

Half-year financial report 2021

Letter from the Chairwoman of the Managing Board

**Dear Shareholders,
Dear Readers,**

The VIG Group has achieved satisfying interim results for 2021. Business development is continuing at the level before the coronavirus pandemic, and our customers and business partners remained loyal to us even during the pandemic, which I see as recognition of the dedicated service provided by all our companies and their teams. Our efforts to promote digital services also paid off for the Group and will provide further leverage for our operations in the future.



Our business development for the 1st half of 2021 shows that growth was achieved in both premium volume and the result before taxes versus the same period in the previous year. The combined ratio was also further improved. These favourable results were achieved in an environment that remains challenging, as the pandemic continued during the 1st half of 2021 and affected our everyday lives to varying degrees. As the largest international insurance group in Central and Eastern Europe, we can see how differently the situation is being dealt with in the individual countries of our region, and how important it is to act locally and react independently and appropriately based on local conditions. This is precisely what our business model, based on the values of diversity, customer proximity and responsibility, allows us to do. We have always given our local Group companies the entrepreneurial freedom they need to achieve success by tailoring their insurance solutions to meet the needs of the local market, thereby contributing to the sustained positive performance of the Group as a whole.

To continue this success story for the Group, we intensively analysed the trends and developments in the insurance industry, and worked together with the CEOs of our Group companies to develop our “VIG 25” strategic programme, which runs until 2025. The areas our entrepreneurial activities will be focusing on until 2025 include further optimisation of our business model to increase efficiency, strengthening alternative distribution channels and expanding services. We intend to make use of technical opportunities and further promote the digital transformation in order to

effectively address changing market conditions, increased customer expectations and the ongoing need for risk coverage. Our goal is to further expand our leading market position in the CEE region, in which we also include Austria, and create sustainable value for all our stakeholder groups. We aim to increase our premium volume to around EUR 12.3 billion by 2025 and further improve our combined ratio to a value below 95%.

“VIG 25” includes specific ESG-related goals that underscore our efforts to combine economic objectives with social and environmental factors, which are of great importance in our Group far beyond the sustainability strategy explicitly introduced in 2017. The recent severe weather events that have occurred provide clear evidence of the importance of every step taken to protect climate and environment. Our promise of “protecting what matters” not only applies to the people and companies we insure, but we see it as an obligation to help ensure a future worth living on our planet. In my view, our “VIG 25” strategic programme and its goals put the Group on the right path to allow us to tailor our actions more flexibly, individually and sustainably to the benefit of our stakeholders.

Yours sincerely,

A handwritten signature in black ink that reads "Stadler".

Elisabeth Stadler

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Interim management report

Business development and economic position

ECONOMIC ENVIRONMENT

Austria recorded a 6.3% year-on-year decrease in GDP in 2020 due to the pandemic, a historic low for economic performance in Austria. The expectations for a recovery in 2021 were accordingly high. Due to another wave of the pandemic and the resulting containment measures, however, the 1st quarter of 2021 also recorded a decrease of 5.5%, with losses particularly large in winter tourism. The loosening of measures starting in May 2021 was the forerunner of a significant recovery. Exports and investments were already showing signs of a recovery since the beginning of the year, and the opening of the services sector in the 2nd quarter of 2021 is expected to increase private consumption by 15.9% year-on-year, thereby contributing significantly to an upswing after reporting a decrease of 7.8% in the 1st quarter of 2021.

Unlike Austria, Central and Eastern Europe recorded better economic performance than expected in the 1st quarter, it was nevertheless also negative, averaging -0.7% for the region compared to the same period in the previous year. The largest decreases were recorded in the Czech Republic, which saw a drop of 2.4%, and Hungary, with a decrease of 2.1%. Serbia and Slovenia, on the other hand, already showed positive growth in the 1st quarter of 2021 (+1.7% and +1.6%). The region is expected to record GDP growth of 11.4% in the 2nd quarter of 2021.

BUSINESS DEVELOPMENT AND FINANCIAL PERFORMANCE INDICATORS

VIG Insurance Group wrote EUR 5,772.9 million in premiums in the 1st half of 2021, an increase of 3.5% compared to the same period in the previous year (1st half of 2020: EUR 5,577.4 million). The increase was mainly due to the good performance in other property and casualty insurance and the motor lines of business.

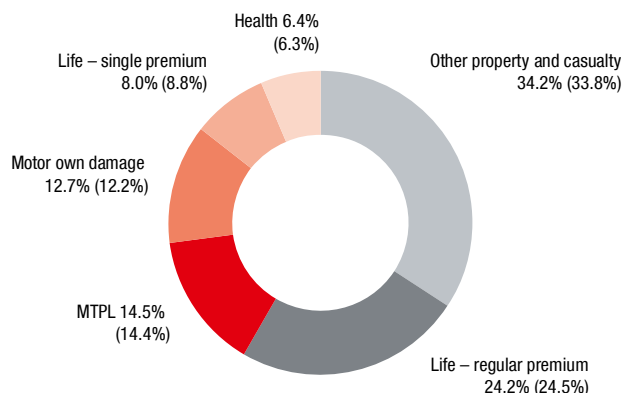
Expenses for claims and insurance benefits less reinsurers' share were EUR 3,633.5 million in the first six months of 2021 (1st half of 2020: EUR 3,600.0 million) corresponding to an increase of 0.9% compared to the same period in the previous year.

1st half of 2021 at a glance

- Premiums increased 3.5% to EUR 5,772.9 million
- Result before taxes rose to EUR 251.4 million, representing a significant increase of 25.0%
- The combined ratio is 95.2%

Acquisition and administrative expenses less reinsurance commissions rose to EUR 1,237.1 million in the 1st half of 2021 due to higher commission expenses (1st half of 2020: EUR 1,136.9 million).

PREMIUM SHARE BY LINES OF BUSINESS IN THE 1ST HALF OF 2021



Values for 1st half of 2020 in parentheses

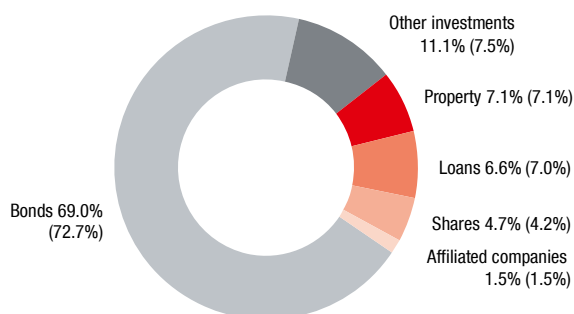
The Group result before taxes rose 25.0% in the 1st half of 2021 to EUR 251.4 million (1st half of 2020: EUR 201.2 million). The significant year-on-year increase was due to the goodwill impairment of EUR 118.1 million performed in the first half of 2020. This was partially offset by a decrease in the financial result and provisions for Covid-19 and adverse weather events in the first half of the current year, among other things.

The Group combined ratio after reinsurance (not including investment income) improved compared to the same peri-

ode in the previous year to 95.2% primarily due to an improved claims development (1st half of 2020: 95.5%).

Group investments including cash and cash equivalents were EUR 37,534.0 million as of 30 June 2021 (31 December 2020: EUR 36,646.3 million). The year-on-year increase was primarily due to the increase in cash and cash equivalents resulting from the issue of additional debt and hybrid capital.

BREAKDOWN OF INVESTMENTS AS OF 30 JUNE 2021



Values as of 31 December 2020 in parentheses

VIG Insurance Group earned a financial result of EUR 353.6 million in the 1st half of 2021 (1st half of 2020: EUR 388.0 million). This corresponds to a decrease of 8.9%, which was mainly due to a reduction in realised gains and losses.

BUSINESS DEVELOPMENT AND FINANCIAL PERFORMANCE INDICATORS BY SEGMENT

Austria

The Austrian VIG insurance companies generated EUR 2,279.7 million in premiums written in the first six months of 2021, representing a year-on-year decrease of 1,6% (1st half of 2020: EUR 2,316,2 million). This was primarily due to a decrease in premiums in the life lines of business.

PREMIUMS WRITTEN BY SEGMENT

	1.1.-30.6.21	1.1.-30.6.20	Δ in %	Δ absolute
<i>in EUR million</i>				
Austria	2,279.7	2,316.2	-1.6%	-36.4
Czech Republic	945.6	879.5	7.5%	66.0
Slovakia	367.5	383.2	-4.1%	-15.8
Poland	640.7	590.5	8.5%	50.2
Romania	266.4	229.1	16.3%	37.3
Baltic States	258.7	251.0	3.1%	7.7
Hungary	175.9	153.7	14.5%	22.2
Bulgaria	114.2	111.7	2.3%	2.6
Turkey/Georgia	126.2	127.4	-0.9%	-1.1
Remaining CEE ¹	252.9	231.3	9.3%	21.5
Other Markets ²	142.9	142.0	0.7%	1.0
Central Functions ³	1,014.8	930.6	9.1%	84.2
Consolidation	-812.6	-768.8	5.7%	-43.9
Total	5,772.9	5,577.4	3.5%	195.6

¹ Remaining CEE: Albania incl. Kosovo, Bosnia-Herzegovina, Croatia, Moldova, North Macedonia, Serbia, Ukraine

² Other Markets: Germany, Liechtenstein

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

RESULT BEFORE TAXES BY SEGMENT

	1.1.-30.6.21	1.1.-30.6.20	Δ in %	Δ absolute
<i>in EUR million</i>				
Austria	105.8	104.0	1.8%	1.9
Czech Republic	96.9	108.0	-10.3%	-11.1
Slovakia	30.0	28.8	4.2%	1.2
Poland	33.8	35.5	-4.9%	-1.7
Romania	9.6	9.5	0.7%	0.1
Baltic States	9.9	8.4	17.6%	1.5
Hungary	5.1	4.8	5.2%	0.3
Bulgaria	13.9	-48.4	n/a	62.3
Turkey/Georgia	5.7	-3.5	n/a	9.2
Remaining CEE ¹	15.3	-24.9	n/a	40.2
Other Markets ²	16.5	15.3	7.9%	1.2
Central Functions ³	-90.6	-36.9	n/a	-53.7
Consolidation	-0.5	0.5	n/a	-1.0
Total	251.4	201.2	25.0%	50.2

¹ Remaining CEE: Albania incl. Kosovo, Bosnia-Herzegovina, Croatia, Moldova, North Macedonia, Serbia, Ukraine

² Other Markets: Germany, Liechtenstein

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

After adjusting for the effects of single premium life insurance, on the other hand, the Austria segment recorded a 1.5% increase in premiums written.

The result before taxes increased 1.8% year-on-year to EUR 105.8 million due to an improved combined ratio and a higher underwriting result in the life lines of business (1st half of 2020: EUR 104.0 million). The combination of these two effects overcompensated for the reduction in realised gains from the disposal of investments.

The combined ratio improved to 93.7% in the first six months of 2021, primarily due to a better claims ratio (1st half of 2020: 94.4%).

Czech Republic

The VIG insurance companies in the Czech Republic segment wrote EUR 945.6 million in premiums in the 1st half of 2021, an increase of 7.5% compared to the same period in the previous year (1st half of 2020: EUR 879.5 million). This was primarily due to good performance in the motor lines of business and other property and casualty insurance. Health insurance also recorded double-digit growth rates.

The result before taxes was EUR 96.9 million in the 1st half of the current year, corresponding to a year-on-year decrease of 10.3% (1st half of 2020: EUR 108.0 million). This was mainly caused by a decrease in the result recorded in the life insurance lines of business due to higher acquisition costs in connection with the increase in new business.

The combined ratio was at a very good level of 91.5% in the 1st half of 2021 due to an improvement in the claims ratio resulting primarily from the absence of large losses (1st half of 2020: 94.1%).

Slovakia

The VIG insurance companies in the Slovakia segment wrote EUR 367.5 million in premiums in the first six months of the current year (1st half of 2020: EUR 383.2 million). This corresponds to a year-on-year decrease of 4.1%, which was primarily due to a decrease in premiums from single premium life insurance.

After adjusting for this, the segment recorded an increase of 1.5%.

The result before taxes rose 4.2% in the 1st half of 2021 to EUR 30.0 million (1st half of 2020: EUR 28.8 million). The improvement was due to an improvement in the combined ratio.

The combined ratio improved to an excellent 89.0% in the first six months of 2021 due to a reduction in high recurrent claims in the motor lines of business and an improved claims development in the other property and casualty line of business (1st half of 2020: 89.2%).

Poland

The VIG insurance companies in the Poland segment wrote EUR 640.7 million in premiums in the 1st half of 2021, representing a year-on-year increase of 8.5% (1st half of 2020: EUR 590.5 million). This increase was mainly due to positive performance in the other property and casualty, single premium life insurance and motor third party liability lines of business.

The result before taxes fell in the first six months of the current year due to a 4.9% decrease in the financial result to EUR 33.8 million (1st half of 2020: EUR 35.5 million).

The combined ratio was 94.4% in the 1st half of 2021 (1st half of 2020: 94.1%).

Romania

The VIG insurance companies in the Romania segment wrote EUR 266.4 million in premiums in the 1st half of 2021, representing an increase of 16.3% (1st half of 2020: EUR 229.1 million). This increase was primarily due to good performance in the single premium life insurance and motor own damage lines of business.

The Romania segment recorded a result before taxes of EUR 9.6 million in the 1st half of 2021, which was largely at the level of the same period in the previous year (1st half of 2020: EUR 9.5 million).

The combined ratio was 99.9%, mainly due to higher claims ratios (1st half of 2020: 96.4%).

Baltic States

The Baltic States segment consists of the countries Estonia, Latvia and Lithuania.

The VIG insurance companies in the Baltic States wrote EUR 258.7 million in premiums in the first six months of 2021, representing a year-on-year increase of 3.1% (1st half of 2020: EUR 251.0 million). The increase in premiums was mainly due to growth in the life insurance lines of business and good performance in health insurance.

The result before taxes in the Baltic States segment increased year-on-year to EUR 9.9 million (1st half of 2020: EUR 8.4 million). The increase was primarily due to an improvement in the financial result.

Due to increases in claims frequencies and large losses, the combined ratio was 96.4% in the 1st half of 2021 (1st half of 2020: 94.8%).

Hungary

Premiums written in the Hungary segment rose 14.5% in the 1st half of 2021 to EUR 175.9 million (1st half of 2020: EUR 153.7 million). The increase was primarily the result of strong premium growth for single-premium life insurance.

The result before taxes increased 5.2% year-on-year to EUR 5.1 million due to the significant growth in business volume (1st half of 2020: EUR 4.8 million).

The combined ratio was 96.9% in the 1st half of 2021, mainly as the result of increased IT expenses in connection with digitalisation measures and mobile work (1st half of 2020: 94.4%).

Bulgaria

EUR 114.2 million in premiums were written in the Bulgaria segment in the 1st half of 2021. This increase of 2.3% compared to the same period in the previous year (1st half of 2020: EUR 111.7 million) was due to positive performance in the motor lines of business and growth in single premium life insurance.

The result before taxes improved year-on-year to EUR 13.9 million in the Bulgaria segment in the 1st half of 2021 (1st half of 2020: loss of EUR 48.4 million). It must be noted that the result in the same period of the previous year was negatively affected by a goodwill impairment of EUR 59.8 million.

The combined ratio improved compared to the same period in the previous year to an excellent 87.4% in the 1st half of 2021, mainly due to a lower expense ratio resulting from a decrease in allowances for receivables and an increase in reinsurance commissions (1st half of 2020: 90.9%).

Turkey/Georgia

The VIG insurance companies in the Turkey/Georgia segment recorded premiums written of EUR 126.2 million in the first six months of 2021. This slight year-on-year decrease of 0.9% (1st half of 2020: EUR 127.4 million) was caused by negative exchange rate effects. After adjusting for these effects, the segment recorded a significant increase in premiums of 29.2%.

The result before taxes rose to EUR 5.7 million in the Turkey/Georgia segment in the 1st half of 2021 (1st half of 2020: loss of EUR 3.5 million). The result for the same period in the previous year was decreased by a goodwill impairment of EUR 13.3 million in Georgia.

The combined ratio was 99.8% in the 1st half of 2021, mainly due to increased losses in the motor lines of business and fire and natural hazards insurance in Turkey (1st half of 2020: 84.5%).

Remaining CEE

The Remaining CEE segment includes the countries Albania incl. Kosovo, Bosnia-Herzegovina, Croatia, North Macedonia, Moldova, Serbia and Ukraine.

The VIG insurance companies in the Remaining CEE countries wrote EUR 252.9 million in premiums in the 1st half of 2021. The year-on-year increase of 9.3% was mainly due to good performance in other property and casualty insurance and the increase in premiums from single premium life insurance.

The Remaining CEE segment recorded a result before taxes of EUR 15.3 million in the 1st half of 2021 (1st half of 2020: loss of EUR 24.9 million). The result for the same period in the previous year was reduced by a goodwill impairment of EUR 45.0 million in Croatia.

The combined ratio continued at a very good level of 91.5% in the 1st half of 2021 (1st half of 2020: 90.4%). The small increase was the result of isolated large losses in Croatia and Bosnia-Herzegovina and a negative development in the motor lines of business in North Macedonia.

Other Markets

The Other Markets segment includes the countries of Germany and Liechtenstein.

The VIG insurance companies in the Other Markets segment wrote EUR 142.9 million in premiums in the first six months of 2021 (1st half of 2020: EUR 142.0 million). The small year-on-year increase of 0.7% was mainly due to good performance in the other property and casualty line of business in Germany.

The result before taxes increased 7.9% to EUR 16.5 million in the 1st half of 2021 due to an increase in the financial result and improvement in the combined ratio (1st half of 2020: EUR 15.3 million).

The combined ratio was an outstanding 76.5% in the 1st half of 2021 due to an improvement in the claims ratio in the other property and casualty line of business (1st half of 2020: 77.5%).

Central Functions

The Central Functions segment includes VIG Holding (including the branches in Northern Europe), VIG Re (including the branches in Germany and France), Wiener Re, the VIG Fund, corporate IT service providers and intermediate holding companies.

Premiums written in the Central Functions segment rose 9.1% in the 1st half of 2021 to EUR 1,014.8 million (1st half of 2020: EUR 930.6 million). This was mainly the result of an increase in premiums generated by VIG company VIG Re entering new business areas (Western Europe) for active

reinsurance and an increase in corporate and large customer business in VIG Holding.

The Central Functions segment reported a loss of EUR 90.6 million in the first six months of the current year (1st half of 2020: loss of EUR 36.9 million). The decrease was due to a variety of provisions related to adverse weather events, COVID-19 and strategic projects and an increase in scheduled amortisation resulting from a reduction in the useful life of software.

BUSINESS DEVELOPMENT BY BALANCE SHEET UNIT

Further information on business development by balance sheet units is provided in the additional disclosures in accordance with the Austrian Insurance Supervision Act (VAG) starting on page 45.

MATERIAL RELATED PARTY TRANSACTIONS

Information on related party transactions is provided in the notes to the consolidated financial statements starting on page 43.

Expected development and risks of the Group

SIGNIFICANT RISKS AND UNCERTAINTIES

Economic recovery from the COVID-19 pandemic continued in the 1st half of 2021. The general VIG Insurance Group risk profile remains unchanged. Market risks and underwriting risks continue to be the most important risks for the 2nd half of 2021. Further information on the significant business risks to which the VIG Insurance Group is exposed and the effects of the COVID-19 pandemic is available in the risk report section in the VIG Insurance Group Annual Report for 2020 and in the Solvency and Financial Condition Report for 2020.

Austria and Central and Eastern Europe also experienced many extreme weather events during and after the 1st half of 2021. VIG Insurance Group expects the intensity and frequency of storms to continue increasing as a result of climate change and is therefore devoting more attention to the issue. Furthermore, VIG Insurance Group will continue to focus strongly on cyber risk, which will become even more important in the future due to the rapid progress of digitalisation.

The VIG Insurance Group regulatory solvency ratio was 238.1% on 31 December 2020. Due to the economic recovery and an issue of supplementary hybrid capital (tier 1 restricted) with a nominal value of EUR 300 million, the VIG Insurance Group solvency ratio increased in the 1st half of 2021 to 267% on 30 June 2021.

The Group's excellent level of regulatory capital and A+ rating from Standard & Poor's demonstrate its high risk-bearing capacity.

VIG Insurance Group will maintain its current investment policy of holding a conservative, security-oriented asset allocation.

EXPECTED DEVELOPMENT – OUTLOOK

ECONOMIC OUTLOOK

Erste Group analysts expect the recovery to continue in the 2nd half of 2021 and forecast a GDP growth rate of 3.8% for Austria in 2021 and 4.3% in 2022. A broad global recovery is expected to continue contributing to good export performance, and the Erste Group analyst outlook also continues to view private consumption and the services sector as important drivers. They are also the reason for further recovery in Central and Eastern Europe during the course of 2021. The relative effects of the EU rescue fund (RRF) alone could have a greater impact here, although these are not expected to reach their full effect until 2022. Regional growth of 5.8% and 5.1% is expected for the 2nd and 3rd quarters of 2021, respectively, and the Erste Group expects an overall GDP growth rate of 5.1% for the region in 2021.

The risks for the expected recovery in both Austria and the CEE region are essentially the risk of new waves of infections that might be impossible to counteract with further progress in vaccinations, thereby making containment measures necessary. In addition, the question remains as to whether inflation will turn out to be a temporary phenomenon or not. The Erste Group analysts expect the base effects to flatten out in the 2nd half of 2021 – depending on further changes in energy prices – resulting in an average inflation rate of 2.0% for Austria in 2021.

These base effects, reinforced by a surprisingly tight labour market, are why an inflation rate of 3.4% is also expected for Central and Eastern Europe in 2021. Even though the unemployment rate in the region rose from 4.6% in 2019 to 5.2% in 2020 and is expected to rise to 5.6% in 2021, this does not appear to be having a sustained dampening effect on consumer prices. The expected inflation rate for 2021 in the Czech Republic, Hungary, Poland and Romania would therefore be above the local tolerance thresholds, so that further central bank reactions cannot be ruled out.

Stock markets in Austria and Central and Eastern Europe have largely reflected this recovery, which is now priced in to a large extent. The Erste Group analysts therefore expect stock market momentum to weaken. Although market sentiment should remain generally positive, potential risks are being increasingly perceived as dampening. Central bank communication will also be particularly important for capital markets.

OUTLOOK FOR VIG INSURANCE GROUP

As a market leader in Central and Eastern Europe, VIG Insurance Group with its more than 25,000 employees is in an excellent position to take advantage of the opportunities available in this region and the long-term growth options they offer. To this end, it is implementing its "VIG 25" strategic programme, which was developed and initiated together with the CEOs of the VIG insurance companies based on trends and developments in the insurance industry, and is aimed at generating a premium volume of around EUR 12.3 billion by the end of 2025 and a combined ratio of less than 95%. Based on the new strategy and current conditions, a range of 150 to 200% was specified for the VIG Group solvency ratio without taking transitional measures into account. It was also specified that the operating return on equity (operating RoE) would be included as a new key figure in external communications starting with full year 2021 results. The dividend policy, which foresees a distribution in the range of 30 to 50% of Group net profits, will remain unchanged. The dividend per share will continue to be aligned with the Company's performance. In addition to creating sustainable value and achieving ESG-related goals, one of the key objectives of the programme is to ex-

pand the leading market position in Central and Eastern Europe, with the aim of achieving at least a top 3 position in each CEE market, with the exception of Slovenia.

VIG Insurance Group signed a share purchase agreement with the Dutch company Aegon N.V. in November 2020 to acquire its companies in Hungary, Poland, Romania and Turkey. The European Commission granted approval in accordance with competition law on 12 August 2021. Hungary is currently still prohibiting the acquisition by a foreign company. Management is still in a constructive dialogue with the Hungarian Ministry of Finance to clarify the possibilities for a positive conclusion of the acquisition.

Due to the fact that there is still no foreseeable end to the COVID-19 pandemic, estimates of business development for the financial year 2021 are still highly uncertain. Taking this and current parameters into account, VIG Insurance Group expects premium volume to remain stable at the level of 2020 and profit before taxes to be in the range of EUR 450 to 500 million. The combined ratio is expected to remain at a sustainable level of around 95%.

Business development in the second half of 2021 will be affected not only by the ongoing COVID-19 pandemic and the great uncertainty about the further course and impact of the rapidly spreading delta variant but also by other storms and natural disasters, such as the flooding seen most recently in July 2021. Taking this and its prudent allocation policy into account, VIG Insurance Group is confirming the outlook for 2021 with premium volume remaining stable at the level of 2020 and profit before taxes in the range of EUR 450 to EUR 500 million. The combined ratio is expected to sit at a sustainable level of around 95%.

Current topics

VIG Insurance Group initiates a new strategy programme

The “VIG 25” strategic programme was developed and initiated together with the CEOs of the VIG insurance companies based on trends and developments in the insurance industry. In addition to expanding its leading market position in the CEE region, including Austria, the programme also aims to create sustainable value and to achieve ESG-related goals.

Changes in the Managing Board

The Supervisory Board of Vienna Insurance Group AG Wiener Versicherung Gruppe appointed Hartwig Löger as a member of the Vienna Insurance Group Managing Board for the period from 1 January 2021 to 30 June 2023. He contributes his 35 years of insurance experience and extensive knowledge of the CEE region. The VIG Holding Managing Board has had the following 8 members since 1 January 2021: Elisabeth Stadler (CEO), Liane Hirner (CFRO), Peter Höfingler, Gerhard Lahner (COO), Gábor Lehel (CIO), Hartwig Löger, Harald Riener and Peter Thirring (CTO).

VIG Insurance Group joins the UN Global Compact

Vienna Insurance Group AG Wiener Versicherung Gruppe joined the United Nations Global Compact, the world's largest initiative for corporate responsibility and sustainability, in March 2021. By joining, the VIG Group committed itself to the ten universal principles of the UN Global Compact in the areas of environmental protection, labour standards, human rights and anti-corruption and is already implementing numerous measures in these areas. This makes the VIG Group one of the more than 13,000 companies worldwide that have joined this initiative. VIG Insurance Group is also committed to the UN Sustainable Development Goals (SDGs) and is actively promoting them in its area of influence.

VIG share listings in sustainability indices

VIG shares continue to be listed in the VÖNIX sustainability index for 2020/2021. They have been included since the year the index was launched in 2005. VÖNIX is the sustainability benchmark of the Austrian stock market. It includes domestic companies listed on the Vienna Stock Exchange that are leaders with respect to environmental and social activities.

VIG shares were also listed in the international “FTSE4Good” sustainability index starting in mid-2007. In June 2021, FTSE Russell announced that VIG shares would be removed from the index. Although the ESG rating of VIG shares still exceeds the required threshold, due to its low market capitalisation, VIG Insurance Group was downgraded to a small cap company in March and was therefore no longer included in the FTSE All World index that forms the basis for the index series and only includes large and mid cap companies.

VIG Holding places a senior sustainability bond and improves its capital structure

Based on the Group's long-term capital planning and the interest rate situation, the Managing Board initiated capital optimisation measures for the Group. The focus was on expanding investments in socially and environmentally sustainable projects. Vienna Insurance Group AG Wiener Versicherung Gruppe placed a senior sustainability bond with a volume of EUR 500 million with domestic and foreign investors in March 2021. The senior sustainability bond will be redeemed after 15 years. A subordinated bond with a volume of EUR 300 million was also placed as a restricted tier 1 instrument with the principal shareholder Wiener Städtische Versicherungsverein.

Weather-related claims

In total, gross weather-related claims were around EUR 211 million in the 1st half of 2021 (1st half of 2020: gross EUR 91 million). VIG Insurance Group retained around EUR 98 million after reinsurance (1st half of 2020: EUR 76 million).

Virtual Annual General Meeting 2021

The 30th Annual General Meeting of Vienna Insurance Group AG Wiener Versicherung Gruppe was held virtually on 21 May 2021. The Annual General Meeting approved the Managing Board and Supervisory Board proposal to pay a dividend of EUR 0.75 per share. This corresponds to a dividend payout ratio of 41.5% of the profit after taxes and non-controlling interests. The dividend yield is 3.6%. Further information on the Annual General Meeting is available here: www.vig.com/annual-general-meeting

VIG Group invests in the deeptech start-up scene

Vienna Insurance Group AG Wiener Versicherung Gruppe holds an indirect investment in the venture capital fund IST cube (EuVECA) GmbH & Co KG (IST CUBE), which is based in Klosterneuburg, Lower Austria. IST CUBE provides funding for projects by start-ups that focus on Austria and have science-based innovations in the areas of science, engineering and technology.

VIG Group establishes VENPACE insurtech fund

Vienna Insurance Group AG Wiener Versicherung Gruppe formed the VENPACE insurtech fund with three other investors.

The goal is to search for, financially support and make use of young international technology companies. The focus is on insurtechs.

AWARDS

VIG Insurance Group once again included in the FORBES list of the largest public companies

Vienna Insurance Group AG Wiener Versicherung Gruppe was included in the FORBES list of the 2000 largest public companies in the world for the first time in 2020. The VIG Group is included again in 2021. A total of nine Austrian companies made it into the Top 2000. The VIG Group rating as number 1,186 in the list makes it the top Austrian insurance company. The rating is based on revenues, premium volume, net profit, volume of investments and market capitalisation.

VIG Holding with top ranking in Gender Diversity Index

In 2021, VIG Holding achieved second place in Austria in the 2020 Gender Diversity Index ranking by the Boston Consulting Group.

Bulgarian Doverie is pension insurer of the year again

The Bulgarian pension fund Doverie received the "Pension Insurer of the Year" award in the supplementary mandatory pension insurance category for the tenth time in a row in May 2021. The award is given each year by the Prof. Dr. Veleslav Gavriiski Foundation, the Association of Bulgarian Insurance Companies, the Higher Insurance & Finance School, the Bulgarian Association of Supplementary Pension Insurance Companies and the Bulgarian Association of Insurance Brokers.

"Iosleben" app wins silver in the Digital Impuls Award

The innovative Iosleben app of Austrian VIG insurance company Wiener Städtische received second place in the "Transformation" category during the "Digital Impuls Award" held by the "Die Presse" daily newspaper in June 2021. The "Digital Impuls Award" recognises innovations that transform products and services, create clear competitive advantages, serve customers better and expand business models.

Capital markets & investor relations & share

CAPITAL MARKETS

International overview

The 1st half of 2021 was favourable for international stock markets, as shown by the positive performance achieved by almost all stock exchanges and sectors. Equities were popular with investors. Wall Street soared from record to record, thanks to the multi-billion dollar economic programmes implemented by the US government and Federal Reserve. The stock market rally was also driven by the progress achieved in the fight against the pandemic.

Most stock markets recorded double-digit price gains and record highs in the first six months of 2021. The global MSCI World equity index reached an interim all-time high in June, recording a gain of almost 12.2% in the 1st half of 2021. The technology-oriented NASDAQ Composite Index and benchmark Dow Jones Industrial (DJI) index rose 12.5% and 12.7%, respectively, in the first six months of 2021. The S&P 500 also followed the upward trend in stock markets, gaining around 14.4% since the beginning of the year. The pan-European Eurostoxx 50 index ended the first half of the year 14.4% above its closing value for the previous year. The German DAX equity index recorded an increase of around 13.2% in the first six months of 2021. The Eastern European CECE index, calculated in EUR, rose just as strongly to end the 1st half of 2021 with a gain of 14.2%.

The STOXX Europe 600 sector index was somewhat weaker due to a loss of 6.2% in the 2nd quarter of 2021, but nevertheless managed to end the first six months of 2021 with an overall gain of 5.3%. Although the MSCI Emerging Markets Index recorded positive performance of 6.5%, this was also below the increase recorded by the MSCI World equity benchmark.

Vienna Stock Exchange

The Austrian benchmark index ATX, that suffered strongly from the economic collapse in the previous year, outperformed international stock markets. The Austrian stock market is now benefiting from the economic upswing, as is trading volume on the Vienna Stock Exchange, which reached EUR 38.9 billion in the first six months of this year,

the 250th anniversary year of the Vienna Stock Exchange. The ATX outperformed all of the developed markets with a gain of 22.4% in the 1st half of 2021. Including dividends, the ATX Total Return index rose 24.5% in the 1st half of the current year and reached an all-time high of 7,109.60 points on 14 June 2021.

INVESTOR RELATIONS

Due to the ongoing COVID-19 restrictions, events related to IR activities were also held virtually in the 1st half of 2021. Management took part in a total of eight telephone and videoconferences during the first six months of 2021 to inform existing and potential investors about current developments in the Group. In addition to virtual events by well-known investment banks and research providers, such as Autonomous, Baader Bank, Erste Group, J.P. Morgan, Kepler Cheuvreux and RCB, the VIG Insurance Group also participated in the Insurance meets Capital conference calls by ABN AMRO Bank N.V. for the first time this year. The events and the presentation documents used there are available online at www.vig.com/events > Roadshows & Bank Conferences. In addition separate bond roadshow meetings were held with potential investors for the bond issue.

More services for investors on the VIG Group website

In addition to the Stock Price Ticker, Fact Sheet, Interactive Key Figures Tool and Share Price Monitor with Share Graph and Investment Calculator that were previously implemented, a tool for calculating the Total Shareholder Return (TSR Tool) has also been available since April 2021. Go to vig.com > Investor Relations > Share > Dividend to see the dividend history and the total return including the annual dividend. The tool allows investors to calculate the total return on their individual investments.

VIG SHARE PERFORMANCE

VIG shares got off to a good start in 2021. They kept pace with the ATX at times and outperformed the sector indices until the beginning of March. Market participants were disappointed by the proposed dividend announced on

9 March 2021 and what was perceived as a very cautious outlook for 2021, causing a temporary interruption in the upward trend being followed by the shares. VIG shares largely recovered in subsequent days, but fell again on 19 March 2021, the first major expiry date of the year. VIG shares rose again in the 2nd quarter of 2021, recording a gain of 4.8% to close at a price of EUR 23.15 on 30 June 2021. This corresponds to an increase of around 11.3% compared to the beginning of the financial year. VIG shares reached their interim high of EUR 24.15 in the 1st half of the current year on 18 May 2021. On the editorial deadline of 13 August 2021, VIG shares had a price of EUR 25.20.

Key share information for the 1st half of 2021

in EUR	
High	24.150
Low	20.800
End-of-period price	23.150
Market capitalisation (in EUR millions)	2,963.2
Dividend 2020	0.75
Book value per share*	34.38

*The value is calculated using shareholders' equity less non-controlling interests and revaluation reserve as well as hybrid capital.

Overview of VIG shares

Initial listing (Vienna)	17 October 1994
Initial listing (Prague)	5 February 2008
Number of common shares	128 million
Free float	around 28%
ISIN	AT0000908504
Securities symbol	VIG
Bloomberg	VIG AV / VIG CP
Reuters	VIGR.VI / VIGR.PR
Rating – Standard & Poor's	A+, stable outlook

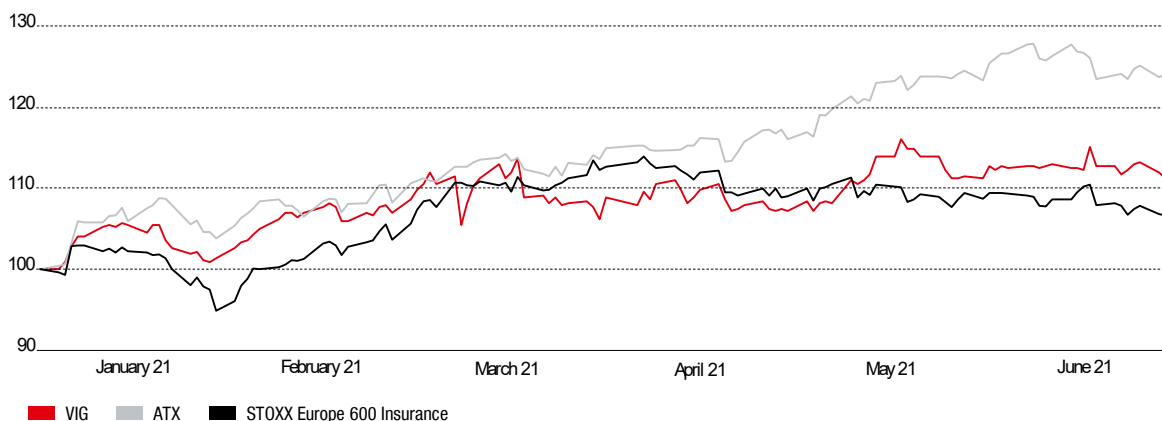
VIG financial calendar*

Results for the 1st–3rd quarter 2021	18 November 2021
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* Preliminary schedule

VIENNA INSURANCE GROUP (VIG) COMPARED TO THE ATX AND STOXX EUROPE 600 INSURANCE INDEX 1 JANUARY 2021 TO 30 JUNE 2021

Indexed (basis =100)



Consolidated interim financial statements in accordance with IFRS

PRIMARY FINANCIAL STATEMENTS

CONSOLIDATED BALANCE SHEET

Assets	Notes	30.6.2021	31.12.2020
in EUR '000			
Intangible assets	1	1,739,988	1,733,077
Right-of-Use assets		168,558	185,354
Investments	2	34,561,630	34,901,186
Property		2,536,830	2,507,413
Owner-occupied property		476,271	477,469
Investment property		2,060,559	2,029,944
Shares in at equity consolidated companies		291,184	291,561
Financial assets		31,733,616	32,102,212
Financial investments for unit-linked and index-linked life insurance		8,367,439	7,968,039
Reinsurers' share in underwriting provisions	3	1,548,013	1,396,492
Receivables	4	1,806,886	1,699,159
Tax receivables and advance payments out of income tax		182,067	275,041
Deferred tax assets		234,605	136,728
Other assets		403,639	387,845
Cash and cash equivalents		2,972,357	1,745,147
Total		51,985,182	50,428,068

Liabilities and shareholders' equity	Notes	30.6.2021	31.12.2020
in EUR '000			
Shareholders' equity	5	5,599,213	5,285,766
Share capital and reserves		5,489,233	5,162,738
Non-controlling interests		109,980	123,028
Subordinated liabilities		1,460,779	1,463,909
Underwriting provisions	6	32,614,290	32,230,055
Underwriting provisions for unit-linked and index-linked life insurance		8,012,302	7,617,216
Non-underwriting provisions	7	844,662	876,809
Liabilities	8	2,736,317	2,254,306
Tax liabilities out of income tax		309,091	290,998
Deferred tax liabilities		267,668	267,870
Other liabilities		140,860	141,139
Total		51,985,182	50,428,068

The numbers for the individual items in the consolidated balance sheet and consolidated income statement refer to detailed disclosures for these items in the "Notes to the consolidated balance sheet" section and the "Notes to the consolidated income statement" section starting on page 27 of the notes to the consolidated financial statements.

CONSOLIDATED INCOME STATEMENT AND CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Consolidated income statement	Notes	1.1.-30.6.2021	1.1.-30.6.2020
in EUR '000			
Net earned premiums – retention		4,822,628	4,738,622
Premiums written – retention		5,106,212	4,947,004
Premiums written – gross	9	5,772,935	5,577,364
Premiums written – reinsurers' share		-666,723	-630,360
Change in unearned premiums – retention		-283,584	-208,382
Change in unearned premiums – gross		-393,170	-332,273
Change in unearned premiums – reinsurers' share		109,586	123,891
Financial result excl. result from shares in at equity consolidated companies	10	350,902	389,491
Income from investments		579,548	691,936
Expenses for investments and interest expenses		-228,646	-302,445
Result from shares in at equity consolidated companies		2,698	-1,503
Other income	11	80,768	99,640
Expenses for claims and insurance benefits – retention	12	-3,633,534	-3,599,957
Acquisition and administrative expenses	13	-1,237,099	-1,136,939
Other expenses	11	-134,960	-288,190
Result before taxes		251,403	201,164
Taxes		-60,715	-68,538
Result of the period		190,688	132,626
thereof attributable to Vienna Insurance Group shareholders		186,332	126,350
thereof non-controlling interests		4,356	6,276
Earnings per share (annualised)*	5	2.91	1.97
Result of the period (carryforward)		190,688	132,626
*The undiluted earnings per share equals the diluted earnings per share (in EUR).			
Consolidated statement of comprehensive income		1.1.-30.6.2021	1.1.-30.6.2020
in EUR '000			
Result of the period (carryforward)		190,688	132,626
Other comprehensive income (OCI)			
Items that will not be reclassified to profit and loss in subsequent periods		3,499	4,845
+/- Underwriting gains and losses from provisions for employee benefits		6,262	8,445
+/- Deferred profit participation		-1,595	-1,998
+/- Deferred taxes		-1,168	-1,602
Items that will be reclassified to profit or loss in subsequent periods		-65,655	-232,821
+/- Exchange rate changes through equity		39,151	-105,445
+/- Unrealised gains and losses from financial instruments available for sale		-358,282	-410,128
+/- Cash flow hedge reserve		-20	-11
+/- Share of other reserves of at equity consolidated companies		475	1,471
+/- Deferred mathematical reserve		118,991	34,431
+/- Deferred profit participation		108,932	204,499
+/- Deferred taxes		25,098	42,362
Total OCI		-62,156	-227,976
Total profit		128,532	-95,350
thereof attributable to Vienna Insurance Group shareholders		124,597	-97,607
thereof non-controlling interests		3,935	2,257

CONSOLIDATED SHAREHOLDERS' EQUITY

Development	Share capital	Capital reserves		Retained earnings	Other reserves		Subtotal*	Non-controlling interests	Total
		Other	Hybrid capital		Currency reserve	Other			
in EUR '000									
As of 1 January 2020	132,887	2,109,003	0	2,426,765	-133,088	538,547	5,074,114	116,579	5,190,693
Changes in scope of consolidation/ownership interests				-13,106	0	0	-13,106	13,125	19
Other comprehensive income				126,350	-103,904	-120,053	-97,607	2,257	-95,350
Other comprehensive income excluding currency changes						-120,053	-120,053	-2,478	-122,531
Currency change					-103,904		-103,904	-1,541	-105,445
Result of the period				126,350			126,350	6,276	132,626
Dividend payment			0	0			0	-4,385	-4,385
As of 30 June 2020	132,887	2,109,003	0	2,540,009	-236,992	418,494	4,963,401	127,576	5,090,977
As of 1 January 2021	132,887	2,109,003	0	2,484,899	-241,168	677,117	5,162,738	123,028	5,285,766
Issuance of hybrid capital			300,000			0	300,000		300,000
Changes in scope of consolidation/ownership interests				-2,102	0	0	-2,102	-1,542	-3,644
Other comprehensive income				186,332	38,271	-100,006	124,597	3,935	128,532
Other comprehensive income excluding currency changes						-100,006	-100,006	-1,301	-101,307
Currency change					38,271		38,271	880	39,151
Result of the period				186,332			186,332	4,356	190,688
Dividend payment			0	-96,000			-96,000	-15,441	-111,441
As of 30 June 2021	132,887	2,109,003	300,000	2,573,129	-202,897	577,111	5,489,233	109,980	5,599,213

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

In view of the available capacities and the current favourable environment, a subordinated bond with a volume of EUR 300 million was issued as a restricted tier 1 instrument as defined in Solvency II in the first half of 2021. The subordinate bond therefore satisfies the IFRS criteria for a hybrid bond. The placement was made with the principal shareholder of Vienna Insurance Group, Wiener Städtische Versicherungsverein.

CONSOLIDATED CASH FLOW STATEMENT

Additional information on the statement of cash flows	1.1.-30.6.2021	1.1.-30.6.2020
in EUR '000		
Received interest ¹	357,005	372,104
Received dividends ¹	53,680	58,768
Interest paid ²	37,501	36,904
Income taxes paid ¹	8,942	59,563

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

² Interest paid result primarily from financing activities.

Change in cash and cash equivalents	1.1.-30.6.2021	1.1.-30.6.2020
in EUR '000		
Result of the period	190,688	132,626
Change in underwriting provisions net	334,280	-170,263
Change in underwriting receivables and liabilities (incl. deposits on assumed reinsurance business)	-244,047	-317,977
Change in other receivables and other liabilities (excl. leases)	225,896	191,173
Change in financial assets recognised at fair value through profit and loss (incl. held for trading)	-1,349	34,007
Gain/loss from disposal of investments	-45,141	-108,627
Appreciation/depreciation of investments	31,310	54,687
Change in provisions for pensions and similar obligations and provisions for other employee benefits	-8,201	-9,884
Change in deferred taxes	-71,526	-70,995
Change in intangible assets	69,200	165,626
Change in right-of-use assets and lease receivables and liabilities	3,468	-1,688
Change in other balance sheet items	-40,050	-56,407
Other cash-neutral income and expenses ¹	-47,961	333,728
Cash flow from operating activities	396,567	176,006
Payments for the acquisition of at equity consolidated companies	-931	0
Cash inflow from the sale of available for sale financial assets	1,984,114	1,595,223
Payments for the acquisition of available for sale financial assets	-1,732,708	-2,053,814
Cash inflow from disposals/repayments of held to maturity financial assets	45,573	117,638
Payments for the acquisition of held to maturity financial assets	-55,058	-33,497
Cash inflow from the sale of property	11,939	7,136
Payments for the acquisition of property	-51,903	-72,525
Cash inflow for the sale of intangible assets	722	951
Payments for the acquisition of intangible assets	-60,443	-55,480
Change in financial investments for unit-linked and index-linked life insurance	146,549	422,628
Change of loans	109,024	-106,280
Change in other investments (excl. deposits on assumed reinsurance business)	-220,789	46,081
Cash flow from investing activities	176,089	-131,939
Cash inflows from the issuance of hybrid capital	300,000	0
Cash outflows from subordinated liabilities	-38,250	-34,491
Dividend payments	-111,441	-4,385
Cash inflow from other financing activities	523,000	121,239
Cash outflow from other financing activities	-7,620	-14,585
Cash outflows from lease liabilities	-13,429	-15,338
Cash flow from financing activities	652,260	52,440
Change in cash and cash equivalents	1,224,916	96,507
Cash and cash equivalents at beginning of period ²	1,745,147	1,443,358
Change in cash and cash equivalents	1,224,916	96,507
Change in the scope of consolidation	184	30,277
Effects of foreign currency exchange differences on cash and cash equivalents	2,110	-12,004
Cash and cash equivalents at end of period²	2,972,357	1,558,138

¹ The non-cash income and expenses are primarily from exchange rate changes.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The condensed consolidated interim financial statements for the 1st half of 2021 were prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the European Union, and the applicable commercial law provisions of § 245a(1) of the Austrian Commercial Code (Unternehmensgesetzbuch – UGB) and Chapter 7 of the Austrian Insurance Supervision Act (Versicherungsaufsichtsgesetz – VAG). The IFRS accounting policies were the same as those used for the last financial statements in the previous financial year.

Similarly, the estimates and discretionary assessments needed to prepare the consolidated financial statements were made in the same way. This does not include newly applicable or amended standards.

Adoption of new standards and new interpretations

The amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 that were applicable for the first time on 1 January 2021 (IBOR Reform Phase 2) and amendments to IFRS 4 (deferral of first-time application of IFRS 9) had no or no material effect on these half-year financial statements.

New standards and changes to current reporting standards

New standards and changes to current reporting standards		Applicable as of ¹
Those already adopted by the EU		
IFRS 9	Financial assets	1.1.2018 ²
Amendments to IFRS 9	Prepayment features with negative compensation	1.1.2019 ²
Amendments to IFRS 3	Changes to the references to the framework concept	1.1.2022
IAS 37	Onerous contracts: costs of contract performance	1.1.2022
all IFRS	Annual improvements (2018–2020 cycle)	1.1.2022
IAS 16	Income before qualified use	1.1.2022
Those which are not or not yet adopted by the EU		
IFRS 14	Regulatory Deferral Accounts	EU decided this standard shall not be transferred into EU law
IFRS 17 incl. amendments to IFRS 17	Insurance contracts	1.1.2023
Amendments to IFRS 10 and IAS 28	Sale or contribution of assets between an investor and its associate or joint venture	First-time application deferred for an indefinite period
Amendments to IAS 1	Classification of liabilities as current or non-current	1.1.2023
Amendments to IAS 1 and IFRS Practice Statement 2	Definition of materiality in connection with accounting policies	1.1.2023
Amendments to IAS 8	Definition of accounting estimates and distinguishing them from changes in accounting policies	1.1.2023
Amendments to IFRS 16	Rent reductions from 30 June 2021 in connection with COVID-19	1.4.2021
Amendments to IAS 12	Deferred taxes relating to assets and liabilities arising from a single transaction	1.1.2023

¹ VIG insurance group is not planning early adoption of the standards listed in the table.

² The first time adoption for insurance companies can be delayed to 1 January 2023.

IFRS 9 – FINANCIAL INSTRUMENTS AND IFRS 17 – INSURANCE CONTRACTS

For information on the project for implementing IFRS 9 and IFRS 17 in VIG Insurance Group, please see the Group Annual Report for 2020 starting on page 73.

Foreign currency translation

Transactions and separate financial statements in foreign currencies were translated in the interim report for the 1st half of 2021 as indicated on page 75 of the Group Annual Report for 2020.

Currency		End-of-period exchange rate		Average exchange rate	
		30.6.2021	31.12.2020	1.1.-30.6.2021	1.1.-30.6.2020
1 EUR €					
Albanian lek	ALL	122.6700	123.7000	123.2280	123.6714
Bosnian convertible marka	BAM	1.9558	1.9558	1.9558	1.9558
Bulgarian lev	BGN	1.9558	1.9558	1.9558	1.9558
Georgian lari	GEL	3.7608	4.0233	3.9993	3.3435
Croatian kuna	HRK	7.4913	7.5519	7.5504	7.5336
Macedonian denar	MKD	61.6950	61.6940	61.6355	61.6530
Moldovan leu	MDL	21.3989	21.1266	21.2921	19.4657
Turkish new lira	TRY	10.3210	9.1131	9.5226	7.1493
Polish zloty	PLN	4.5201	4.5597	4.5374	4.4120
Romanian leu	RON	4.9280	4.8683	4.9050	4.8173
Swiss franc	CHF	1.0980	1.0802	1.0946	1.0642
Serbian dinar	RSD	117.5660	117.5802	117.5761	117.5746
Czech koruna	CZK	25.4880	26.2420	25.8119	26.3333
Ukraine hryvnia	UAH	32.3018	34.7396	33.4936	28.6091
Hungarian forint	HUF	351.6800	363.8900	357.8797	345.2607

IMPORTANT INFORMATION CONCERNING THE COVID-19 PANDEMIC

On 20 May 2020, the European Securities and Markets Authority (ESMA) published a statement addressing the implications of the COVID-19 pandemic on IFRS interim reports. The statement focuses on transparency and consistent application of the European requirements for the information provided in consolidated interim financial statements in connection with COVID-19. Since the COVID-19 pandemic is still ongoing, the disclosures published in the 2020 annual financial statements were reviewed again for these interim financial statements. If no further information is provided below due to insignificant changes, please refer to the 2020 Annual Report.

Insurance business

PREMIUM DEVELOPMENT

In the property lines of business, premiums written are showing a recovery towards the level prior to the COVID-19 pandemic. Health insurance also continues to show an increase this year. VIG Insurance Group is focusing on this line of business and sees the COVID-19 pandemic as having a reinforcing effect on this fundamental focus.

CLAIMS AND COST DEVELOPMENT

The stable development of the claims ratio is due to a fundamentally better claims experience and lower recurrent claims and large losses, among other things. It is still not possible to directly determine any positive effects of the COVID-19 pandemic. More detailed discussions at the segment level can be found in the interim management report starting on page 4.

The COVID-19 pandemic and decline in claims in the previous year led to an increase in reinsurance commissions, which were once again at the pre-COVID-19 level in the 1st half of 2021.

UNDERWRITING PROVISIONS

In the area of reserves for incurred but not reported (IBNR) claims, additional reserves were included due to an increase in expected late claim notifications and uncertainty about future developments. The Group subsidiaries are holding around EUR 140.0 million in provisions. The adequacy of the underwriting provisions is checked in detail each year as part of the

liability adequacy test during preparation of the consolidated financial statements. During the year, a comparison of the best estimate (after reinsurance) calculated based on Solvency II principles without taking into account transitional measures and the IFRS provisions (after reinsurance) showed a significant buffer of EUR 4.9 billion. As before, the IFRS provisions can therefore be considered adequate.

UNDERWRITING RECEIVABLES

The Group formed allowances for underwriting receivables at the start of the COVID-19 pandemic. Those allowances are now decreasing again.

Investments

MARKET RISK

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

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

Value-at-Risk	30.6.2021	31.12.2020
in EUR million		
10-day holding period	379.0	603.4
20-day holding period	536.0	853.3
60-day holding period	928.4	1,478.0

DISCLOSURES ON SEASONAL AND ECONOMIC INFLUENCES

Within VIG Insurance Group, seasonal fluctuations mainly occur in premiums, claims and the financial result. Due to the large number of insurance contracts beginning in January, the 1st half of the year is also normally the strongest in terms of premiums. In terms of claims, the 1st half also normally shows a higher level of charges, mainly due to adverse environmental influences (snow, snowmelt, storms, floods). Adverse weather events, such as storms, can also occur during the summer and autumn. With respect to the financial result, most of the dividend income occurs in the first half of the year.

The 1st half of financial year 2021 was affected by the COVID-19 pandemic and was not subject to the full normal seasonal and economic influences. Therefore, please also see the “Important information concerning the COVID-19 pandemic” section for information on atypical developments starting on page 19.

CHANGES IN THE SCOPE OF CONSOLIDATION

Acquired companies are added to the scope of consolidation based on an internal Group guideline. The guideline includes quantitative thresholds and criteria. Detailed information is available in the Group Annual Report for 2020 starting on page 96.

Expansion of the scope of consolidation*	Acquisition/formation	Shares	First time consolidation	Method
	Date	in %	Date	
VIG Offices, s.r.o.	2020	100.00	1.1.2021	full consolidation

*Unless indicated otherwise, no goodwill exists.

Change in significant minority interests	Change	Change of interest	Change of non-controlling interests
	Date	in %	in EUR '000
Asirom	31.3.2021	0.06	-54
ČPP	30.6.2021	2.72	-3,893
SMARDAN 5 DEVELOPMENT S.R.L.	31.3.2021	0.01	0
VIG Fund	30.6.2021	0.02	-44
V.I.G. ND, a.s.	30.6.2021	0.32	-287

On 29 November 2020, VIG Insurance Group reached agreement with Aegon N.V. to acquire its insurance business in Hungary, Poland, Romania and Turkey. Due to the lack of closing for the transaction and lack of control over the companies, they had not yet been added to the scope of consolidation as of the balance sheet date. The closing is still expected to take place in the 2nd half of 2021.

Effect of the changes in the scope of consolidation

Balance sheet	Additions
in EUR '000	
Intangible assets	1
Investments	11,101
Receivables (incl. tax receivables and advance payments out of income tax)	4
Other assets (incl. deferred tax assets)	191
Cash and cash equivalents	184
Liabilities (incl. tax liabilities out of income tax)	983
Other liabilities (incl. deferred tax liabilities)	39

The figures shown in the table above reflect the actual dates of first consolidation, as shown in the expansion of the scope of consolidation table.

Contribution to result before taxes in reporting period	Additions
in EUR '000	
Financial result excl. result from shares in at equity consolidated companies	-220
Result before taxes	-220

Including the new companies in the scope of consolidation did not change the number of employees.

SEGMENT REPORTING

The statements made in the Group Annual Report for 2020 are still valid and can be read starting on page 100 of that report.

Consolidated balance sheet by segment

Assets	Austria		Czech Republic		Slovakia	
	30.6.2021	31.12.2020	30.6.2021	31.12.2020	30.6.2021	31.12.2020
in EUR '000						
Intangible assets	523,376	497,293	498,968	487,109	127,306	126,749
Right-of-Use assets	72,489	75,523	55,295	57,583	6,671	6,837
Investments	22,931,942	23,655,203	3,091,306	2,937,473	1,597,757	1,603,118
Financial investments for unit-linked and index-linked life insurance	5,127,842	4,918,309	462,478	418,286	191,944	180,756
Reinsurers' share in underwriting provisions	492,750	487,996	133,023	149,599	44,410	40,573
Receivables	580,225	559,737	141,117	166,645	47,503	47,231
Tax receivables and advance payments out of income tax	15,909	18,024	7,433	37,735	485	135
Deferred tax assets	4,432	4,871	167,515	85,389	8,572	6,065
Other assets	89,338	102,357	170,089	160,467	7,952	9,150
Cash and cash equivalents	878,631	451,307	53,135	144,332	84,226	87,218
Total	30,716,934	30,770,620	4,780,359	4,644,618	2,116,826	2,107,832

Assets	Poland		Romania		Baltic States	
	30.6.2021	31.12.2020	30.6.2021	31.12.2020	30.6.2021	31.12.2020
in EUR '000						
Intangible assets	161,486	158,164	21,196	20,845	134,201	135,652
Right-of-Use assets	4,858	5,466	3,295	3,642	7,790	8,872
Investments	1,408,339	1,431,462	752,472	754,751	707,815	697,135
Financial investments for unit-linked and index-linked life insurance	712,416	680,712	104,244	109,020	121,056	101,210
Reinsurers' share in underwriting provisions	121,359	121,345	48,142	47,214	46,814	44,839
Receivables	225,580	212,916	185,495	192,185	108,058	92,650
Tax receivables and advance payments out of income tax	4,329	4,291	0	0	514	549
Deferred tax assets	6,810	0	5,192	4,992	306	32
Other assets	9,919	7,710	10,063	4,625	16,972	18,910
Cash and cash equivalents	35,525	24,680	31,487	21,379	62,656	73,230
Total	2,690,621	2,646,746	1,161,586	1,158,653	1,206,182	1,173,079

Assets	Hungary		Bulgaria		Turkey/Georgia	
	30.6.2021	31.12.2020	30.6.2021	31.12.2020	30.6.2021	31.12.2020
in EUR '000						
Intangible assets	28,327	27,062	126,851	126,405	2,586	2,533
Right-of-Use assets	2,975	2,820	2,606	2,555	437	605
Investments	150,028	162,639	263,800	248,030	91,049	96,334
Financial investments for unit-linked and index-linked life insurance	567,977	518,110	18,237	14,950	0	0
Reinsurers' share in underwriting provisions	14,462	14,757	22,642	22,041	75,789	91,236
Receivables	34,431	31,351	57,191	45,269	85,166	86,031
Tax receivables and advance payments out of income tax	117	36	768	0	2,286	4,517
Deferred tax assets	1,159	1,025	750	232	1,083	804
Other assets	13,439	11,031	6,716	6,132	898	1,135
Cash and cash equivalents	10,280	1,575	35,895	41,808	27,271	24,780
Total	823,195	770,406	535,456	507,422	286,565	307,975

Liabilities and shareholders' equity	Austria		Czech Republic		Slovakia	
	30.6.2021	31.12.2020	30.6.2021	31.12.2020	30.6.2021	31.12.2020
in EUR '000						
Subordinated liabilities	339,200	342,950	21,579	20,959	0	0
Underwriting provisions	22,224,095	22,446,551	2,968,010	2,792,390	1,325,939	1,281,092
Underwriting provisions for unit-linked and index-linked life insurance	4,947,403	4,744,433	299,275	249,729	204,632	191,127
Non-underwriting provisions	611,088	649,509	10,755	10,038	4,227	3,288
Liabilities	712,063	679,644	334,742	414,588	95,782	102,332
Tax liabilities out of income tax	213,678	255,222	77,013	20,479	1,325	2,012
Deferred tax liabilities	193,883	188,113	5,912	5,700	19,397	25,605
Other liabilities	63,700	73,880	6,533	3,300	5,263	3,257
Subtotal	29,305,110	29,380,302	3,723,819	3,517,183	1,656,565	1,608,713

Liabilities and shareholders' equity	Poland		Romania		Baltic States	
	30.6.2021	31.12.2020	30.6.2021	31.12.2020	30.6.2021	31.12.2020
in EUR '000						
Subordinated liabilities	0	0	0	0	0	0
Underwriting provisions	1,349,457	1,275,020	686,319	660,413	700,957	666,167
Underwriting provisions for unit-linked and index-linked life insurance	697,586	671,126	103,370	107,690	121,054	101,215
Non-underwriting provisions	11,915	11,996	41,186	42,631	2,189	2,677
Liabilities	155,913	154,361	88,445	94,931	90,234	91,774
Tax liabilities out of income tax	2,054	1,715	512	1,415	439	836
Deferred tax liabilities	25,873	22,458	835	911	2,567	2,202
Other liabilities	18,544	16,299	7,166	8,542	5,377	4,759
Subtotal	2,261,342	2,152,975	927,833	916,533	922,817	869,630

Liabilities and shareholders' equity	Hungary		Bulgaria		Turkey/Georgia	
	30.6.2021	31.12.2020	30.6.2021	31.12.2020	30.6.2021	31.12.2020
in EUR '000						
Subordinated liabilities	0	0	0	0	0	0
Underwriting provisions	206,179	174,913	271,788	250,467	237,214	232,695
Underwriting provisions for unit-linked and index-linked life insurance	564,354	515,028	17,473	14,254	0	0
Non-underwriting provisions	801	772	4,510	4,804	11,170	11,419
Liabilities	26,314	39,500	36,104	31,873	25,407	44,044
Tax liabilities out of income tax	418	333	1,109	211	1,584	3,467
Deferred tax liabilities	296	275	1,140	937	636	188
Other liabilities	5,122	3,577	15	21	583	566
Subtotal	803,484	734,398	332,139	302,567	276,594	292,379

Assets	Remaining CEE		Other Markets		Central Functions		Total	
	30.6.2021	31.12.2020	30.6.2021	31.12.2020	30.6.2021	31.12.2020	30.6.2021	31.12.2020
in EUR '000								
Intangible assets	43,801	42,740	2,277	1,963	69,613	106,562	1,739,988	1,733,077
Right-of-Use assets	9,413	9,855	44	44	2,685	11,552	168,558	185,354
Investments	1,102,455	1,093,226	727,964	726,665	1,736,703	1,495,150	34,561,630	34,901,186
Financial investments for unit-linked and index-linked life insurance	34,794	33,708	1,018,785	986,176	7,666	6,802	8,367,439	7,968,039
Reinsurers' share in underwriting provisions	21,509	16,503	4,788	4,953	522,325	355,436	1,548,013	1,396,492
Receivables	105,799	87,696	15,109	15,128	221,212	162,320	1,806,886	1,699,159
Tax receivables and advance payments out of income tax	916	400	26	25	149,284	209,329	182,067	275,041
Deferred tax assets	3,775	2,176	526	246	34,485	30,896	234,605	136,728
Other assets	15,709	14,514	5,359	5,844	57,185	45,970	403,639	387,845
Cash and cash equivalents	39,637	30,254	70,612	63,990	1,643,002	780,594	2,972,357	1,745,147
Total	1,377,808	1,331,072	1,845,490	1,805,034	4,444,160	3,204,611	51,985,182	50,428,068

The investments included shares in at equity consolidated companies of EUR 149,409,000 in Austria (TEUR 150,862,000), EUR 29,531,000 in the Czech Republic (EUR 28,331,000), EUR 144,000 in Poland (EUR 143,000) and EUR 112,100,000 in the Central Functions segment (EUR 112,225,000).

Liabilities and shareholders' equity	Remaining CEE		Other Markets		Central Functions		Total	
	30.6.2021	31.12.2020	30.6.2021	31.12.2020	30.6.2021	31.12.2020	30.6.2021	31.12.2020
in EUR '000								
Subordinated liabilities	0	0	0	0	1,100,000	1,100,000	1,460,779	1,463,909
Underwriting provisions	1,108,356	1,095,516	718,331	701,821	817,645	653,010	32,614,290	32,230,055
Underwriting provisions for unit-linked and index-linked life insurance	34,794	33,707	1,014,695	982,106	7,666	6,801	8,012,302	7,617,216
Non-underwriting provisions	7,471	7,420	11,847	13,060	127,503	119,195	844,662	876,809
Liabilities	47,148	41,804	33,340	34,675	1,090,825	524,780	2,736,317	2,254,306
Tax liabilities out of income tax	1,371	931	1,331	414	8,257	3,963	309,091	290,998
Deferred tax liabilities	3,242	2,563	395	1,095	13,492	17,823	267,668	267,870
Other liabilities	20,843	18,217	1	1	7,713	8,720	140,860	141,139
Subtotal	1,223,225	1,200,158	1,779,940	1,733,172	3,173,101	2,434,292	46,385,969	45,142,302
Shareholders' equity							5,599,213	5,285,766
Total							51,985,182	50,428,068

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

Consolidated income statement by segment

	Austria		Czech Republic		Slovakia		Poland	
	1.1.-30.6.21	1.1.-30.6.20	1.1.-30.6.21	1.1.-30.6.20	1.1.-30.6.21	1.1.-30.6.20	1.1.-30.6.21	1.1.-30.6.20
in EUR '000								
Premiums written – gross	2,279,722	2,316,169	945,552	879,534	367,455	383,232	640,720	590,520
Net earned premiums – retention	1,651,395	1,712,068	694,397	656,555	285,197	300,357	480,654	453,491
Financial result excl. result from shares in at equity consolidated companies	299,408	304,725	39,229	35,452	21,076	20,485	16,689	22,014
Income from investments	387,099	445,490	50,871	80,377	23,252	22,854	23,684	31,956
Expenses for investments and interest expenses	-87,691	-140,765	-11,642	-44,925	-2,176	-2,369	-6,995	-9,942
Result from shares in at equity consolidated companies	329	-2,819	1,300	560	0	0	0	0
Other income	14,691	10,740	14,858	13,645	1,633	2,282	5,488	4,615
Expenses for claims and insurance benefits – retention	-1,489,369	-1,556,516	-441,268	-406,610	-199,429	-224,734	-339,048	-323,722
Acquisition and administrative expenses	-357,080	-335,372	-196,375	-159,237	-66,453	-58,230	-113,821	-100,117
Other expenses	-13,542	-28,855	-15,245	-32,354	-12,010	-11,343	-16,193	-20,776
Result before taxes	105,832	103,971	96,896	108,011	30,014	28,817	33,769	35,505
Taxes	-29,340	-16,315	-24,798	-23,216	-7,345	-7,355	-7,109	-7,421
Result of the period	76,492	87,656	72,098	84,795	22,669	21,462	26,660	28,084

	Romania		Baltic States		Hungary		Bulgaria	
	1.1.-30.6.21	1.1.-30.6.20	1.1.-30.6.21	1.1.-30.6.20	1.1.-30.6.21	1.1.-30.6.20	1.1.-30.6.21	1.1.-30.6.20
in EUR '000								
Premiums written – gross	266,399	229,062	258,730	250,997	175,942	153,702	114,227	111,660
Net earned premiums – retention	206,348	173,491	199,192	190,877	125,267	109,055	80,090	76,223
Financial result excl. at equity consolidated companies	11,174	7,966	5,734	2,816	1,520	4,293	6,939	6,546
Income from investments	13,666	11,436	7,355	5,358	2,053	5,237	15,293	14,229
Expenses for investments and interest expenses	-2,492	-3,470	-1,621	-2,542	-533	-944	-8,354	-7,683
Result from shares in at equity consolidated companies	0	0	0	0	0	0	0	0
Other income	4,784	5,860	3,231	2,163	5,367	5,944	654	1,189
Expenses for claims and insurance benefits – retention	-142,454	-112,403	-142,925	-132,582	-95,578	-83,582	-43,654	-41,555
Acquisition and administrative expenses	-62,433	-53,839	-49,086	-46,391	-20,334	-18,732	-26,534	-25,528
Other expenses	-7,865	-11,591	-6,214	-8,436	-11,173	-12,161	-3,591	-65,264
Result before taxes	9,554	9,484	9,932	8,447	5,069	4,817	13,904	-48,389
Taxes	-1,746	-3,812	-1,286	-1,036	-1,310	-1,333	-1,200	-1,598
Result of the period	7,808	5,672	8,646	7,411	3,759	3,484	12,704	-49,987

	Turkey/Georgia		Remaining CEE		Other Markets	
	1.1.-30.6.21	1.1.-30.6.20	1.1.-30.6.21	1.1.-30.6.20	1.1.-30.6.21	1.1.-30.6.20
in EUR '000						
Premiums written – gross	126,215	127,365	252,854	231,335	142,928	141,957
Net earned premiums – retention	56,185	59,979	176,008	165,253	117,512	117,116
Financial result excl. at equity consolidated companies	5,985	4,302	16,465	27,485	10,007	8,427
Income from investments	7,826	5,296	21,828	23,659	10,937	10,114
Expenses for investments and interest expenses	-1,841	-994	-5,363	3,826	-930	-1,687
Result from shares in at equity consolidated companies	0	0	0	0	0	0
Other income	8,995	4,372	3,697	3,409	16,720	17,697
Expenses for claims and insurance benefits – retention	-41,812	-38,788	-121,972	-120,122	-92,866	-92,949
Acquisition and administrative expenses	-14,759	-13,777	-50,856	-47,984	-19,155	-9,029
Other expenses	-8,936	-19,597	-8,001	-52,931	-15,682	-25,942
Result before taxes	5,658	-3,509	15,341	-24,890	16,536	15,320
Taxes	-1,331	-2,582	-2,776	-3,270	-5,215	-4,136
Result of the period	4,327	-6,091	12,565	-28,160	11,321	11,184

	Central Functions		Consolidation		Total	
	1.1.-30.6.21	1.1.-30.6.20	1.1.-30.6.21	1.1.-30.6.20	1.1.-30.6.21	1.1.-30.6.20
in EUR '000						
Premiums written – gross	1,014,822	930,581	-812,631	-768,750	5,772,935	5,577,364
Net earned premiums – retention	750,696	715,014	-313	9,143	4,822,628	4,738,622
Financial result excl. at equity consolidated companies	-81,400	-53,958	-1,924	-1,062	350,902	389,491
Income from investments	46,665	69,129	-30,981	-33,199	579,548	691,936
Expenses for investments and interest expenses	-128,065	-123,087	29,057	32,137	-228,646	-302,445
Result from shares in at equity consolidated companies	1,069	756	0	0	2,698	-1,503
Other income	1,752	28,680	-1,102	-956	80,768	99,640
Expenses for claims and insurance benefits – retention	-488,291	-458,222	5,132	-8,172	-3,633,534	-3,599,957
Acquisition and administrative expenses	-263,925	-264,596	3,712	-4,107	-1,237,099	-1,136,939
Other expenses	-10,491	-4,557	-6,017	5,617	-134,960	-288,190
Result before taxes	-90,590	-36,883	-512	463	251,403	201,164
Taxes	22,741	3,536	0	0	-60,715	-68,538
Result of the period	-67,849	-33,347	-512	463	190,688	132,626

NOTES TO THE CONSOLIDATED BALANCE SHEET

1. INTANGIBLE ASSETS

Composition	30.6.2021	31.12.2020
in EUR '000		
Goodwill	1,251,902	1,237,316
Purchased insurance portfolios	17,801	19,491
Other intangible assets	470,285	476,270
Purchased software	388,570	401,463
Other	81,715	74,807
Total	1,739,988	1,733,077

1.1. Goodwill

Development	30.6.2021	31.12.2020
in EUR '000		
Acquisition costs	1,865,619	1,906,993
Cumulative impairment as of 31.12. of previous years	-628,303	-524,458
Book value as of 31.12. of the previous year	1,237,316	1,382,535
Exchange rate differences	14,586	-26,972
Book value as of 1.1.	1,251,902	1,355,563
Additions	0	1,809
Impairments	0	-120,056
Book value as of 30.6. respectively 31.12.	1,251,902	1,237,316
Cumulative impairment as of 30.6. respectively 31.12.	627,359	628,303
Acquisition costs	1,879,261	1,865,619

The impairments in the previous year predominantly affected the Bulgaria (EUR 59,800,000), Croatia (EUR 45,017,000) and Georgia (EUR 12,518,000) CGU groups.

2. INVESTMENTS

Composition	30.6.2021	31.12.2020
in EUR '000		
Property	2,536,830	2,507,413
Owner-occupied property	476,271	477,469
Investment property incl. RoU-asset for building-rights	2,060,559	2,029,944
Shares in at equity consolidated companies	291,184	291,561
Financial assets	31,733,616	32,102,212
Loans and other investments	3,530,677	3,417,208
Other financial assets	28,202,939	28,685,004
Total	34,561,630	34,901,186

2.1. Other financial assets

Development	Held to maturity (incl. reclassified)		Available for sale		Recognised at fair value through profit and loss*	
	30.6.2021	31.12.2020	30.6.2021	31.12.2020	30.6.2021	31.12.2020
in EUR '000						
Acquisition costs	2,457,839	2,766,187				
Cumulative valuation as of 31.12. of the previous years	-1,401	-2,486				
Book value as of 31.12. of the previous year	2,456,438	2,763,701	25,983,431	25,148,103	245,135	332,997
Exchange rate differences	49,595	-79,580	34,902	-111,320	1,234	-8,275
Book value as of 1.1.	2,506,033	2,684,121	26,018,333	25,036,783	246,369	324,722
Reclassifications	0	0	0	-6	-8,347	-51,352
Additions	52,080	153,580	1,746,374	3,366,777	49,337	191,772
Disposals/repayments	-45,573	-425,388	-1,983,846	-2,713,913	-48,211	-177,909
Change in the scope of consolidation	0	44,125	-16,103	-42,324	0	-46,084
Changes in value recognised in profit and loss	0	0	0	6,689	5,090	4,009
Changes recognised directly in equity	0	0	-317,227	397,925	0	0
Impairments	0	0	-1,370	-68,500	0	-23
Book value as of 30.6. and 31.12. respectively	2,512,540	2,456,438	25,446,161	25,983,431	244,238	245,135
Cumulative valuation as of 30.6. respectively 31.12.	2,133	1,401				
Acquisition costs	2,514,673	2,457,839				

*Including held for trading

The values shown for the change in the scope of consolidation for the available for sale category are primarily due to inclusion of the Slovakian company VIG Offices s.r.o. in the scope of consolidation and the downstream merger of VIG Offices 1, s.r.o. into VIG Offices, s.r.o.

3. REINSURERS' SHARE IN UNDERWRITING PROVISIONS

Composition	30.6.2021	31.12.2020
in EUR '000		
Provision for unearned premiums	298,631	191,227
Mathematical reserve	8,811	13,447
Provision for outstanding claims	1,226,022	1,172,546
Provision for profit-unrelated premium refunds	11,931	14,366
Other underwriting provisions	2,618	4,906
Total	1,548,013	1,396,492

4. RECEIVABLES

Composition	30.6.2021	31.12.2020
in EUR '000		
Underwriting	1,176,305	1,015,400
Receivables from direct insurance business	943,371	810,381
from policyholders	733,201	622,939
from insurance intermediaries	118,949	131,571
from insurance companies	91,221	55,871
Receivables from reinsurance business	232,934	205,019
Non-underwriting	630,581	683,759
Other receivables	630,581	683,759
Total	1,806,886	1,699,159

5. CONSOLIDATED SHAREHOLDERS' EQUITY

5.1. Other reserves

Composition	30.6.2021					Total
	Unrealised gains and losses	Cash flow hedge reserve	Underwriting gains and losses from provisions for employee benefits	Share of other reserves of at equity consolidated companies	Currency reserve	
in EUR '000						
Gross	2,755,440	-15	-414,482	423	-204,698	2,136,668
+/- Exchange rate changes from financial instruments available for sale	10,640					10,640
+/- Deferred mathematical reserve	-631,791					-631,791
+/- Deferred profit participation	-1,098,257	0	128,761			-969,496
+/- Deferred taxes	-234,676	0	70,361			-164,315
+/- Non-controlling interests	-12,806	0	3,497	16	1,801	-7,492
Net	788,550	-15	-211,863	439	-202,897	374,214

Composition	31.12.2020					Total
	Unrealised gains and losses	Cash flow hedge reserve	Underwriting gains and losses from provisions for employee benefits	Share of other reserves of at equity consolidated companies	Currency reserve	
in EUR '000						
Gross	3,112,919	5	-420,744	-52	-243,849	2,448,279
+/- Exchange rate changes from financial instruments available for sale	11,443					11,443
+/- Deferred mathematical reserve	-750,782					-750,782
+/- Deferred profit participation	-1,207,189	0	130,356			-1,076,833
+/- Deferred taxes	-259,774	0	71,529			-188,245
+/- Non-controlling interests	-14,159	0	3,540	25	2,681	-7,913
Net	892,458	5	-215,319	-27	-241,168	435,949

5.2. Earnings per share (annualised)

		1.1.-30.6.2021	1.1.-30.6.2020
Result of the period	in EUR '000	190,688	132,626
Non-controlling interests in net result of the period	in EUR '000	-4,356	-6,276
Result of the period less non-controlling interests	in EUR '000	186,332	126,350
Number of shares at closing date	units	128,000,000	128,000,000
Earnings per share (annualised)*	EUR	2.91	1.97

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

6. UNDERWRITING PROVISIONS

Composition	30.6.2021	31.12.2020
in EUR '000		
Provision for unearned premiums	2,119,140	1,711,489
Mathematical reserve	21,897,172	22,243,792
Guaranteed policy benefits	20,593,044	20,805,425
Allocated and committed profit shares	672,337	687,585
Deferred mathematical reserve	631,791	750,782
Provision for outstanding claims	6,758,956	6,345,913
Provision for premium refunds	1,782,431	1,871,416
Profit-related premium refunds	314,883	317,907
Profit-unrelated premium refunds	73,098	75,966
Deferred profit participation recognised through profit and loss [†]	424,955	400,710
Deferred profit participation recognised directly in equity [†]	969,495	1,076,833
Other underwriting provisions	56,591	57,445
Total	32,614,290	32,230,055

[†]The deferred profit participation is solely due to the profit-related premium refund.

7. NON-UNDERWRITING PROVISIONS

Composition	30.6.2021	31.12.2020
in EUR '000		
Provisions for pensions and similar obligations	584,647	590,947
Provision for pension obligations	481,638	485,620
Provision for severance obligations	103,009	105,327
Provisions for other employee benefits	53,171	55,072
Other non-underwriting provisions	206,844	230,790
Total	844,662	876,809

8. LIABILITIES

Composition	30.6.2021	31.12.2020
in EUR '000		
Underwriting	1,001,332	1,083,646
Liabilities from direct business	784,218	890,430
to policyholders	381,735	522,515
to insurance intermediaries	233,554	248,045
to insurance companies	168,929	118,362
arising from financial insurance policies	0	1,508
Liabilities from reinsurance business	191,165	153,668
Deposits from ceded reinsurance business	25,949	39,548
Non-underwriting	1,734,985	1,170,660
Liabilities to financial institutions	356,125	325,267
Other liabilities	1,378,860	845,393
Total	2,736,317	2,254,306

Development	30.6.2021			
	Subordinated liabilities (including interest) ¹	Liabilities to financial institutions	Lease liabilities	Financing liabilities ²
in EUR '000				
Liabilities from financing activities				
Book value as of 31.12. of the previous year	1,496,361	325,267	189,762	102,204
Cash changes	-38,250	28,076	-13,429	487,304
Cash inflows	0	35,000	0	488,000
Payments	-3,750	-4,862	-13,429	-18
Interest paid	-34,500	-2,062	0	-678
Non-cash changes	32,574	2,782	-1,948	2,332
Additions	31,953	2,781	-3,620	1,924
Disposals	0	0	-16	0
Measurement changes	0	0	0	402
Exchange rate differences	621	1	1,688	6
Book value as of 30.6.	1,490,685	356,125	174,385	591,840

¹ The interest payable for subordinated liabilities is included in other liabilities.

² Contains derivative liabilities from financing liabilities and other financing liabilities

Development Liabilities from financing activities	31.12.2020			
	Subordinated liabilities (including interest) ¹	Liabilities to financial institutions	Lease liabilities	Financing liabilities ²
in EUR '000				
Book value as of 31.12. of the previous year	1,496,971	215,418	199,332	74,539
Cash changes	-64,518	103,795	-33,282	25,762
Cash inflows	0	124,739	0	28,500
Payments	0	-16,803	-33,282	-889
Interest paid	-64,518	-4,141	0	-1,849
Non-cash changes	63,908	6,054	23,712	1,903
Additions	64,614	6,055	26,415	2,303
Disposals	0	0	-247	0
Measurement changes	0	0	-16	-387
Exchange rate differences	-706	-1	-2,440	-13
Book value as of 31.12.	1,496,361	325,267	189,762	102,204

¹ The interest payable for subordinated liabilities is included in other liabilities.

² Contains derivative liabilities from financing liabilities and other financing liabilities

NOTES TO THE CONSOLIDATED INCOME STATEMENT

9. PREMIUMS WRITTEN

Premiums written	1.1.-30.6.2021						
Gross	Motor own damage insurance (Casco)	Motor third party liability insurance	Other property and casualty insurance	Life insurance – regular premium	Life insurance – single premium	Health insurance	Total
in EUR '000							
Austria	179,164	191,524	925,382	631,962	119,722	231,968	2,279,722
Czech Republic	136,865	175,540	276,177	330,813	16,234	9,923	945,552
Slovakia	54,422	78,002	61,615	98,096	73,336	1,984	367,455
Poland	97,224	157,521	231,505	83,047	64,121	7,302	640,720
Romania	95,163	44,213	61,680	24,070	32,465	8,808	266,399
Baltic States	48,408	51,968	66,806	36,634	14,424	40,490	258,730
Hungary	12,813	25,322	42,196	44,019	44,514	7,078	175,942
Bulgaria	34,070	17,757	30,191	16,874	5,694	9,641	114,227
Turkey/Georgia	23,852	15,672	67,823	0	0	18,868	126,215
Remaining CEE	27,004	52,892	72,467	37,151	45,250	18,090	252,854
Other Markets	0	0	69,438	43,441	30,049	0	142,928
Central Functions	0	0	984,860	16,122	0	13,840	1,014,822
Consolidation							-812,631
Total	708,985	810,411	2,890,140	1,362,229	445,809	367,992	5,772,935

Premiums written	1.1.-30.6.2020						
Gross	Motor own damage insurance (Casco)	Motor third party liability insurance	Other property and casualty insurance	Life insurance – regular premium	Life insurance – single premium	Health insurance	Total
in EUR '000							
Austria	172,395	191,789	901,069	638,073	187,832	225,011	2,316,169
Czech Republic	122,469	157,596	255,320	318,632	16,840	8,677	879,534
Slovakia	53,017	77,227	65,881	85,528	93,371	8,208	383,232
Poland	95,800	145,168	210,217	84,326	48,056	6,953	590,520
Romania	84,300	42,044	57,723	24,278	14,119	6,598	229,062
Baltic States	45,120	60,091	64,086	33,010	12,663	36,027	250,997
Hungary	10,721	23,130	40,988	42,847	30,596	5,420	153,702
Bulgaria	31,047	15,977	33,539	17,759	3,754	9,584	111,660
Turkey/Georgia	20,221	18,808	67,749	0	0	20,587	127,365
Remaining CEE	25,586	49,351	65,441	37,304	38,269	15,384	231,335
Other Markets	0	0	67,698	42,161	32,098	0	141,957
Central Functions	0	0	904,067	12,869	0	13,645	930,581
Consolidation							-768,750
Total	660,676	781,181	2,733,778	1,336,787	477,598	356,094	5,577,364

10. FINANCIAL RESULT EXCL. RESULT FROM SHARES IN AT EQUITY CONSOLIDATED COMPANIES

Composition	1.1.-30.6.2021						
	Austria	Czech Republic	Slovakia	Poland	Romania	Baltic States	Hungary
in EUR '000							
Current income	326,414	39,323	20,776	11,756	10,862	4,882	1,816
Income from appreciation	1,701	739	945	2,603	1	1,321	0
thereof reduction in impairment	0	0	0	0	0	0	0
Gains from disposal of investments	32,654	7,643	775	5,530	2,617	1,083	181
Other income	26,330	3,166	756	3,795	186	69	56
Total income	387,099	50,871	23,252	23,684	13,666	7,355	2,053
Depreciation of investment	24,297	2,376	1,187	771	728	574	36
thereof impairment	1,370	0	0	0	0	0	0
Exchange rate differences	-133	1,753	-47	797	-698	-39	-8
Losses from disposal of investments	7,227	1,786	341	440	1	58	46
Interest expenses	27,127	1,858	34	738	1,543	491	166
Personnel provisions	1,926	0	0	0	0	0	0
Interest expenses for liabilities to financial institutions	1,058	0	0	0	0	0	0
Interest expenses for financing liabilities	131	0	0	0	0	38	0
Interest expenses for subordinate liabilities	17,906	534	0	39	54	383	0
Interest expenses for lease liabilities	890	362	25	47	22	43	56
Other interest expenses	5,216	962	9	652	1,467	27	110
Other expenses	29,173	3,869	661	4,249	918	537	293
Managed Portfolio Fees	2,225	397	96	1,684	354	0	7
Asset management expenses	26,755	1,377	563	1,958	552	470	286
Other expenses	193	2,095	2	607	12	67	0
Total expenses	87,691	11,642	2,176	6,995	2,492	1,621	533

Composition

1.1.-30.6.2021

	Bulgaria	Turkey/ Georgia	Remaining CEE	Other Markets	Central Functions	Consolidation	Total
in EUR '000							
Current income	1,985	7,826	16,868	10,390	41,868	-30,981	463,785
Income from appreciation	241	0	61	52	5	0	7,669
thereof reduction in impairment	0	0	26	52	0	0	78
Gains from disposal of investments	342	0	4,688	248	3,390	0	59,151
Other income	12,725	0	211	247	1,402	0	48,943
Total income	15,293	7,826	21,828	10,937	46,665	-30,981	579,548
Depreciation of investment	1,030	32	759	225	6,964	0	38,979
thereof impairment	0	0	17	0	0	0	1,387
Exchange rate differences	-95	-411	3,122	-18	-7,204	53	-2,928
Losses from disposal of investments	63	0	75	47	3,926	0	14,010
Interest expenses	148	1,744	397	111	44,017	-29,110	49,264
Personnel provisions	0	0	0	0	260	0	2,186
Interest expenses for liabilities to financial institutions	0	0	0	0	1,899	0	2,957
Interest expenses for financing liabilities	68	27	0	0	14,206	-12,793	1,677
Interest expenses for subordinate liabilities	15	0	0	0	24,795	-11,210	32,516
Interest expenses for lease liabilities	20	33	209	0	-24	-171	1,512
Other interest expenses	45	1,684	188	111	2,881	-4,936	8,416
Other expenses	7,208	476	1,010	565	80,362	0	129,321
Managed Portfolio Fees	77	0	9	0	0	0	4,849
Asset management expenses	7,076	457	887	532	79,243	0	120,156
Other expenses	55	19	114	33	1,119	0	4,316
Total expenses	8,354	1,841	5,363	930	128,065	-29,057	228,646

Composition

1.1.-30.6.2020

	Austria	Czech Republic	Slovakia	Poland	Romania	Baltic States	Hungary
in EUR '000							
Current income	328,425	43,084	20,293	13,046	10,414	4,662	4,427
Income from appreciation	23	977	258	3,125	75	374	0
thereof reduction in impairment	0	0	0	0	0	0	0
Gains from disposal of investments	91,931	16,790	1,656	11,887	712	238	633
Other income	25,111	19,526	647	3,898	235	84	177
Total income	445,490	80,377	22,854	31,956	11,436	5,358	5,237
Depreciation of investment	39,493	2,486	1,120	4,352	896	1,341	118
thereof impairment	15,538	0	0	0	0	0	88
Exchange rate differences	-532	-4,612	9	-1,789	-616	6	188
Losses from disposal of investments	3,107	22,713	286	1,597	204	190	202
Interest expenses	27,537	3,368	64	1,972	2,201	482	101
Personnel provisions	2,000	0	0	0	0	0	0
Interest expenses for liabilities to financial institutions	1,066	0	0	0	0	0	0
Interest expenses for financing liabilities	192	0	0	0	0	1	0
Interest expenses for subordinate liabilities	17,979	525	0	268	54	383	0
Interest expenses for lease liabilities	689	595	25	108	34	65	38
Other interest expenses	5,611	2,248	39	1,596	2,113	33	63
Other expenses	71,160	20,970	890	3,810	785	523	335
Managed Portfolio Fees	2,304	407	66	1,132	329	21	79
Asset management expenses	27,345	1,218	809	2,070	456	367	256
Other expenses	41,511	19,345	15	608	0	135	0
Total expenses	140,765	44,925	2,369	9,942	3,470	2,542	944

Composition

1.1.-30.6.2020

	Bulgaria	Turkey/ Georgia	Remaining CEE	Other Markets	Central Functions	Consolidation	Total
in EUR '000							
Current income	1,909	5,281	18,998	9,692	49,072	-33,199	476,104
Income from appreciation	798	0	7	37	6,710	0	12,384
thereof reduction in impairment	0	0	5	37	6,689	0	6,731
Gains from disposal of investments	629	0	4,368	88	11,793	0	140,725
Other income	10,893	15	286	297	1,554	0	62,723
Total income	14,229	5,296	23,659	10,114	69,129	-33,199	691,936
Depreciation of investment	1,596	42	1,180	873	13,574	0	67,071
thereof impairment	0	0	391	648	6,860	0	23,525
Exchange rate differences	-22	-552	-6,673	23	26,943	-316	12,057
Losses from disposal of investments	248	0	141	198	3,212	0	32,098
Interest expenses	213	1,013	401	144	40,729	-31,821	46,404
Personnel provisions	0	0	0	0	261	0	2,261
Interest expenses for liabilities to financial institutions	0	0	0	0	1,557	0	2,623
Interest expenses for financing liabilities	69	30	0	0	13,215	-12,927	580
Interest expenses for subordinate liabilities	80	0	0	0	24,881	-11,519	32,651
Interest expenses for lease liabilities	24	51	223	0	85	-225	1,712
Other interest expenses	40	932	178	144	730	-7,150	6,577
Other expenses	5,648	491	1,125	449	38,629	0	144,815
Managed Portfolio Fees	124	0	8	0	0	0	4,470
Asset management expenses	5,507	347	873	415	36,936	0	76,599
Other expenses	17	144	244	34	1,693	0	63,746
Total expenses	7,683	994	-3,826	1,687	123,087	-32,137	302,445

11. OTHER INCOME AND EXPENSES

Composition	1.1.-30.6.2021	1.1.-30.6.2020
in EUR '000		
Other income	80,768	99,640
Underwriting	57,955	53,814
Non-underwriting	22,813	45,826
Other expenses	134,960	288,190
Underwriting	95,906	126,404
Non-underwriting	39,054	161,786

The decrease in non-underwriting expenses is due to the goodwill impairment performed in the previous year. For more information see Note 1 "Intangible assets" starting on page 27.

12. EXPENSES FOR CLAIMS AND INSURANCE BENEFITS

Composition	1.1.-30.6.2021	1.1.-30.6.2020
in EUR '000		
Expenses for claims and insurance benefits – gross	3,918,499	3,828,643
Payments for claims and insurance benefits	3,892,148	3,911,976
Changes in the provision for outstanding claims	371,341	293,387
Change in mathematical reserve	-423,100	-462,803
Change in other underwriting provisions	-3,950	8,478
Expenses for profit-related and profit-unrelated premium refunds	82,060	77,605
Expenses for claims and insurance benefits – reinsurers' share	-284,965	-228,686
Payments for claims and insurance benefits	-204,933	-247,389
Changes in the provision for outstanding claims	-72,053	26,433
Change in mathematical reserve	-249	2,402
Change in other underwriting provisions	2,316	523
Expenses for profit-unrelated premium refunds	-10,046	-10,655
Expenses for claims and insurance benefits – retention	3,633,534	3,599,957
Payments for claims and insurance benefits	3,687,215	3,664,587
Changes in the provision for outstanding claims	299,288	319,820
Change in mathematical reserve	-423,349	-460,401
Change in other underwriting provisions	-1,634	9,001
Expenses for profit-related and profit-unrelated premium refunds	72,014	66,950

13. ACQUISITION AND ADMINISTRATIVE EXPENSES

Composition	1.1.-30.6.2021	1.1.-30.6.2020
in EUR '000		
Acquisition expenses	1,101,961	1,003,900
Commission expenses*	796,245	706,161
Pro rata personnel expenses	186,004	180,835
Pro rata material expenses	119,712	116,904
Administrative expenses	235,358	224,346
Pro rata personnel expenses	114,553	112,335
Pro rata material expenses	120,805	112,011
Reinsurance commissions	-100,220	-91,307
Total	1,237,099	1,136,939

*Includes commissions of EUR 746,709,000 (EUR 663,548,000) for direct insurance business.

ADDITIONAL DISCLOSURES

14. FINANCIAL INSTRUMENTS AND FAIR VALUE MEASUREMENT HIERARCHY

Information on the nature and extent of risks arising from financial instruments is provided in the section titled “Financial instruments and risk management” in the Group Annual Report for 2020 starting on page 107.

Fair values and book values of financial instruments and investments

Fair values and book values of financial instruments and investments

30.6.2021

	Book value	Level 1	Level 2	Level 3	Fair value
in EUR '000					
Property¹	2,536,830	0	61,898	4,227,910	4,289,808
Owner-occupied property	476,271	0	26,244	780,023	806,267
Investment property excl. RoU-asset for building-rights	2,060,559	0	35,654	3,447,887	3,483,541
Shares in at equity consolidated companies	291,184				291,184
Loans	2,463,715	246,084	2,410,656	69,992	2,726,732
Loans	1,567,434	176,553	1,423,143	56,820	1,656,516
Reclassified loans	121,076	44,397	100,403	0	144,800
Bonds classified as loans	775,205	25,134	887,110	13,172	925,416
Other financial assets	28,202,939	23,402,775	4,334,866	753,877	28,491,518
Financial assets held to maturity	2,211,332	1,864,523	565,763	9,090	2,439,376
Financial assets reclassified as held to maturity	301,208	344,887	16,856	0	361,743
Financial assets available for sale	25,446,161	21,069,486	3,700,613	676,062	25,446,161
Financial assets recognised at fair value through profit and loss ²	244,238	123,879	51,634	68,725	244,238
Other investments	1,066,962				1,066,962
Financial investments for unit-linked and index-linked life insurance	8,367,439	8,367,439			8,367,439
Subordinated liabilities	1,460,779	0	1,619,626	21,432	1,641,058
Liabilities to financial institutions	356,125				356,125
Financing liabilities³	591,417				591,417

¹ The market values are derived from internal and external expert reports.

² Including held for trading

³ Not including lease liabilities and derivative liabilities

Fair values and book values of financial instruments and investments

31.12.2020

	Book value	Level 1	Level 2	Level 3	Fair value
in EUR '000					
Property ¹	2,507,413	0	63,132	4,127,729	4,190,861
Owner-occupied property	477,469	0	27,210	769,443	796,653
Investment property excl. RoU-asset for building-rights	2,029,944	0	35,922	3,358,286	3,394,208
Shares in at equity consolidated companies	291,561				
Loans	2,566,884	162,320	2,615,357	102,552	2,880,229
Loans	1,647,782	76,214	1,610,950	85,860	1,773,024
Reclassified loans	136,308	59,988	97,855	5,000	162,843
Bonds classified as loans	782,794	26,118	906,552	11,692	944,362
Other financial assets	28,685,004	23,919,022	4,424,592	734,347	29,077,961
Financial assets held to maturity	2,163,435	1,924,912	544,108	10,825	2,479,845
Financial assets reclassified as held to maturity	293,003	352,601	16,949	0	369,550
Financial assets available for sale	25,983,431	21,517,902	3,806,396	659,133	25,983,431
Financial assets recognised at fair value through profit and loss ²	245,135	123,607	57,139	64,389	245,135
Other investments	850,324				850,324
Financial investments for unit-linked and index-linked life insurance	7,968,039	7,968,039			7,968,039
Subordinated liabilities	1,463,909		1,615,767	21,036	1,636,803
Liabilities to financial institutions	325,267				325,267
Financing liabilities ³	102,189				102,189

¹ The market values are derived from internal and external expert reports.

² Including held for trading

³ Not including lease liabilities and derivative liabilities

The measurement process and reclassification of financial instruments

For information on the measurement process and reclassification of financial instruments, please see Note 22 "Financial instruments and fair value measurement hierarchy" in the Group Annual Report for 2020 starting on page 169.

Measurement hierarchy – Financial instruments recognised at fair value

Measurement hierarchy	30.6.2021			31.12.2020		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
in EUR '000						
Financial instruments recognised at fair value						
Financial assets						
Financial assets available for sale	21,069,486	3,700,613	676,062	21,517,902	3,806,396	659,133
Bonds	18,250,629	3,589,727	265,109	18,893,447	3,709,909	292,349
Shares and other participations	424,721	3,867	318,569	372,249	3,636	296,400
Investment funds	2,394,136	107,019	92,384	2,252,206	92,851	70,384
Financial investments for unit-linked and index-linked life insurance	8,367,439			7,968,039		

The unrealised effect on the result (net profit or loss) from Level 3 financial instruments that are still in the portfolio and whose fair value is recognised in the income statement was EUR 903,000 during the reporting year (EUR -1,537,000).

Unobservable input factors

Asset class	Measurement methods	Unobservable input factors	Range
Property	Market value	Capitalisation rate	0.88%–7.50%
		Rental income	3.000 EUR–3.765,000 EUR
		Land prices	0 EUR–8.000 EUR
	Discounted Cash flow	Capitalisation rate	3.55%–8.11%
		Rental income	EUR 96.000–EUR 6.275,000
		Building rights	Capitalisation rate
	Building rights	Rental income	EUR 76.000–EUR 1.652,000
		Land prices	EUR 250.000–EUR 500,000
		Construction interest actually paid	0.2%–5.7%
		Spreads	-0.09%–4.13%
Financial assets available for sale	Hull-White present value method		

Sensitivities

With respect to the value of shares measured using a Level 3 method (multiples approach), the VIG Insurance Group assumes that alternative inputs and alternative methods do not lead to significant changes in value.

The spread assumption is the critical factor for the changes in value of Level 3 measured bonds in the “Financial instruments available for sale” category and the sensitivity to this factor is of particular interest as a result. The most important bonds measured using a Level 3 method in the “Financial instruments available for sale” category are held by the Austrian, Czech and Polish companies and show the following sensitivities:

Financial assets available for sale - bonds	Fair value
<i>in EUR '000</i>	
Fair value at 30.6.2021	265,108
Spread +50bp	-3,899
Effect on the income statement	0
Effect on the statement of comprehensive income	-3,899

The following sensitivities result from calculations using the Solvency II partial internal model:

Property	Fair value
<i>in EUR '000</i>	
Fair value at 30.6.2021	3,872,741
Rental income -5%	3,733,179
Rental income +5%	4,018,903
Capitalisation rate -50bp	4,117,617
Capitalisation rate +50bp	3,669,890
Land prices -5%	3,839,928
Land prices +5%	3,913,079

Since property is measured at cost in the Group balance sheet, negative sensitivities would only affect the income statement if property value fell below book value. There was no effect on other comprehensive income.

Reconciliation of financial assets and liabilities

Please refer to Note 10 “Financial result excl. result from shares in at equity consolidated companies” starting on page 34 for information on the effects of changes in value recognised in profit and loss.

Development	30.6.2021			31.12.2020		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Financial assets available for sale						
in EUR '000						
Fair value at 31.12. of the previous year	21,517,902	3,806,396	659,133	21,011,483	3,476,413	660,207
Exchange rate differences	29,136	5,357	409	-102,154	-5,287	-3,879
Fair value at 1.1.	21,547,038	3,811,753	659,542	20,909,329	3,471,126	656,328
Reclassification between securities categories	0	0	0	0	0	-6
Reclassification to Level	9,332	39,920	29,715	36,688	135,265	44,850
Reclassification from Level	-55,017	-12,257	-11,693	-130,840	-56,090	-29,873
Additions	1,331,589	339,950	74,835	2,751,042	518,759	96,976
Disposals	-1,487,652	-441,222	-54,972	-2,327,967	-320,465	-65,481
Change in the scope of consolidation	0	0	-16,103	0	0	-42,324
Changes in value recognised in profit and loss	0	0	0	6,689	0	0
Changes recognised directly in equity	-275,798	-37,387	-4,042	332,084	58,483	7,358
Impairments	-6	-144	-1,220	-59,123	-682	-8,695
Fair value at 30.6. respectively 31.12.	21,069,486	3,700,613	676,062	21,517,902	3,806,396	659,133

Development of financial liabilities assigned to Level 3

	Subordinated liabilities	
	30.6.2021	31.12.2020
in EUR '000		
Fair value at 31.12. of the previous year	21,036	21,317
Exchange rate differences	619	-674
Fair value at 1.1.	21,655	20,643
Reclassification to Level 3	0	0
Reclassification from Level 3	0	0
Changes in value recognised in profit and loss	-223	393
Changes recognised directly in equity	0	0
Fair value at 30.6. respectively 31.12.	21,432	21,036

15. NUMBER OF EMPLOYEES

Employee statistics	30.6.2021	31.12.2020
Number		
Field staff	13,172	13,450
Office staff	12,344	12,230
Total	25,516	25,680

The employee figures shown are average values based on full-time equivalents.

16. RELATED PARTY TRANSACTIONS

Related parties

Related parties are the affiliated companies, joint ventures and associated companies listed in Note 26 “Affiliated companies and participations” starting on page 178 in the Group Annual Report for 2020. In addition, the members of the Managing Board and Supervisory Board of VIG Holding also qualify as related parties. Wiener Städtische Versicherungsverein directly and indirectly holds around 72.47% (around 72.47%), and therefore a majority of the voting rights of VIG Holding. Based on this controlling interest, it and the members of its Managing Board and Supervisory Board are therefore also related parties.

Information on the compensation plan for Managing Board members is provided in Note 23 “Number of employees and personal expenses” starting on page 175 of the Group Annual Report for 2020.

Members of the Managing Board and Supervisory Board did not receive any advances or loans and had no loans outstanding during the reporting periods.

There were also no guarantees outstanding for members of the Managing Board or Supervisory Board during the reporting periods.

Transactions with Wiener Städtische Versicherungsverein

Wiener Städtische Versicherungsverein is VIG Holding’s principal shareholder. It has the legal form of a mutual insurance association that has spun off its insurance operations under the Austrian Insurance Supervision Act (VAG) and consequently has no insurance business operations. Due to the outsourcing to Wiener Städtische Versicherung AG that took place at that time, its only responsibilities are those as a majority shareholder of VIG Holding, so that intercompany charges within VIG Insurance Group are of minor importance. They are based on service agreements between VIG Insurance Group and Wiener Städtische Versicherungsverein for intercompany charges for internal audit services, finance and accounting, provision of staff and office leases based on the arm’s length principle.

Wiener Städtische Versicherungsverein also holds VIG Holding hybrid bonds and subordinated liabilities with a nominal value of EUR 440 million.

Transactions with related companies

Transactions with non-consolidated affiliated and associated companies mainly relate to financing and charges for services.

Open items with related companies	30.6.2021	31.12.2020
in EUR '000		
Loans	214,318	163,279
Associated companies	154,989	101,375
Subsidiaries not included in the consolidated financial statements	59,329	61,904
Receivables	183,029	227,592
Parent company	143,827	208,982
Associated companies	28,392	5,012
Subsidiaries not included in the consolidated financial statements	10,810	13,598
Liabilities	232,641	272,252
Parent company	211,068	255,508
Associated companies	8,761	1,989
Subsidiaries not included in the consolidated financial statements	12,812	14,755
Transactions with related companies	30.6.2021	31.12.2020
in EUR '000		
Loans	8,462	19,447
Associated companies	2,917	11,131
Subsidiaries not included in the consolidated financial statements	5,545	8,316
Receivables	49,524	71,281
Parent company	11,303	45,414
Associated companies	29,294	9,307
Subsidiaries not included in the consolidated financial statements	8,927	16,560
Liabilities	145,798	225,298
Parent company	46,162	55,127
Associated companies	31,829	47,254
Subsidiaries not included in the consolidated financial statements	67,807	122,917

The transactions do not include changes in open items resulting from a change in the scope of consolidation.

Transactions with related parties

The amounts for related person open items, transactions and income statement items are insignificant.

17. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

Heavy rain leading to flooding in Western and Central Europe

The storms that occurred in Europe in the middle of July affected a number of countries where the VIG Insurance Group operates, including Austria, Croatia, the Czech Republic, Germany, Hungary, Romania and Slovakia. The rainfall was highly localised in some cases and led to a very rapid rise in water levels and associated flooding. Although by the editorial deadline it is impossible to give a reliable indication of the losses the VIG Insurance Group will have to cover, they run into the millions.

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

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

Property and casualty insurance	1.1.-30.6.2021	1.1.-30.6.2020
in EUR '000		
Direct business	3,442,506	3,290,847
Casualty insurance	213,154	217,150
Health insurance	56,244	53,939
Motor own damage insurance (Casco)	708,985	660,676
Rail vehicle own-damage	1,925	1,712
Aircraft own-damage insurance	3,842	3,040
Sea, lake and river shipping own-damage insurance	7,966	7,852
Transport insurance	35,966	34,207
Fire and natural hazards insurance	701,086	678,885
Other property	357,826	332,141
Third party liability insurance for self-propelled land vehicles	810,411	781,181
Carrier insurance	14,609	13,913
Aircraft liability insurance	4,256	3,105
Sea, lake and river shipping liability insurance	2,576	1,887
General liability insurance	339,585	316,418
Credit insurance	4,027	2,440
Guarantee insurance	21,710	24,244
Insurance for miscellaneous financial losses	83,808	78,729
Legal expenses insurance	33,846	33,357
Assistance insurance, travel health insurance	40,684	45,971
Indirect business	232,246	189,555
Marine, aviation and transport insurance	10,195	8,560
Other insurance	208,084	167,265
Health insurance	13,967	13,730
Total	3,674,752	3,480,402

Life insurance	1.1.-30.6.2021	1.1.-30.6.2020
in EUR '000		
Regular premium - direct business	1,342,152	1,320,166
Single-premium - direct business	443,377	475,946
Direct business	1,785,529	1,796,112
thereof policies with profit participation	730,152	742,583
thereof policies without profit participation	275,987	233,804
thereof unit-linked life insurance portfolio	778,237	817,657
thereof index-linked life insurance portfolio	1,153	2,068
Indirect business	14,998	12,847
Total	1,800,527	1,808,959

Health insurance	1.1.-30.6.2021	1.1.-30.6.2020
in EUR '000		
Direct business	297,656	288,003
Total	297,656	288,003

KEY FIGURES PER BALANCE SHEET UNIT

	1.1.-30.6.2021				1.1.-30.6.2020			
	Property/ Casualty	Life	Health	Total	Property/ Casualty	Life	Health	Total
in %								
Cost ratio	32.22	19.00	15.75	26.44	31.68	17.73	15.41	25.52
Claims ratio	62.97				63.82			
Combined Ratio	95.19				95.50			

Declaration by the Managing Board

We declare to the best of our knowledge that the consolidated interim financial statements prepared in accordance with applicable accounting standards give a true and fair view of the Group's net assets, financial position and results of operations, the interim management report gives a true and fair view of the net assets, financial position and results of operations of the Group with regard to the most important events during the first six months of the financial year and their impact on the consolidated interim financial statements, of the principal risks and uncertainties for the remaining six months of the financial year and material related party transactions to be disclosed. The interim report was not fully audited or reviewed by an auditor.

Vienna, 13 August 2021

The Managing Board:



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



Liane Hirner
CFRO, Member of
the Managing Board



Peter Höfinger
Member of
the Managing Board



Gerhard Lahner
COO, Member of
the Managing Board



Gábor Lehel
CIO, Member of
the Managing Board



Hartwig Löger
Member of
the Managing Board



Harald Riener
Member of
the Managing Board



Peter Thirring
CTO, Member of
the Managing Board

Managing Board areas of responsibility:

Elisabeth Stadler:	Management of the VIG Group, General Secretariat and Legal, Affiliated companies department, European Affairs, Communications & Marketing, Sponsoring, Bancassurance and international partnerships, Human Resources; Country responsibilities: Germany
Liane Hirner:	Finance and Accounting, Enterprise Risk Management, Asset-Risk Management, Digitalisation Finances and Risk; Country responsibilities: Liechtenstein
Peter Höfinger:	Corporate and large customer business, Vienna International Underwriters (VIU), Reinsurance; Country responsibilities: Albania, Bosnia-Herzegovina, Bulgaria, Kosovo, Croatia, Moldova, Montenegro, North Macedonia, Romania, Serbia
Gerhard Lahner:	Data Management & Processes, Group IT-Functions, Holding IT, Asset Management, Real Estate, Treasury, Asset Liability Management, Country responsibility: Georgia
Gábor Lehel:	Digital Transformation, Eco-systems & Platforms; Country responsibility: Belarus
Hartwig Löger:	Strategy and Development, Planning and Controlling; Country responsibilities: Austria, Slovakia, Czech Republic, Hungary
Harald Riener:	Customer Experience, Assistance; Country responsibilities: Estonia, Latvia, Lithuania, Poland, Ukraine
Peter Thirring:	Non-Life Insurance, Life & Health Insurance, Actuarial Department; Country responsibility: Turkey

The **Managing Board as a whole** is responsible for Compliance, Internal Audit and Investor Relations.

General information

NOTICE

This 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 interim 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 condensed half-year financial report was prepared with great care to ensure that all information is complete and accurate. The possibility of rounding, typesetting or printing errors, however, cannot be ruled out completely.

It should be understood that the text always refers to women and men equally without discrimination.

The condensed half-year financial report can be downloaded as a PDF file in German or English from our website at: www.vig.com/downloads.

Editorial deadline: 13 August 2021

In case of doubt, the German version is authoritative.

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