assessments/ ratings from recognised sources, provision of security or the possibility of recourse to reliable mechanisms for safeguarding investments. 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. Limits are used to keep concentrations within the desired margin of safety.

### **Investments**

VIG Holding's investments consist primarily of shares in affiliated companies, participations and deposits. Additional investments are mainly made in fixed-interest securities (bonds, loans) and real estate, and only to a small extent in shares and other investments. VIG Holding aligns its investments to its liability profile and aims to achieve sustainable increases in value in accordance with VIG Insurance Group investment guidelines, which are based on a long-term conservative investment policy.

### **Use of forward exchange transactions**

VIG Holding uses forward exchange transactions and currency swaps to hedge expected dividend payments in the most important currencies, CZK and PLN, and planned distributions of Company earnings in the same currencies for the current financial year.

The expected and planned amounts are checked regularly and used to make any needed adjustments to the hedge amounts on the relevant date.

### **Sustainability risks**

Events or changes in conditions in the environmental or social areas could have a negative effect on VIG Insurance 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 includes sustainability risks in its regular risk management processes (e.g. ORSA).

### **Macroeconomic risks**

As market players, the business activities of VIG Holding and its subsidiaries are also influenced by the development of macroeconomic factors, such as the rate of unemployment, GDP, and inflation.

2022 saw a significant rise in inflation in almost all markets in which the VIG Insurance Group operates. Global economic growth was also subdued by the ongoing COVID-19 pandemic and the Russia–Ukraine conflict. Inflation trends are being closely monitored by VIG and potential impacts are analysed using scenario analyses, enabling appropriate responses to an ever-changing environment to be taken.

### **Risks related to the Russia–Ukraine conflict**

The war between the Russian Federation and Ukraine began on 24 February 2022 when Russian forces invaded Ukraine. The VIG Insurance Group operates in Ukraine with three insurance companies, which are mainly in the western regions of the country, so business operations have thus far only been directly impacted to a moderate extent.

Further development of the conflict and the potential for further escalation of sanctions and countermeasures could further worsen the implications for financial markets and the economy in general. A number of risks may materialise for the VIG Insurance Group as a result; these are being addressed and handled as part of our sustainable risk management.

Dangers associated with the welfare of employees and the operating business activities (e.g. office infrastructure, energy, communication, IT security) pose material, direct risks for VIG Insurance Group's Ukrainian insurance companies.

In addition, at the VIG Insurance Group level, the volatility on the capital market fuelled by the conflict and the possibility of further sanctions and their consequences for the economy in particular represent significant risks that may have an impact on operating performance and business activities.



## INTERNAL CONTROL AND RISK MANAGEMENT SYSTEM IN THE ACCOUNTING PROCESS

### General structure and organisation

The internal control and risk management system (ICS) plays an important role in VIG Holding and is firmly anchored in the organisational structural and process organisation of the Company. Responsibilities are clearly defined in the ICS by ICS Group guidelines and extend from the overall responsibility of the Managing Board to establish an effective control system and appropriate risk management, to the responsibility of middle management to ensure adequate risk control infrastructure in the various areas, all the way to the individual employees, who are expected to perform their work responsibly and proactively report and/or remedy potential risks, deficiencies and sources of errors.

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.

### Important control elements in the accounting process

The documentation for the annual financial statement preparation process includes the important elements of the internal control and risk management system that are present in the accounting process.

The controls documented there are used during the process to ensure that potential errors whose occurrence cannot be completely ruled out in spite of the many additional functional and technical controls in existing IT systems (e.g. SAP) are identified and corrected at an early stage in the reporting process.

This allows the following objectives of the annual financial statement process to be achieved:

- **Completeness:** all transactions during the reporting period are recorded in full.
- **Existence:** all reported assets and liabilities exist on the balance sheet date.
- **Accuracy:** all transactions recorded in the financial statements apply to the same period as the financial statements.
- **Measurement:** all asset, liability, income and expense items were recognised at fair value in accordance with accounting requirements.
- **Ownership:** proper presentation of rights and obligations.
- **Presentation:** all financial statement items are correctly presented and disclosed.

The financial statement process includes the aggregation of all data from accounting and upstream processes for the annual financial statements. The financial statements are submitted to the appropriate area head for review and further consultation with the Managing Board. The Managing Board provides final approval of the financial statements. 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 annual financial statements.

### Effectiveness and controls

To ensure the effectiveness of the internal control system, VIG Holding established an annual evaluation and documentation process for the ICS with the professional assistance of external auditors. This process identifies, analyses, assesses, documents and reports risks and controls existing for VIG Holding to the Managing Board, particularly those in the areas of accounting and compliance.

Optimisation measures are introduced into the control environment based on the findings, and their implementation is also monitored and reported by the responsible units. The results of this process are also used later by the internal audit department as a basis for its subsequent audit of the accounting process and the control environment established there.

## DISCLOSURES IN ACCORDANCE WITH § 243A AND § 243(3)(3) UGB

Detailed information on the disclosures in accordance with § 243a and § 243(3)(3) UGB is available in the notes to the financial statements on page 34.

## DISCLOSURES ON OUTSOURCING IN ACCORDANCE WITH § 156(1)(1) IN CONJUNCTION WITH § 109 VAG

For VIG Holding, it was decided to outsource IT services to internal and external IT service providers. Outsourcing agreements that had been approved by the supervisory authority existed in 2022 with IBM Austria (Internationale Büromaschinen Gesellschaft m.b.H.) and the internal Group IT system provider twinformatics GmbH, both headquartered in Austria. The outsourcing agreement with IBM was terminated as a result of the assumption of all related services by twinformatics with effect from 28.2.2023. twinformatics GmbH has also assumed full responsibility for all IT services (with the exception of those listed in the following paragraph) 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.

From 1.3.2023, IT services in the VIG Group will be provided by VIG IT-Digital Solutions GmbH ("VIG IT-DS"). VIG IT-DS was founded by VIG Holding in order to further reinforce the alignment of IT services to be provided Group-wide and to have these services provided by a company that focuses on these services. Meanwhile, an outsourcing agreement approved by the Austrian Financial Market Authority (FMA) was concluded with VIG IT-DS. This agreement sets out the ultimate responsibility of VIG IT-DS (with twinformatics as a key sub-service provider) for all VIG solutions (SAP NewGL, IFRS 9/17, ReadSoft and some smaller supporting applications). In addition to these outsourcing agreements, VIG Holding has not outsourced any critical or important functions or business activities.

## OUTLOOK

### Economic outlook

Although prices are losing momentum, inflation rates should remain at a high level in 2023. State subsidies and increasing wages may have some potential for second-round effects. In particular, inflation will likely continue to be defined by events on the supply side. The Russian attack on Ukraine contributed enormously to rising energy prices. The accompanying acceleration of an energy revolution towards renewable energies, which was already planned, should hold energy prices at a high level into the future. Accordingly, the Central Banks' policies will continue to be correspondingly restrictive or will become more restrictive, and will provide a stable basis for the expectation of increased returns.

China is expected to remain a relevant and decisive factor. The U-turn in its COVID-19 policy should continue to pose a risk to supply chains for as long as infection rates remain high. As a result, no great difference will be perceptible compared with the previous zero-COVID strategy – at least not in the short term. That said, the recovery of China's domestic demand in particular represents a key criterion for global development.

In this environment, a considerable improvement in consumer sentiment and therefore a recovery of private demand can only be expected in the case of rather high levels of uncertainty. In all, 2023 should be the culmination of all adverse impacts. The most likely scenario is that there will be weak growth at the start of 2023, with an indication that recovery will take place towards the end of the year.

In this context, the analysts at the Erste Group expect almost complete stagnation of the economy in the eurozone in the 1<sup>st</sup> quarter of 2023. With prices losing their momentum, consumption should become more important in the 2<sup>nd</sup> half of the year. Falling employment may cause a certain risk to take effect here. As the environment continues to brighten, investments should also increase. With energy and gas prices representing a considerable cause of uncertainty, the Erste Group expects growth of 0.6% in 2023, accompanied by an average inflation of 5.6%.

A similar situation is expected in Austria, with the economy expected to grow by 0.6% in 2023 and inflation to continue to ease, with an average of 6.0% for 2023 to be reflected in the budget. Pressure on the employment market as a result of the pandemic seems, for the most part, to have been absorbed by short-term work. After high levels of unemployment in previous years, an unemployment rate of 4.6% is expected for 2022 and 2023.

The situation is considerably different in the CEE region in that the central banks of the countries in this region adjusted their monetary policies to the situation at a much earlier stage – and in a decidedly spirited manner – and should therefore already have reached the peak of their cycles of interest rate increases. Even though inflation rates in the CEE region have increased further, and have even reached 22% in Hungary, a turning point is still expected. The average level of inflation for the region is expected to be at 12.1% for 2023. External factors such as energy prices and supply chains are also decisive factors in the CEE region and should therefore also lead to an easing of inflation rates in the 2<sup>nd</sup> half of 2023. Depending on the commitment of local governments, considerable financial contributions from the EU could well support economic development in the region. For example, Romania and Croatia are currently the leading countries making use of the economic programme put in place. Private consumption in the CEE region is being further subdued by real wage decreases, which has an influence on the region's moderate growth outlook of 0.9% for real GDP. In terms of the unemployment rate, it is currently assumed that this will rise from 4.8% to 5.1% in 2023.

### Outlook for VIG Insurance Group

As a market leader in Central and Eastern Europe, VIG Insurance Group with its some 29,000 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 together with the CEOs of the VIG insurance companies based on trends and developments in the insurance business and will run each financial year through to 2025. 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 three position in each CEE market, with the exception of Slovenia. A major step in

this direction is the successful acquisition of the companies in Hungary and Türkiye that were formerly part of the Dutch Aegon Group. This took VIG to number one in the Hungarian market. Only the approval from Romania is still required for closing the acquisition of Aegon's remaining Eastern European business with companies in Poland and Romania. It is expected to be formally concluded in 2023.

A range of 150 to 200% is specified for the VIG Group solvency ratio without taking into account transitionals for underwriting provisions used by some individual Group companies. The new financial reporting process, as set out by IFRS 9/17, which took effect on 1 January 2023, will lead to the relevant financial KPIs being adjusted. The new financial reporting process will not have any impact on the strategy or business model of VIG. Further information on the impact of IFRS 9/17 on the consolidated balance sheet and the consolidated shareholders' equity can be found in the notes to the consolidated financial statements starting on page 65.

In the context of the current dividend policy, which provides for a distribution in the range of 30 to 50% of Group net

profits, the Managing Board recommends to the boards that the dividend be increased from EUR 1.25 to EUR 1.30 per share for the financial year 2022. This corresponds to an increase of 4.0 % compared to the previous year and a dividend payout ratio of 35.7%. The dividend per share is based on the company's success and takes into account the current volatile environment.

The development of the financial year 2023 is difficult to assess due to a number of uncertainty factors, especially associated with the ongoing war in Ukraine and its far-reaching consequences. The weaker macroeconomic environment and the high levels of volatility expected on the financial markets make it harder to predict how the company will develop. In this context, and in view of the transition to a new financial reporting process from 2023, any specific outlook for 2023 on the basis of IFRS 9/17 will only be possible once the year is underway. Given that VIG has been able to manage the current challenges in its insurance business operations very well so far, following 2022 the Group continues to aim to achieve positive operating performance in 2023, subject to the factors mentioned above.

**Outlook for VIG Holding**

VIG Holding has set a goal for financial year 2023 of increasing its premium volume from international reinsurance and cross-border corporate business. VIG Holding will also work with the insurance companies to further focus on the strategic priorities in the “VIG 25” strategic programme and optimise processes and earning power.

Appropriate measures will be implemented and coordinated to achieve these goals.

In addition, the Group’s attractiveness as an employer with an international background will be increased and sustainable business operations for people and the environment will be further expanded.

Vienna, 20 March 2023

The Managing Board:



**Elisabeth Stadler**

General Manager (CEO),  
Chairwoman of the Managing  
Board



**Hartwig Löger**

Deputy General Manager, Deputy  
Chairman of the Managing Board



**WP/StB Mag. Liane Hirner**

CFRO, Member of the Managing  
Board



**Mag. Peter Höfinger**

Member of the Managing Board



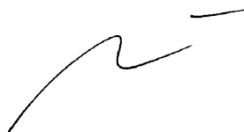
**Mag. Gerhard Lahner**

COO, Member of the Managing  
Board



**Gábor Lehel**

CIO, Member of the Managing  
Board



**Mag. Harald Riener**

Member of the Managing Board



**Peter Thirring**

CTO, Member of the Managing  
Board

# Separate financial statements

## BALANCE SHEET AS OF 31. DECEMBER 2022

Assets	31.12.2022	31.12.2021
	in EUR	in EUR '000
<b>A. Intangible assets</b>	<b>24,184,280.77</b>	<b>21,456</b>
I. Other intangible assets	24,184,280.77	21,456
<b>B. Investments</b>	<b>7,437,861,657.05</b>	<b>6,781,244</b>
I. Land and buildings	155,278,540.53	134,259
II. Investments in affiliated companies and participations	5,385,312,765.76	5,039,921
1. Shares in affiliated companies	4,862,714,388.86	4,593,705
2. Bonds and other securities of affiliated companies and loans to affiliated companies	498,382,305.71	421,500
3. Participations	24,216,071.19	24,216
4. Bonds and other securities of and loans to companies in which an ownership interest is held	0.00	500
III. Other investments	678,804,424.71	514,238
1. Shares and other non-fixed-interest securities	6,521,231.94	132,419
2. Bonds and other fixed-interest securities	331,284,542.22	168,793
3. Mortgage receivables	2,018,000.01	2,100
4. Other loans	940,554.02	926
5. Bank deposits	338,040,096.52	210,000
IV. Deposits on assumed reinsurance business	1,218,465,926.05	1,092,826
<b>C. Receivables</b>	<b>328,542,282.34</b>	<b>283,040</b>
I. Receivables from direct insurance business	89,576,519.36	71,388
1. from policyholders	23,595,375.12	6,733
2. from insurance intermediaries	128,808.19	134
3. from insurance companies	65,852,336.05	64,521
II. Receivables from reinsurance business	69,069,930.83	75,569
III. Other receivables	169,895,832.15	136,083
<b>D. Pro rata interest</b>	<b>12,940,361.60</b>	<b>7,644</b>
<b>E. Other assets</b>	<b>974,103,868.07</b>	<b>1,147,833</b>
I. Tangible assets (not incl. land and buildings)	1,697,277.43	1,736
II. Current bank balances and cash on hand	972,405,535.38	1,146,097
III. Other assets	1,055.26	0
<b>F. Deferred charges</b>	<b>13,306,283.42</b>	<b>14,424</b>
<b>Total ASSETS</b>	<b>8,790,938,733.25</b>	<b>8,255,641</b>

## BALANCE SHEET AS OF 31. DECEMBER 2022

Liabilities and shareholders' equity	31.12.2022	31.12.2021
	in EUR	in EUR '000
<b>A. Shareholders' equity</b>	<b>3,842,449,902.27</b>	<b>3,790,773</b>
I. Share capital		
Par value	132,887,468.20	132,887
II. Capital reserves		
Committed reserves	2,267,232,422.07	2,267,232
III. Retained earnings		
Free reserves	1,020,000,000.00	1,006,715
IV. Risk reserve	51,898,509.00	45,587
V. Net retained profits	370,431,503.00	338,352
of which brought forward	178,351,602.38	143,231
<b>B. Subordinated liabilities</b>	<b>1,684,400,000.00</b>	<b>1,400,000</b>
I. Hybrid bond	300,000,000.00	300,000
II. Supplementary capital bond	1,384,400,000.00	1,100,000
<b>C. Underwriting provisions – retention</b>	<b>1,633,661,299.95</b>	<b>1,422,746</b>
I. Unearned premiums	149,271,388.94	133,603
1. Gross	156,505,681.53	138,372
2. Reinsurers' share	-7,234,292.59	-4,769
II. Mathematical reserve	58,166,916.60	5,146
1. Gross	58,166,916.60	5,146
III. Provision for outstanding claims	1,395,328,045.41	1,267,125
1. Gross	1,643,383,299.06	1,441,492
2. Reinsurers' share	-248,055,253.65	-174,367
IV. Provision for profit-unrelated premium refunds	10,655,524.00	0
1. Gross	10,655,524.00	0
V. Equalisation provision	16,335,425.00	14,017
VI. Other underwriting provisions	3,904,000.00	2,855
1. Gross	3,904,000.00	2,855
<b>D. Non-underwriting provisions</b>	<b>196,946,460.50</b>	<b>211,344</b>
I. Provision for severance pay	1,086,825.00	839
II. Provision for pensions	69,511,531.00	63,592
III. Tax provisions	3,500,357.14	3,500
IV. Other provisions	122,847,747.36	143,413
<b>E. Other liabilities</b>	<b>1,432,749,509.53</b>	<b>1,429,771</b>
I. Liabilities from direct insurance business	158,790,839.79	144,936
1. to policyholders	5,753,056.64	41,588
2. to insurance intermediaries	4,686,655.43	710
3. to insurance companies	148,351,127.72	102,638
II. Liabilities from reinsurance business	12,130,571.68	11,673
III. Bond liabilities (excl. supplementary capital)	503,835,616.55	503,836
IV. Liabilities to financial institutions	227,964,705.49	227,985
V. Other liabilities	530,027,776.02	541,341
<b>F. Deferred charges</b>	<b>731,561.00</b>	<b>1,007</b>
<b>Total LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>8,790,938,733.25</b>	<b>8,255,641</b>

## INCOME STATEMENT FOR THE FINANCIAL YEAR FROM 1. JANUARY TO 31. DECEMBER 2022

Underwriting account	2022	2021
	in EUR	in EUR '000
<b>1. Net earned premiums</b>	<b>1,305,495,602.75</b>	<b>1,139,671</b>
Premiums written	1,356,822,905.37	1,178,623
Gross	1,499,318,102.45	1,284,891
Ceded reinsurance premiums	-142,495,197.08	-106,268
Change in unearned premiums	-51,327,302.62	-38,952
Gross	-54,034,807.70	-39,961
Reinsurers' share	2,707,505.08	1,009
<b>2. Investment income from underwriting business</b>	<b>36,974,083.03</b>	<b>8,520</b>
<b>3. Other underwriting income</b>	<b>1,204,632.66</b>	<b>866</b>
<b>4. Expenses for claims and insurance benefits</b>	<b>-826,754,171.55</b>	<b>-680,406</b>
Payments for claims and insurance benefits	-695,674,617.88	-594,219
Gross	-748,617,278.09	-651,937
Reinsurers' share	52,942,660.21	57,718
Change in provision for outstanding claims	-131,079,553.67	-86,187
Gross	-204,284,017.41	-140,686
Reinsurers' share	73,204,463.74	54,499
<b>5. Increase in underwriting provisions</b>	<b>-14,800,771.10</b>	<b>-5,769</b>
Mathematical reserve	-13,752,246.10	-5,146
Gross	-13,752,246.10	-5,146
Other underwriting provisions	-1,048,525.00	-623
Gross	-1,048,525.00	-623
<b>6. Expenses for profit-unrelated premium refunds</b>	<b>4,636,468.00</b>	<b>0</b>
Gross	4,636,468.00	0
<b>7. Administrative expenses</b>	<b>-453,115,101.10</b>	<b>-447,341</b>
Acquisition expenses	-454,555,171.92	-448,342
Other administrative expenses	-4,528,412.24	-4,001
Reinsurance commissions and profit commissions from reinsurance cessions	5,968,483.06	5,002
<b>8. Other underwriting expenses</b>	<b>-3,198,143.30</b>	<b>-2,231</b>
<b>9. Change to equalisation provision</b>	<b>-2,318,241.00</b>	<b>737</b>
<b>Underwriting result</b>	<b>48,124,358.39</b>	<b>14,047</b>



## INCOME STATEMENT FOR THE FINANCIAL YEAR FROM 1. JANUARY TO 31. DECEMBER 2022

	2022	2021
	in EUR	in EUR '000
<b>Underwriting result</b>	<b>48,124,358.39</b>	<b>14,047</b>
<b>Non-underwriting account:</b>		
<b>1. Income from investments and interest income</b>	<b>634,622,880.34</b>	<b>763,616</b>
Income from participations	411,014,358.04	672,189
Income from land and buildings	13,728,857.69	12,775
Income from other investments	31,963,220.87	25,844
Income from appreciations	90,968,071.11	32,900
Income from the disposal of investments	40,304,200.90	2,926
Other investment and interest income	46,644,171.73	16,982
<b>2. Expenses for investments and interest expenses</b>	<b>-475,362,587.13</b>	<b>-363,065</b>
Expenses for asset management	-93,354,646.97	-117,911
Depreciation of investments	-243,691,772.90	-110,279
Interest expenses	-96,933,782.36	-88,501
Losses from the disposal of investments	-20,951,096.00	-6,130
Other investment expenses	-20,431,288.90	-40,244
<b>3. Investment income transferred to the underwriting account</b>	<b>-36,974,083.03</b>	<b>-8,520</b>
<b>4. Other non-underwriting income</b>	<b>13,334,041.47</b>	<b>11,878</b>
<b>5. Other non-underwriting expenses</b>	<b>-14,302,997.91</b>	<b>-18,432</b>
<b>6. Result from ordinary activities</b>	<b>169,441,612.13</b>	<b>399,524</b>
<b>8. Taxes on income</b>	<b>42,234,598.32</b>	<b>46,339</b>
<b>8. Profit for the period</b>	<b>211,676,210.45</b>	<b>445,863</b>
<b>9. Transfer to reserves</b>	<b>-19,596,309.83</b>	<b>-250,742</b>
Transfer to free reserves	-13,284,645.83	-250,000
Transfer to risk reserve	-6,311,664.00	-742
<b>10. Profit for the year</b>	<b>192,079,900.62</b>	<b>195,121</b>
<b>11. Retained profits brought forward</b>	<b>178,351,602.38</b>	<b>143,231</b>
<b>Net retained profits</b>	<b>370,431,503.00</b>	<b>338,352</b>

## NOTES TO THE FINANCIAL STATEMENTS FOR 2022

### I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The annual financial statements as of 31 December 2022 were prepared in accordance with the accounting provisions of the Austrian Commercial Code (UGB) and the special provisions of the Austrian Insurance Supervision Act (VAG), as amended, and in **accordance with Austrian generally accepted accounting principles** and the general standard of presenting a true and fair view of the net assets, financial position and results of operations of the Company. Measurement was performed assuming the Company would continue as a going concern.

The measurement methods that were previously used were also used in financial year 2022.

The **precautionary principle** was satisfied in that only profits that had been realised as of the balance sheet date were reported and all identifiable risks and impending losses were recorded in the balance sheet.

Figures are generally shown in thousands of euros (EUR '000). Calculation differences may arise when rounded amounts are summed automatically. Figures from the previous year are indicated as such or shown in parentheses.

**Intangible assets** were reported at cost less amortisation based on a useful life of three to ten years.

**Land** is measured at cost, **buildings** at cost less depreciation and any write-downs. As a rule, repair costs for residential buildings are spread over 15 years starting as of 2016.

**Equities** and other non-fixed interest **securities** and **shares in affiliated companies** are valued according to the strict lower-of-cost-or-market principle (strenges Niederstwertprinzip). Bonds, other fixed-income securities and **participations** are valued using the less strict lower-of-cost-or-market principle (gemildertes Niederstwertprinzip) provided for in § 149(1) VAG.

Valuation using the less strict lower-of-cost-or-market principle resulted in write-downs of EUR 36,846,000 (EUR 503,000) not being performed.

The Company takes into account the overall risk position of the Company and the investment strategy provided for this purpose when making investments in fixed-interest securities, real estate, participations and shares. The risk inherent in the specified categories and the market were taken into account when determining exposure volumes and limits.

The investment strategy is laid down in the form of investment guidelines that are continuously monitored for compliance by the corporate risk controlling and internal audit departments. The corporate risk controlling department reports regularly to the tactical and strategic investment committee. The internal audit department reports regularly to the Managing Board.

As a rule, investments are generally low-risk. The strategic investment committee decides on potential high-risk investments based on the inherent risk of each individual investment after performing a full analysis of all related risks and liquidity at risk, and considering all assets currently in the portfolio and the effects of the individual investments on the overall risk position. All known financial risks are assessed regularly and specific limits or reserves are used to limit exposure. Security price risk is reviewed periodically using value-at-risk and stress tests. Default risk is measured using both internal and external rating systems.

An important goal of investment and liquidity planning is to maintain adequate amounts of liquid, value-protected financial investments. Liquidity planning therefore takes into account the trend in insurance benefits and the majority of investment income is generally reinvested.

Five forward exchange transactions in the CZK and PLN currencies with terms limited to 05/01/2023 and 24/05/2023 respectively existed as of the 31 December 2022 balance sheet date. The transactions are being used to hedge future dividends in foreign currency. A provision for expected losses in the amount of EUR 1,685,000 (EUR 2,380,000) was formed for the five forward exchange transactions whose market values were negative as of the reporting date.

Amounts denominated in **foreign currencies** are converted to euro using the appropriate mean rate of exchange.

As a rule, **mortgage receivables and other loans**, including those to affiliated companies and companies in which a participation is held, are measured at the nominal value of the outstanding receivables. Discounts deducted from loan principal are spread over the term of the loan and shown under deferred income.

Specific valuation allowances of adequate size are formed for doubtful **receivables** and deducted from their nominal values.

**Tangible assets** (not including land and buildings) are measured at cost less accumulated depreciation. Low-cost assets are fully written off in the year of purchase.

**Unearned premiums** were essentially calculated by prorating over time after applying a deduction for expenses (15 %) of EUR 5,367,000 (EUR 3,219,000).

The **provision for outstanding claims** for direct business is calculated for claims reported by the balance sheet date by individually assessing claims that have not yet been settled and adding lump-sum safety margins for large unexpected losses. Lump-sum provisions based on past experience are formed for claims incurred but not reported. Recourse claims of EUR 3,360,000 (EUR 7,713,000) were included. The provisions for profit-unrelated premium refunds relate 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. This provision is formed at the individual policy level.

The **indirect business** includes assumed property and casualty insurance as well as health and life insurance business. In **indirect business**, provisions for outstanding claims and the mathematical reserve are primarily based on reports from assignors as of the 31 December 2022 balance sheet date. The reported amounts were increased where this was considered necessary in light of past experience.

The **underwriting items for assumed reinsurance business** and associated retrocessions are included immediately in the annual financial statements.

The equalisation provision is calculated in accordance with the directive of the Austrian Federal Minister of Finance, BGBl. (Federal Gazette) No. 315/2015. The calculation has been performed for direct and indirect business combined since financial year 2016.

The **provisions for severance pay**, pensions, and anniversary bonuses are based on the pension insurance calculation principles of the Actuarial Association of Austria (AVÖ), AVÖ 2018-P (Employees), assuming a wage growth rate of (2.25%):

- Wage growth rate (2023): 8.5 %
- Wage growth rate (2024): 6.5 %
- Wage growth rate (2025): 3.5 %
- Wage growth rate (2026): 2.5 %
- Wage growth rate (from 2027): 2.0 % p.a.

and a discount rate of 1.14 % (0.76 %) p.a. for the severance provision, 1.53 % (1.42 %) for the pension provision and 1.35 % (1.02 %) for the anniversary bonus provision. The discount rate used was based on the 7-year average interest rate as published by the German Bundesbank. The severance pay, pension and anniversary bonus obligations were valued using the projected unit credit method. The retirement age used to calculate the provisions for anniversary bonuses and severance pay is the statutory minimum retirement age as stipulated in the Austrian General Social Security Act (ASVG) (2004 reform), subject to a maximum age of 62 years. The retirement age used to calculate the provision for pensions is based on each individual agreement, or the statutory minimum retirement age as stipulated in the Austrian General Social Security Act (ASVG) (2004 reform). The following percentages were used for employee turnover based on age: <31 4.0 %, 31–35 2.0 %, 36–40 2.0 %, 41–50 1.5 %, 51–55 0.5 % and 56–65 0 %. The severance entitlement used to calculate the provision for severance obligations is based on each individual agreement or on the collective agreement. The following percentages were used for employee turnover based on age: <30 5.5 %, 30–39 2.0 %, 40–50 1.5 %, 51–59 1.0 % and 60–65 0.5 %.

EUR 3,268,000 (EUR 3,223,000) in provisions have been formed for direct pension obligations. A portion of the direct benefits equal to EUR 255,000 (EUR 252,000) will be administered as an occupational group insurance plan after an insurance contract has been concluded in accordance

with §§ 93–98 VAG, so that the provision will equal the overall obligation less the outsourced plan assets.

The provision for severance obligations required under Austrian commercial law for 2022 was EUR 2,694,000 (EUR 2,712,000).

The amount earmarked for satisfying the outsourced severance pay obligations that was held by the outside insurance company was EUR 1,607,000 (EUR 1,873,000).

The difference of EUR 1,087,000 (EUR 839,000) between the size of the severance pay provisions to be formed under Austrian commercial law and the deposit held by the outside insurance company is reported under provisions for severance pay in the balance sheet.

## II. NOTES TO THE BALANCE SHEET

**The book values of intangible assets, land and buildings, investments in affiliated companies and ownership interests have changed as follows:**

	Intangible assets	Land and buildings	Shares in affiliated companies	Bonds and other securities of affiliated companies and loans to affiliated companies	Participations	Bonds and other securities of and loans to companies in which an ownership interest is held
<i>in EUR '000</i>						
As of 31. December 2021	21,456	134,259	4,593,705	421,500	24,216	500
Additions	7,117	26,608	822,693	95,597	0	0
Disposals	0	490	431,767	18,715	0	500
Appreciation	0	0	90,968	0	0	0
Depreciation	4,389	5,098	212,885	0	0	0
As of 31. December 2022	24,184	155,279	4,862,714	498,382	24,216	0

**Intangible assets** with a value of EUR 5,702,000 (EUR 464,000) were acquired from affiliated companies during the financial year. The value of developed and undeveloped properties was EUR 28,090,000 (EUR 28,376,000) as of 31 December 2022.

The **carrying amount of self-used property** was EUR 22,070,000 (EUR 22,703,000).

**The investments have the following carrying amounts and fair values:**

Items under § 144 Abs. 2 VAG	Book Value		Fair value	
	2022	2021	2022	2021
<b>in EUR '000</b>				
Land and buildings	155,279	649,359	134,259	606,434
thereof appraisal reports 2017	0	0	1,443	2,420
thereof appraisal reports 2018	0	0	3,020	3,080
thereof appraisal reports 2019	7,565	11,360	42,637	219,200
thereof appraisal reports 2020	36,320	94,124	31,437	94,124
thereof appraisal reports 2021	19,262	186,710	55,722	287,610
thereof appraisal reports 2022	92,132	357,165	0	0
Shares in affiliated companies	4,862,714	9,368,356	4,593,705	8,974,398
Bonds and other securities of affiliated companies and loans to affiliated companies	498,382	505,707	421,500	503,759
Participations	24,216	31,198	24,216	40,458
Bonds and other securities of and loans to companies in which an ownership interest is held	0	0	500	525
Shares and other non-fixed-interest securities	6,521	6,784	132,419	139,328
Bonds and other fixed-interest securities	331,285	294,708	168,793	177,129
Mortgage receivables	2,018	1,724	2,100	2,238
Other loans	941	437	926	1,300
Bank balances	338,040	338,040	210,000	210,000
Deposits receivables	1,218,466	1,218,466	1,092,826	1,092,826
<b>Total</b>	<b>7,437,862</b>	<b>12,414,780</b>	<b>6,781,244</b>	<b>11,748,394</b>

Hidden reserves rose by EUR 9,767,000 to a total of EUR 4,976,918,000 (EUR 4,967,151,000).

The fair values of **land and buildings** were determined in accordance with the recommendations of the Austrian Association of Insurance Companies. The values are based on appraisal reports.

The fair values of **shares in affiliated companies** and shares in companies in which a participation is held correspond to available market values. If no such value exists, the purchase price is used as the fair value, if necessary reduced by any write-downs, or a proportionate share of the publicly reported equity capital, whichever is greater. To test for impairment, the individual book values are first compared with the fair value or a proportionate share of the equity capital of the affiliated company. The fair values of shares in affiliated companies are either based on valuation reports obtained from external parties or internal valuations.

Stock exchange values were used as far as possible for the fair value of **shares and other non-fixed interest securities, and of bonds and other fixed interest securities** (including those from affiliated companies).

The Company uses purchased software to calculate the fair value of securities that do not have public market or stock market values based on discounted cash flows. VIG Holding holds a bond issued by the Russian Federation with a nominal value of EUR 7 million. This bond has been recognised at 50 % in the balance sheet.

The remaining investments were valued at their nominal values, reduced by write-downs where necessary.

Recognised mathematical models (discounted cash flows) were used to calculate the market values of **mortgage loans** and **other loans**.

The **other loans** not secured by insurance contracts are loans of EUR 940,000 (EUR 926,000) to the Republic of Austria and loans of EUR 0 (EUR 0) to other borrowers. The other loans do not include any loans (EUR 0) with remaining terms of up to one year.

The **subordinated liabilities** balance sheet item consists of the bonds listed in the table below, which were issued in the form of securities.

Name	2022	2021
<i>in EUR '000</i>		
RT1 Supplementary capital bond 2021	300,000	300,000
Supplementary capital bond 2013 – 2043	284,400	500,000
Supplementary capital bond 2015 – 2046	400,000	400,000
Supplementary capital bond 2017 – 2047	200,000	200,000
Supplementary capital bond 2022 - 2042	500,000	0
<b>Total</b>	<b>1,684,400</b>	<b>1,400,000</b>

The following balance sheet items are attributable to affiliated companies and companies in which a participation is held:

	Affiliated companies		Companies in which an ownership interest is held	
	2022	2021	2022	2021
<i>in EUR '000</i>				
Mortgage receivables	2,018	2,100	0	0
Deposits receivables	1,218,466	1,092,826	0	0
Receivables from direct insurance business	6,280	25,079	0	0
Receivables from reinsurance business	33,250	31,240	0	0
Other receivables	155,205	120,148	0	8
Liabilities from direct insurance business	3,845	4,077	0	0
Liabilities from reinsurance business	4,037	9,324	0	0
Other liabilities	425,987	451,210	0	0

The change in **personnel provisions** was recognised in personnel expenses. The interest expenses for personnel provisions of EUR 5,339,000 (EUR 6,694,000) are reported under investment and interest expenses.

The **other provisions** of EUR 122,848,000 (EUR 143,413,000) mainly consist of IT provisions of EUR 52,060,000 (EUR 95,861,000), provisions for unused vacation time of EUR 3,257,000 (EUR 3,115,000), provisions for variable salary components of EUR 9,972,000 (EUR 9,311,000), provisions for customer support and marketing of EUR 534,000 (EUR 467,000) and provisions for anniversary bonuses of EUR 1,471,000 (EUR 1,263,000).

The amount shown under **other liabilities** includes EUR 2,912,000 (EUR 101,000) in tax liabilities and EUR 607,000 (EUR 570,000) in social security liabilities.

The purchase agreement that was concluded on 29 November 2020 for the VIG Group acquisition of the

companies of the Dutch company Aegon N.V. in Hungary, Poland, Romania and Türkiye has been partially closed. The VIG Group finalised the acquisition of the Hungarian Aegon companies in March 2022. Consequently, the Hungarian state holding Corvinus holds a 45 % stake in Aegon Hungary. In April 2022, the acquisition of the Turkish Aegon insurance company was successfully completed. The acquisitions of the Aegon companies in Poland and Romania are provisionally expected to be completed in 2023, once the outstanding approvals have been granted by the authorities.

The following disclosures are provided for **off-balance sheet contingent liabilities**: A letter of comfort totalling EUR 75,000,000 (EUR 75,000,000) has been issued for affiliated companies in connection with borrowing. VIG Holding assumed guarantees totalling EUR 395,419,000 (EUR 350,000,000), of which one totalling EUR 350,000,000 was assumed in December 2019 vis-à-vis its subsidiary Wiener Städtische Versicherung AG Vienna Insurance Group and one totalling EUR 22,000,000

was assumed in December 2022 vis-à-vis its subsidiary VIG RE zajišťovna, a.s.

**Liabilities arising from the use of off-balance sheet tangible assets** were EUR 2,166,000 (EUR 2,073,000) for the following financial year and EUR 11,163,000 (EUR 11,007,000) for the following five years.

### III. NOTES TO THE INCOME STATEMENT

**Premiums written, net earned premiums, expenses for insurance claims and benefits, administrative expenses and reinsurance balance had the following breakdown for property and casualty insurance in 2022:**

Gross	Premiums written	Net earned premiums	Expenses for claims and insurance benefits	Administrative expenses	Reinsurance balance
<b>in EUR '000</b>					
Direct business					
Fire and fire business interruption insurance	213,715	204,019	203,509	13,939	7,528
Liability insurance	4,871	4,371	842	673	-1,676
Marine, aviation and transport insurance	5,455	5,080	1,416	1,248	-1,382
Other non-life insurance	26,693	25,094	9,688	2,612	-6,151
<b>Total direct business</b>	<b>250,734</b>	<b>238,564</b>	<b>215,455</b>	<b>18,472</b>	<b>-1,681</b>
(Previous year values)	186,149	176,543	171,709	14,635	15,797
Indirect business					
Marine, aviation and transport insurance	0	0	16	0	16
Other insurance	1,210,926	1,171,399	717,295	436,289	-6,007
<b>Total indirect business</b>	<b>1,210,926</b>	<b>1,171,399</b>	<b>717,311</b>	<b>436,289</b>	<b>-5,991</b>
(Previous year values)	1,077,969	1,047,614	608,106	434,992	-3,836
<b>Total direct and indirect business</b>	<b>1,461,660</b>	<b>1,409,963</b>	<b>932,766</b>	<b>454,761</b>	<b>-7,672</b>
(Previous year values)	1,264,118	1,224,157	779,815	449,627	11,961

The **reinsurance balance** is composed of net earned reinsurance premiums, effective reinsurance claims and reinsurance commissions.

The run-off result for property and casualty insurance was EUR 3,574,000 (EUR 37,649,000) for financial year 2022.

In **indirect business**, EUR 21,484,000 (EUR 15,639,000) in premiums written in the health insurance line of business

and EUR 16,174,000 (EUR 5,133,000) in the life insurance line of business were assumed. The reinsurance balance from assumed health and life insurance business was EUR 0 (EUR 0).

The result from **indirect business** was EUR 51,883,000 (EUR 13,139,000). The net earned premiums of EUR 1,206,720,000 (EUR 1,068,386,000) from indirect business were included immediately in the income statement.

**Of the income from participations, land and buildings and other investments shown in the income statement, affiliated companies accounted for the following amounts:**

	2022	2021
<b>in EUR '000</b>		
Income from participations	408,214	669,205
Income from other investments	25,500	21,982
Income from land and buildings	636	873

The funds in the portfolio distributed EUR 21,000 (EUR 1,654,000) during the financial year.

The deposit interest income for indirect business was transferred to the underwriting account.

**Losses from disposals of investments** were EUR 20,951,000 (EUR 6,131,000) in financial year 2022.

**The expenses for insurance claims and benefits, administrative expenses, other underwriting expenses and investment expenses include:**

	2022	2021
<i>in EUR '000</i>		
Wages and salaries	34,465	32,741
Expenses for severance benefits and payments to company pension plans	1,103	701
Expenses for retirement provisions	1,249	898
Expenses for statutory social contributions and income-related contribution and mandatory contributions	6,778	6,460
Other social security expenses	196	166

**Commissions** of EUR 12,415,000 (EUR 9,502,000) were incurred for direct business in financial year 2022.

A summary of **auditing fees** is provided in the notes to the consolidated financial statements of VIENNA INSURANCE GROUP AG Wiener Versicherung Gruppe, Vienna.

Deferred profit taxes of EUR 0 (EUR 0) were recognised due to temporary differences between earnings under commercial law and taxable earnings. A tax rate of 20.7 % (22.5 %) was chosen for deferred taxes based on the provisions of the tax allocation agreement with the parent company. The decrease in the tax rate is due to the 2022 eco-social tax reform and the associated gradual reduction of the corporate income tax rate.

**Deferred taxes**

	31.12.2022	31.12.2021
<i>in EUR '000</i>		
Shares in affiliated companies	26,850	22,153
investments	-11,608	2,394
Tangible assets (not incl. land and buildings) and inventories	109	85
Valuation reserve	-19,436	-19,983
subordinated liabilities	8,253	6,357
Underwriting provision – retention	92,339	83,497
Long-term personnel provisions	46,096	41,132
other provisions	13,687	56,039
<b>Temporary differences</b>	<b>156,290</b>	<b>191,674</b>
Not subject to tax	-156,290	-191,674
Total differences	0	0
Resulting deferred taxes as at 31.12. 20.7% (22.5%)	0	0
Deferred taxes changed as follows:		
As of 1 January	0	0
Changes recognised in the income statement	0	0
<b>As of 31 December</b>	<b>0</b>	<b>0</b>



**IV. SIGNIFICANT PARTICIPATIONS**

Company	Direct interest in capital (%)	Equity capital (EUR '000)	Share of capital (EUR '000)	Result of the year (EUR '000)	Share of profit for the year (EUR '000)	Last annual financial statements
<b>Affiliated companies</b>						
Akcionarsko drustvo za zivotno osiguranje Wiener Städtische Podgorica, Vienna Insurance Group, Podgorica	100,00	3.874	3.874	241	241	2021
ASIGURAREA ROMANEASCA - ASIROM VIENNA INSURANCE GROUP S.A., Bucharest	88,77	79.442	70.521	-512	-455	2022
ATBIH GmbH, Vienna	68,97	158.521	109.332	-4.988	-3.440	2022
BCR Asigurari de Viata Vienna Insurance Group S.A., Bucharest	93,98	51.794	48.676	8.767	8.239	2022
Beesafe Spolka z Ograniczona Odpowiedzialnoscia, Warsaw	77,27	9.111	7.040	-7.141	-5.518	2021
BTA Baltic Insurance Company AAS, Riga	100,00	53.934	53.934	9.303	9.303	2022
Ceská podnikatelská pojist'ovna, a.s., Vienna Insurance Group, Prague	100,00	108.073	108.073	33.464	33.464	2022
Compania de Asigurari "DONARIS VIENNA INSURANCE GROUP" Societate pe Actiuni, Chisinau	99,99	6.251	6.250	708	708	2022
Compensa Life Vienna Insurance Group SE, Tallinn	100,00	17.151	17.151	7.202	7.202	2022
Compensa Towarzystwo Ubezpieczen Na Zycie Spolka Akcyjna Vienna Insurance Group, Warsaw	84,14	58.860	49.525	6.166	5.188	2022
Compensa Towarzystwo Ubezpieczen Spolka Akcyjna Vienna Insurance Group, Warsaw	76,01	82.233	62.505	12.193	9.268	2022
Compensa Vienna Insurance Group, akcine draudimo bendrove, Vilnius	100,00	53.895	53.895	3.671	3.671	2022
DONAU Versicherung AG Vienna Insurance Group, Vienna	74,24	111.462	82.749	10.138	7.526	2022
ELVP Beteiligungen GmbH, Vienna	100,00	23.276	23.276	11.066	11.066	2022
Foreign limited liability company "InterInvestUchastie", Minsk	99,95	239	239	3	3	2021
GLOBAL ASSISTANCE D.O.O. BEOGRAD, Belgrade	50,00	founded 2022				n.a.
Global Assistance Polska Spolka z ograniczona odpowiedzialnoscia, Warsaw	30,77	243	75	135	41	2021
GLOBAL ASSISTANCE SERVICES s.r.o., Prague	100,00	384	384	52	52	2021
GLOBAL ASSISTANCE SERVICES SRL, Bucharest	40,00	271	109	46	18	2021
GLOBAL ASSISTANCE SLOVAKIA s.r.o., Bratislava	40,00	61	25	8	3	2021
GLOBAL ASSISTANCE, a.s., Prague	60,00	6.754	4.052	2.567	1.540	2022
Global Services Bulgaria JSC, Sofia	50,00	434	217	82	41	2021
Insurance Company Vienna osiguranje d.d., Vienna Insurance Group, Sarajevo	100,00	9.735	9.735	349	349	2022
INSURANCE ONE-SHAREHOLDER JOINT-STOCK COMPANY BULSTRAD VIENNA INSURANCE GROUP EAD, Sofia	100,00	70.096	70.096	23.349	23.349	2022
InterRisk Towarzystwo Ubezpieczen Spolka Akcyjna Vienna Insurance Group, Warsaw	100,00	43.675	43.675	12.579	12.579	2022
InterRisk Versicherungs-AG Vienna Insurance Group, Wiesbaden	100,00	53.670	53.670	15.050	15.050	2022
INTERSIG VIENNA INSURANCE GROUP Sh.A., Tirana	89,98	7.295	6.564	928	835	2022
Joint Stock Insurance Company WINNER LIFE - Vienna Insurance Group Skopje, Skopje	100,00	4.208	4.208	185	185	2021
Joint Stock Insurance Company WINNER-Vienna Insurance Group, Skopje	100,00	7.097	7.097	388	388	2022
KOMUNALNA poistovna, a.s. Vienna Insurance Group, Bratislava	100,00	52.644	52.644	2.761	2.761	2022
KOOPERATIVA poist'ovna, a.s. Vienna Insurance Group, Bratislava	94,37	231.548	218.512	39.530	37.304	2022

Company	Direct interest in capital (%)	Equity capital (EUR '000)	Share of capital (EUR '000)	Result of the year (EUR '000)	Share of profit for the year (EUR '000)	Last annual financial statements
<b>Affiliated companies</b>						
Kooperativa, pojist'ovna, a.s. Vienna Insurance Group, Prague	95,84	596.911	572.080	138.964	133.183	2022
KUPALA Belarusian-Austrian Closed Joint Stock Insurance Company, Minsk	52,34	15.258	7.986	3.468	1.815	2021
LVP Holding GmbH, Vienna	100,00	626.967	626.967	4.433	4.433	2022
OMNIASIG VIENNA INSURANCE GROUP S.A., Bucharest	99,54	149.548	148.860	5.671	5.645	2022
Private Joint Stock Company "Insurance Company "USG", Kiev	6,90	16.528	1.140	2.501	173	2022
Private Joint-Stock Company "INSURANCE COMPANY "KNAZHA LIFE VIENNA INSURANCE GROUP", Kiev	97,94	2.922	2.862	368	360	2022
PRIVATE JOINT-STOCK COMPANY "UKRAINIAN INSURANCE COMPANY "KNAZHA VIENNA INSURANCE GROUP", Kiev	90,56	10.219	9.254	1.148	1.040	2022
Ray Sigorta Anonim Sirketi, Istanbul	12,67	44.622	5.654	10.323	1.308	2022
RISK CONSULT Sicherheits- und Risiko-Managementberatung Gesellschaft m.b.H., Vienna	41,00	988	405	271	111	2021
SIA "Global Assistance Baltic", Riga	33,33	287	96	-13	-4	2022
SIGMA INTERALBANIAN VIENNA INSURANCE GROUP Sh.A., Tirana	89,05	17.077	15.207	2.809	2.501	2022
Stock Company for Insurance and Reinsurance MAKEDONIJA Skopje - Vienna Insurance Group, Skopje	94,36	25.898	24.437	650	613	2022
twinformatics GmbH, Vienna	20,00	3.403	681	516	103	2022
Vienna Insurance Group Polska Spolka z ograniczona odpowiedzialnoscia, Warsaw	51,43	18.256	9.389	18	9	2022
Vienna International Underwriters GmbH, Vienna	100,00	479	479	69	69	2021
Vienna Life Towarzystwo Ubezpieczen na Zycie S.A. Vienna Insurance Group, Warsaw	100,00	5.971	5.971	1.887	1.887	2022
Vienna-Life Lebensversicherung AG Vienna Insurance Group, Bendorf	100,00	9.313	9.313	-689	-689	2022
VIG AM Real Estate, a.s., Prague	100,00	832	832	12	12	2021
VIG Hungary Holding B.V., Amsterdam	55,00	70.648	38.856	0	0	2022
VIG Hungary Holding B.V. II, Amsterdam	55,00	70.648	38.856	0	0	2022
VIG IT - Digital Solutions GmbH, Vienna	100,00	founded 2022				
VIG Magyarország Befektetési Zártkörűen Működő Reszvénytársaság, Budapest	55,00	197.606	108.683	5.170	2.844	2022
VIG Management Service SRL, Bucharest	52,08	271	141	46	24	2021
VIG Properties Bulgaria AD, Sofia	99,97	1.084	1.084	-2.611	-2.610	2022
VIG RE zajist'ovna, a.s., Prague	55,00	140.255	77.140	25.573	14.065	2022
VIG Services Ukraine, LLC, Kiev	6,98	1.239	86	111	8	2022
VIG Türkiye Holding B.V., Amsterdam	100,00	32.288	32.288	0	0	2022
VIG-CZ Real Estate GmbH, Vienna	90,00	147.548	132.793	10	9	2022
Wiener Osiguranje Vienna Insurance Group a.d., Banja Luka	100,00	8.898	8.898	108	108	2022
Wiener osiguranje Vienna Insurance Group dionicko drustvo za osiguranje, Zagreb	97,82	39.009	38.159	207	202	2022
WIENER STÄDTISCHE OSIGURANJE akcionarsko drustvo za osiguranje Beograd, Belgrade	100,00	39.289	39.289	10.200	10.200	2022
WIENER STÄDTISCHE VERSICHERUNG AG Vienna Insurance Group, Vienna	90,82	633.264	575.130	147.956	134.374	2022
Wiener Towarzystwo Ubezpieczen Spolka Akcyjna Vienna Insurance Group, Warsaw	100,00	43.631	43.631	9.331	9.331	2022
<b>Participations</b>						
Erste Asset Management GmbH, Vienna	0,76	136.660	1.039	73.119	556	2021
Wiener Börse AG, Vienna	8,50	170.454	14.489	35.226	2.994	2021

## V. OTHER DISCLOSURES

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.

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.

On 9 October 2013 the Company issued a subordinated bond with a nominal value of EUR 500,000,000.00 and a maturity of 30 years. The Company 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 5.5 % 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 15 June 2022, an early partial redemption of the subordinated bonds took place. Approximately 43 % (EUR 215.6 million)

was bought back. The remaining outstanding volume of the bonds (EUR 284.4 million) continues to be recognised under the subordinated liabilities item.

On 2 March 2015 the Company issued a subordinated bond with a nominal value of EUR 400,000,000.00 and a maturity of 31 years. The Company 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 and is listed on the Luxembourg Stock Exchange.

A EUR 200,000,000.00 subordinated bond with a term of 30 years was privately issued with international institutional investors on 6 April 2017. The subordinated bond can be called for the first time after 10 years by VIG Holding and satisfies the tier 2 requirements of Solvency II. Inclusion for trading in the Third Market of the Vienna Stock Exchange took place on 13 April 2017. The interest rate is 3.75% p.a. until 13 April 2027, after which the bond pays variable interest.

In June 2021, a subordinated bond with a total volume of EUR 300,000,000.00 and an unlimited term was placed privately as a restricted tier 1 instrument and was signed entirely by the principal shareholder of VIG Holding, Wiener Städtische Versicherungsverein. The subordinated bond bears interest at a fixed rate of 3.2125% p.a. during the first 10 years and variable interest after that.

A tier 2 subordinated bond with a total nominal value of EUR 500,000,000.00 was placed on 8 June 2022. The subordinated bond has a term of 20 years and VIG Holding can call it for the first time after 10 years. The bonds initially have an annual interest rate of 4.875 % and will pay variable interest from 15 June 2032 (inclusive), unless terminated or bought back before this date. The bonds are traded on the Vienna Stock Exchange.

**Senior sustainability bond**

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. The total net proceeds could be made available for green (80 %) and social (20 %) projects within the first year following issuance.

**THE SUPERVISORY BOARD HAD THE FOLLOWING MEMBERS IN FINANCIAL YEAR 2022:****Chairman:**

Günter Geyer

**1. Deputy Chairman:**

Rudolf Ertl

**2. Deputy Chairman:**

Robert Lasshofer

**Members:**

Martina Dobringer

Zsuzsanna Eifert

Gerhard Fabisch

András Kozma (since 20 May 2022)

Peter Mihók

Heinz Öhler

Georg Riedl (to 20 May 2022)

Gabriele Semmelrock-Werzer

Katarína Slezáková

Gertrude Tumpel-Gugerell

**THE MANAGING BOARD HAS THE FOLLOWING MEMBERS:****Chairwoman:**

Elisabeth Stadler

**Deputy Chairman of the Managing Board:**

Hartwig Löger

**Members:**

Liane Hirner

Peter Höfing

Gerhard Lahner

Gábor Lehel

Harald Riener

Peter Thirring

**Changes during and after the end of the financial year:**

The VIG Holding Managing Board will have the following members from 1 July 2023: Mr Löger, Chairman of the Managing Board (General Manager), Mr Höfing, Deputy Chairman of the Managing Board (Deputy General Manager), Ms Hirner, Mr Lahner, Mr Lehel and Mr Riener. All Managing Board terms will expire on 30 June 2027. Ms Stadler and Mr Thirring will, at their own request, not extend their terms on the Managing Board upon their expiry on 30 June 2023.

There were **an average of 317 (311) employees, including Managing Board members**. These employees were employed in the insurance business and resulted in personnel expenses of EUR 43,792,000 (EUR 40,967,000).

There were no loans outstanding to **members of the Managing Board** or members of the Supervisory Board as of 31 December 2022 (EUR 0).

No **guarantees were outstanding for members of the Managing Board** or Supervisory Board as of 31 December 2022.

In 2022, the **total expenses** for severance pay and pensions of EUR 2,352,000 (EUR 1,599,000) included severance pay and pension expenses of EUR 2,183,000 (EUR 1,626,000) for Managing Board members and senior management in accordance with § 80(1) of the Austrian Stock Corporation Act (AktG).

The Managing Board manages the Company and is also responsible for management of the Group. In some cases, responsibility is also assumed for additional duties in affiliated or related companies.

The members of the Managing Board received EUR 7,948,000 (EUR 7,243,000) from the Company during the reporting period for their services. Managing Board members are provided a company car for both business and personal use. The members of the Managing Board received EUR 17,000 (EUR 0) in the reporting year for their services as a manager or employee of affiliated companies.

The ratio of the fixed and variable income of all VIG Holding **employees** versus the Managing Board as a whole was 1:11.0 (1:11.2) in 2022.

Former **members of the Managing Board** received EUR 1,075,000 (EUR 1,330,000).

The **members of the Supervisory Board** received EUR 758,000 (EUR 695,000) in compensation for their services to the Company in 2022.

The Company is a group member within the meaning of § 9 of the Austrian Corporate Income Tax Act (KStG) of the Wiener Städtische Versicherungsverein, Vienna group of companies.

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 positive income is attributed to the parent company, the tax allocation equals 25 % of the positive income. If negative income is attributed to the parent company, the negative tax allocation equals 22.5 % of the current tax loss.

A receivable of EUR 126,376,000 (EUR 97,576,000) is owed by the parent company.

The Company is included in the consolidated financial statements prepared by Wiener Städtische Versicherungsverein, which has its registered office in Vienna. The consolidated financial statements have been disclosed and are available for inspection at the business premises of this Company located at Schottenring 30, 1010 Vienna.

## VI. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

No events of special significance that would have changed the presentation of the net assets, financial position and results of operations occurred after the balance sheet date.

## PROPOSED APPROPRIATION OF PROFITS

VIENNA INSURANCE GROUP AG Wiener Versicherung Gruppe (VIG Holding) ended financial year 2022 with net retained profits of EUR 370,431,503.00. The following appropriation of profits will be proposed in the Annual General Meeting:

The 128 million shares shall receive a dividend of EUR 1.30 per share. The payment date for this dividend will be 1 June 2023, the record date 31 May 2023, and the ex-dividend date 30 May 2023.

A total of EUR 166,400,000.00 will therefore be distributed. The net retained profits of EUR 204,031,503.00 remaining for financial year 2022 after distribution of the dividend is to be carried forward.

Vienna, 20 March 2023

The Managing Board:



**Elisabeth Stadler**

General Manager (CEO),  
Chairwoman of the Managing  
Board



**Hartwig Löger**

Deputy General Manager, Deputy  
Chairman of the Managing Board



**WP/StB Mag. Liane Hirner**

CFRO, Member of the Managing  
Board



**Mag. Peter Höfinger**

Member of the Managing Board



**Mag. Gerhard Lahner**

COO, Member of the Managing  
Board



**Gábor Lehel**

CIO, Member of the Managing  
Board



**Mag. Harald Riener**

Member of the Managing Board



**Peter Thirring**

CTO, Member of the Managing  
Board

## AUDITOR'S REPORT

### REPORT ON THE FINANCIAL STATEMENTS

#### Audit Opinion

We have audited the financial statements of

**VIENNA INSURANCE GROUP AG Wiener Versicherung Gruppe,  
Vienna, Austria,**

which comprise the Balance Sheet as of 31 December 2022, the Income Statement for the year then ended, and the Notes.

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of 31 December 2022 and its financial performance for the year then ended, in accordance with Austrian Generally Accepted Accounting Principles and other legal or regulatory requirements for insurance companies.

#### Basis for our Opinion

We conducted our audit in accordance with Regulation (EU) 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 Company, 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 financial statements. These matters were addressed in the context of our audit of the financial statements as a whole, however, we do not provide a separate opinion thereon.

#### Recoverability of investments in affiliated insurance companies

Refer to notes chapter "I. Summary of significant accounting policies", "II. Notes to the balance sheet" and "IV. Significant participations"

#### Risk for the Financial Statements

Investments in affiliated insurance companies represent a significant part of VIENNA INSURANCE GROUP AG Wiener Versicherung Gruppe assets.

In previous years certain investments in affiliated insurance companies were written down due to sustained impairments. For the financial year it has to be verified whether any changes in market, economic or legal conditions require a reversal of impairments or additional write downs.

To assess the recoverability or value recovery, the book values are compared with the proportionate equity and fair values of the companies. The determination of the fair values is complex and based on discretionary factors. Those factors include in particular the expected future cash flows of the subsidiary, which are primarily based on past experience as well as on the management's assessment of the expected market environment and 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 investments in affiliated insurance companies:

- We have compared the respective book values with the proportionate equity of the companies.
- We have assessed the appropriateness of key assumptions, of discretionary decisions and of the valuation method applied for investments in affiliated companies.
- We have reconciled the expected future cash flows used in the calculation with the strategic business planning approved by the management. We used analytical procedures to verify the plausibility of the detailed planning for future years.
- 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 analyzed the consistency of planning data using information from prior periods.
- Given that minor changes in the applied cost of capital rate significantly impact the determined fair value, 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.

**Other Information**

Management is responsible for other information. Other information is all information provided in the annual report, other than the financial statements, the management report and the auditor's report.

Our opinion on the 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 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 Audit Committee for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Austrian Generally Accepted Accounting Principles and other legal or regulatory requirements for insurance companies and for such internal controls as management determines are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

The audit committee is responsible for overseeing the Company's financial reporting process.

**Auditor's Responsibilities**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement – whether due to fraud or error – and to issue an auditor's report that includes our audit opinion. Reasonable assurance represents a high level of assurance, but provides no guarantee that an audit conducted in accordance with 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 financial statements.

As part of an audit in accordance with 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 misstatements in the 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 the 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 entity'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 Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our audit report to the respective note in the 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 Company to cease to continue as a going concern.
- We evaluate the overall presentation, structure and content of the financial statements, including the notes, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- 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

### Management Report

In accordance with Austrian company law, the management report is to be audited as to whether it is consistent with the financial statements and prepared in accordance with legal requirements.

Management is responsible for the preparation of the management report in accordance with Austrian company law and other legal or regulatory requirements for insurance companies.

We have conducted our audit in accordance with generally accepted standards on the audit of management reports as applied in Austria.

### Opinion

In our opinion, the management report is consistent with the financial statements and has been prepared in accordance with legal requirements. The disclosures pursuant to Section 243a UGB are appropriate.

### Statement

Based on our knowledge gained in the course of the audit of the financial statements and our understanding of the Company and its environment, we did not note any material misstatements in the management report.

**Additional Information in accordance with Article 10 AP Regulation**

We were elected as auditors at the Annual General Meeting on 21 Mai 2021 and were appointed by the supervisory board on 2 June 2021 to audit the financial statements of the company for the financial year ending on 31 December 2022.

On 20 May 2022 we were elected as auditors for the financial year ending on 31 December 2023 and were appointed by the supervisory board on 13 June 2022 to audit the financial statements.

We have been auditors of the Vienna Insurance Group, without interruption, since the consolidated financial statements of 31 December 2013.

We declare that our opinion expressed in the "Report on the 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 Company.

**Engagement Partner**

The engagement partner is Mr Thomas Smrekar.

Vienna, 20 March 2023

KPMG Austria GmbH  
Wirtschaftsprüfungs- und Steuerberatungsgesellschaft

signed by:

**Thomas Smrekar**

Wirtschaftsprüfer  
(Austrian Chartered Accountant)

**This report is a translation of the original report in German, which is solely valid.**

The financial statements, together with our auditor's opinion, may only be published if the financial statements and the management report are identical with the audited version attached to this report. Section 281 Paragraph 2 UGB (Austrian Commercial Code) applies.

## DECLARATION BY THE MANAGING BOARD

We declare to the best of our knowledge that the annual financial statements of VIENNA INSURANCE GROUP AG Wiener Versicherung Gruppe prepared in accordance with the requirements of Austrian commercial law and the Austrian Insurance Supervision Act (VAG) give a true and

fair view of the Company's net assets, financial position and results of operations, the management report presents the business development, performance and position of the Company so as to give a true and fair view of its net assets, financial position and results of operations, and the management report provides a description of the principal risks and uncertainties to which the Company is exposed.

Vienna, 20 March 2023

The Managing Board:



**Elisabeth Stadler**  
General Manager (CEO),  
Chairwoman of the Managing  
Board



**Hartwig Löger**  
Deputy General Manager, Deputy  
Chairman of the Managing Board



**WP/StB Mag. Liane Hirner**  
CFRO, Member of the Managing  
Board




**Mag. Peter Höfinger**  
Member of the Managing Board



**Mag. Gerhard Lahner**  
COO, Member of the Managing  
Board



**Gábor Lehel**  
CIO, Member of the Managing  
Board



**Mag. 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.

VIG Holding is committed to social responsibility and the importance of having employees drive forward performance, innovation and expertise. 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. Goal fulfilment for Managing Board Members also depended on both financial and non-financial criteria in the 2022 reporting year. Detailed information on the principles underlying the remuneration system is available in the remuneration policy and 2022 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 2022 consolidated corporate governance report.

One Annual General Meeting and four Supervisory Board meetings distributed across the financial year were held in 2022. Four meetings of the Audit Committee (Accounts Committee) were also held. 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 three Audit Committee meetings and three Supervisory Board meetings in 2022, including the Supervisory Board meeting that addressed the audit of the 2021 annual financial statements and the 2021 consolidated financial statements as well as formal approval of the 2021 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. Two meetings of the Committee for Managing Board Matters (Human Resources Committee) were held in 2022. The Committee for Urgent Matters (Working Committee) met twice and passed one resolution by circulation. The Nomination Committee met twice. The Strategy Committee did not meet in 2022. Strategic matters were handled by the Supervisory Board as a whole.

No agenda items were discussed in Supervisory Board meetings in 2022 without the participation of members of the Managing Board.

No Member of the Supervisory Board attended fewer than half of the Supervisory Board meetings. Detailed information on meeting attendance by Supervisory Board members in financial year 2022 is available in the 2022 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 21 May 2021 selected KPMG to be the financial statements auditor and consolidated financial statements auditor for the financial year 2022, and KPMG consequently performed these duties in the financial year 2022.

The Audit Committee mainly dealt with the following topics in 2022:

During one meeting of the Audit Committee, the members of the committee consulted with the (consolidated) financial

statements auditor on the 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. The Audit Committee also dealt with permitted non-audit services. 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 2022 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 accordance with the Audit Regulation (Regulation (EU) No 537/2014), the Audit Committee conducted a selection procedure to appoint the auditor of the (consolidated) financial statements for the financial year 2023. This resulted in a justified recommendation with a preference for KPMG being submitted to the Supervisory Board. 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 Supervisory Board followed the recommendation of the Audit Committee. The General Meeting selected KPMG as auditor of the financial statements and consolidated financial statements for 2023.

The Audit Committee also received the 2022 annual financial statements, management report, 2022 consolidated corporate governance report and 2022 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 2022 consolidated financial statements and Group management report. In addition, the auditor's reports prepared by (consolidated) financial statements auditor KPMG for the 2022 annual financial statements and management report and the 2022 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 the Audit Regulation (EU) 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.

The Supervisory Board also dealt with IT security issues in financial year 2022.

The Managing Board and Supervisory Board prepared a remuneration report for financial year 2022.

In its meeting on 13 September 2022, the Supervisory Board reappointed Ms Hirner to the Managing Board. At its meeting on 29 November 2022, the Supervisory Board, on the recommendation of the Nomination Committee, appointed Mr Löger to the position of Chairman of the Managing Board (General Manager) and Mr Höfingner to the position of Deputy Chairman of the Managing Board (Deputy General Manager) with effect from 1 July 2023. Furthermore, in its meeting on 29 November 2022, the Supervisory Board reappointed Mr Lahner, Mr Lehel and Mr Riener to the Managing Board with effect from 1 July 2023. All Managing Board terms will expire on 30 June 2027. Ms Stadler and Mr Thirring will, at their own request, not extend their terms on the Managing Board upon their expiry on 30 June 2023.

The 2022 annual financial statements together with the management report and 2022 consolidated corporate governance report, the 2022 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. 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.

In 2022, the Managing Board of VIG Holding informed the members of the Supervisory Board of material sustainability and IT security matters. During the reporting period, for example, sustainability was dealt with as an important element of the VIG 25 corporate strategy and the expansion of environmentally friendly investments.

The Supervisory Board also received the 2022 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 2022 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 2022 annual financial statements and management report and the 2022 consolidated financial statements and Group management report were reviewed by the Supervisory Board and examined. KPMG's audit of the 2022 annual financial statements and management report and the 2022 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 2022, and of the results of operations of the Company for the financial year 2022 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 2022, and of the results of operations and cash flows of the Group for the financial year 2022 in accordance with 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 2022 sustainability report (consolidated non-financial report) and determined in accordance with § 269 (3) UGB that the 2022 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 2022 annual financial statements prepared by the

Managing Board, not to raise any objections to the management report, the 2022 consolidated financial statements and Group management report, the 2022 consolidated corporate governance report and the 2022 sustainability report (consolidated non-financial report) and to agree with the Managing Board-proposed appropriation of profits.

The 2022 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 2023

The Supervisory Board:

A handwritten signature in black ink, appearing to read 'G. Geyer', is positioned below the text 'The Supervisory Board:'. The signature is fluid and cursive.

**Komm.-Rat. Günter Geyer (Chairman)**



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## ABBREVIATIONS USED IN THE TEXT

Abbreviation	Full company name
Erste Group	Erste Group Bank AG
VIG, VIG-Versicherungsgruppe, VIG-Gruppe	All consolidated group companies
VIG Holding bzw. Vienna Insurance Group AG <sup>1</sup>	VIENNA INSURANCE GROUP AG Wiener Versicherung Gruppe, Wien
VIG Re	VIG Re zajišťovna, a.s., Prag
Wiener Städtische	Wiener Städtische Versicherung AG Vienna Insurance Group
Wiener Städtische Versicherungsverein	Wiener Städtische Wechselseitiger Versicherungsverein – Vermögensverwaltung – Vienna Insurance Group, Wien

<sup>1</sup>used when referring to the listed individual company

## NOTICE

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, type-setting or printing errors, however, cannot be ruled out completely.

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## GENERAL INFORMATION

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VIENNA INSURANCE GROUP AG  
Wiener Versicherung Gruppe

Commercial register: 75687 f  
Data Processing Register No. (DVR): 0016705

### **Economic environment and outlook:**

CEE Equity Research, Erste Group Bank AG

Editorial deadline: 16 March 2023

**Printing:** WIENER STÄDTISCHE VERSICHERUNG AG  
Vienna Insurance Group, Vienna

In case of doubt, the German version is authoritative

17PG001/HD22