VIENNA INSURANCE GROUP

ADDED VALUE THROUGH DIVERSITY

Group Annual Report 2023

* preliminary planning

Key figures at a glance

Country	Insurance service revenue	Result before taxes	Net combined ratio	Employees
	in EUR '000	in EUR '000	in %	Number
Austria	3,307,356	385,876	91.61	5,422
Czech Republic	2,040,071	217,976	91.34	5,216
Poland	1,224,497	29,368	97.44	2,856
Extended CEE[1]	3,148,077	101,007	95.19	12,047
Special Markets[2]	617,638	64,238	96.60	3,307
Group Functions[3]	1,652,249	-25,776	82.06	557

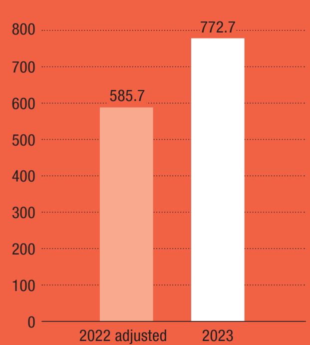
[1] Extended CEE: Albania incl. Kosovo, Baltic states, Bosnia-Herzegovina, Bulgaria, Croatia, Hungary, Moldova, North Macedonia, Romania, Serbia, Slovakia, Ukraine

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

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

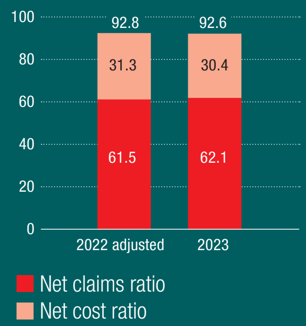
Result before taxes

in EUR million



Development of the net combined ratio

in percent



		2023	2022 adjusted
Income statement			
Gross written premiums	EUR million	13,784.0	12,559.2
Insurance service revenue – issued business	EUR million	10,921.8	9,737.6
Total capital investment result	EUR million	284.3	-12.2
Result before taxes	EUR million	772.7	585.7
Net result for the period after taxes and non-controlling interests	EUR million	559.0	472.3
Net combined ratio	%	92.6	92.8
Net claims ratio	%	62.1	61.5
Net cost ratio	%	30.4	31.3
Balance sheet			
Total capital investment portfolio	EUR million	42,586.1	41,062.2
Consolidated shareholders' equity (including non-controlling interests)	EUR million	6,029.7	5,713.9
Insurance contracts liabilities issued	EUR million	37,804.1	36,370.4
Total assets	EUR million	48,753.8	47,217.7
Operating return on equity (Operating RoE)	%	15.1	11.6
Contractual Service Margin (CSM)	EUR million	5,797.2	5,838.1
Share			
Number of shares	Piece	128,000,000	128,000,000
Market capitalisation	EUR million	3,392.00	2,860.80
Average number of shares traded by day	Piece	~33,000	~56,000
Book value per share[1]	EUR	42.48	40.80
End-of-period price	EUR	26.500	22.350
High	EUR	27.350	26.850
Low	EUR	22.250	20.650
Share performance for the year (excluding dividends)	%	18.57	-10.24
Dividend per share	EUR	1.40[2]	1.30
Dividend yield	%	5.28	5.82
Earnings per share[3]	EUR	4.31	3.63
Price-earnings ratio as of 31 December		6.15	6.16
Employees			
Number of employees (annual average)		29,405	28,832

Rounding differences may occur when rounded amounts or percentages are added.

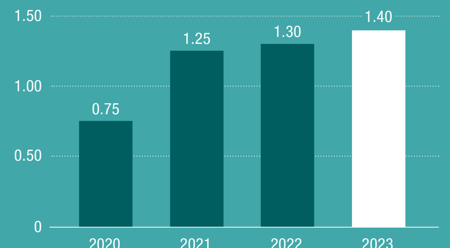
[1] The value is calculated using shareholders' equity less non-controlling interests and revaluation reserve as well as hybrid capital.

[2] Proposed dividend

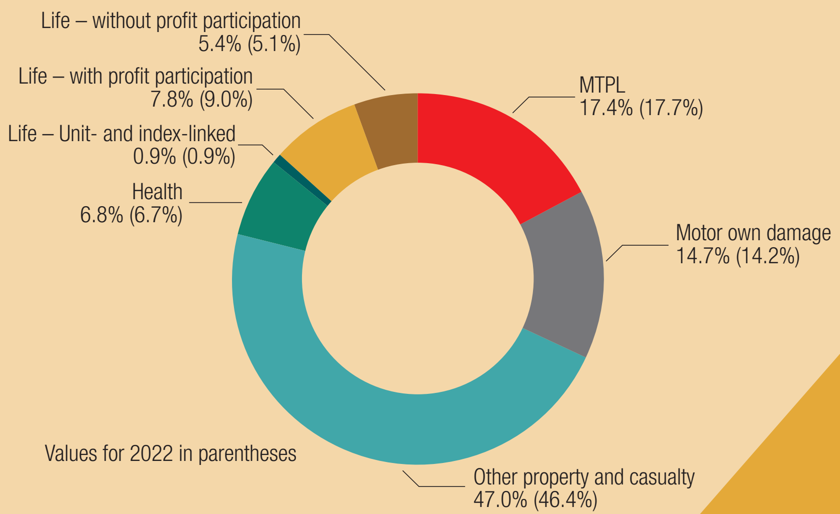
[3] The calculation of this figure considers the interest expenses for hybrid capital. The undiluted earnings per share equals the diluted earnings per share (in EUR).

Dividend per share

in EUR



Insurance service revenue by line of business



Values for 2022 in parentheses

Diversity is one of VIG's core values.
It does not consider itself as a purely centrally managed group, but rather as a group of companies that act independently. This enables quick decision-making, motivates our approximately 29,000 employees, and makes VIG flexible and innovative. This is also expressed on the cover of the 2023 reports. Diversity creates added value – both for VIG and its stakeholders.

EUR 4.31
Earnings per share
Top result in a challenging environment

EUR 1.40 dividend per share
An increase of the dividend to EUR 1.40 per share will be proposed at the Annual General Meeting based on the new dividend policy.

Solvency ratio of 269%
VIG continues to be very well capitalised.

EUR 1,199 million
in green bonds
In addition to ecological criteria, VIG considers social criteria in their investment strategy.

Four good reasons to invest in VIG:

1 Broad portfolio with growth potential

- Insurance solutions in the property/casualty, life and health business across 30 countries
- Over 30 years of M&A experience in the CEE region
- Organic and inorganic growth initiatives to further expand VIG's leading market position

2 Financial stability

- "A+" rating with stable outlook from Standard & Poor's
- Solvency ratio of 269% in 2023
- Continuous dividend distribution every year since 1994

3 Proven management principles ensure customer proximity

- Local entrepreneurship for taking quick, flexible action on the market
- Multi-channel distribution to exploit all sales opportunities
- Multi-brand policy to ensure broad appeal in relation to target groups
- Conservative investment and reinsurance policies create trust

4 Sustainability as an integral part of the business model

- Sustainability program with a focus on six spheres of impact: Investments, underwriting, operations, employees, customers, society
- Declarations of "Responsible Investment" and "Responsible Insurance"

More information on VIG shares and the contact information for the Investor Relations department is available on the VIG website at **group.vig/investor-relations**

Read more in the 2023 Sustainability report or at **group.vig/sustainability/downloads**

WITH **DIVERSITY** INTO THE FUTURE

Dear Shareholders,
Ladies and Gentlemen!

It is with great pleasure that I present to you the current VIG Group Annual Report. Together with our Group companies we have succeeded in continuing the very positive dynamic and conclude the financial year with outstanding results. In the first full year after the adaption of the accounting standards our Group showed an insurance service revenue of EUR 10.9 billion and a pre-tax result of EUR 772.7 million. This corresponds to an increase in turnover of 12.2% and an increase in results of 31.9%. The insurance service revenue is one of several new key figures under IFRS 9 and IFRS 17 that you will come across in the report. They include the consideration that an insurance company receives or expects to take over insurance risks.

Key figures 2023

EUR 13.8 billion gross written premiums (+9.8%)

EUR 10.9 billion insurance service revenue (+12.2%)

Result before taxes: EUR 772.7 million (+31.9%)

92.6% Net combined ratio

Interest rate turnaround and inflation significantly shaped 2023. The increased interest rates had a positive effect on our earnings and solvency position. On the other hand, rising prices increased claims handling costs. This effect, however, could be kept within limits – on the one hand by measures to increase efficiency, and on the other hand by inflation-related premium adjustments that are included in many insurance contracts via indexation.

The 2023 results show: You can rely on VIG at all times. For me personally, it is extremely important that this continues to be the case in the future. Therefore the question: What makes us resilient? I am convinced: It is our diversity and our strong capitalisation. The diversification across markets and the overall decentralised orientation of the >

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New financial reporting

As of 1 January 2023, VIG Insurance Group for the first time applied the IFRS 9 and IFRS 17 accounting standards. The first-time application leads to significant changes and therefore has a material influence on this Group Annual Report including adjusted comparative information for the previous year. Details of the changes from page 65.

Group. The fact that VIG's independent companies operate close to the market and the needs of the customers. This makes us flexible and enables individual action. Thus, we create added value by diversity for all our stakeholders.

A dividend at last year's level or higher
The strength and stability of VIG also benefits you, our shareholders. Since our initial listing on the Vienna Stock Exchange in 1994 we have continuously paid a dividend every year. The previous dividend policy foresaw a distribution of 30% to 50% of the Group net profit. From 2024 onwards, our focus will be even more on the resilience and predictability of VIG. We now strive for a dividend per share that at least corresponds to the previous year and increases continuously depending on the operative performance. On the basis of the dividend adopted in 2023 and the excellent business performance we will propose to the Annual General Meeting a dividend of EUR 1.40.

New ways to collaborate
In order to continue the positiv dynamic of the Group it is important to keep alive VIG's recipe for success and develop it further in line with the requirements of an increasingly complex world. Therefore, we took a few significant steps in the second half of the year in order to expand collaboration within the Group.

It was always clear for VIG: Diversity and solidarity go hand in hand for us. That is what connects us and makes us a Group. Thus, a Group is more than the sum of its parts. Diversity means working independently and at the same time supporting each other in the best possible way. The newly created division CO^3 takes up this approach with the goal of strengthening the collaboration within our Group.

CO^3 stands for "collaboration, cooperation and communication". The range of activities in collaboration is wide: they include better exchanges between the departments within a company as well as the networking of peers over different companies and national borders. There are already numerous very well established formats for this – others are currently in the making. In contrast to this, cooperation describes the collaboration of two or more companies in the same country. Communication, in addition to the familar tasks of corporate communication and marketing, forms the bracket over all collaboration and cooperation focal points and makes these visible via different channels.

With all this, VIG remains true to its values and management principles. We continue to live local entrepreneurship. Because the solutions to identify and leverage synergy potentials are developed locally, with consideration of the market conditions. Our multi-brand policy, the differentiated approach to the customers, remains the same. Hence, we also see added value through diversity here.

Future topics in view
In addition to CO^3, the digital, social and ecological (climate) transition will keep us very busy with the further development of our business model. Parallel to diverse technical innovations, such as the use of AI models for automatic claims handling, IT security and the protection of infrastructure and corporate data are increasingly important. Also in this area we are strengthening the organisation of the Group with corresponding structures and support measures for all our companies. We want to include new possibilities in approaching our customers via systematic cooperation with digital platforms, as well as to expand assistance not only to new products but also to new markets.

Sustainability has always characterised the group. In recent years we have started to anchor this subject explicitly and systematically in all our businesses. The sustainability program that was formulated in 2023 – jointly with the CEOs of the Group companies – defined specific goals in six spheres of impact. This strengthened sustainability as an

More info from Hartwig Löger
in video online at
annual-report.vig/2023

"A Group is more than the sum of its parts."

VIG 25 Sustainability Programme

The new VIG sustainability programme defines six spheres of impact. Asset management, underwriting and operations have a focus on ecology, while employees, customers and society primarily address social aspects. For more information on each sphere of impact, see page 14.

integral part of the business model. This will also be reflected in the future in a corresponding specific reporting based on new statutory regulations, such as EU's Corporate Sustainability Reporting Directive (CSDR).

Outlook

What can you expect from VIG in the future? We have no control over how our environment will develop but we do have control over how to deal with it. This makes it all the more important that we are in a position to continue to be proactive to trends and react quickly to changes. The initiatives of our programme as well as new ways of collaboration support us in this. The three strategic focus areas of the VIG 25 strategic programme target more efficiency, greater customer proximity and expansion of the business model beyond the classical insurance business and ensure that we reach our goals by 2025.

With the outlined CO^3 measures we improve our internal collaboration, maximise our strengths and ensure the continued positive performance of our companies and the entire Group. By systematic embedding of our sustainability goals we are taking a significant step towards preserving a future worth living.

Hartwig Löger
Chairman of the Managing Board

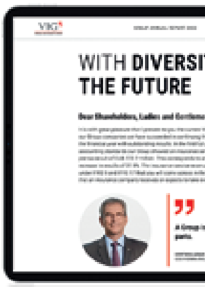
Read more

Additional videos and information about the financial year 2023 are available online at **annual-report.vig/2023**

Some of the additional content:

- Video with the new CEO Hartwig Löger
- Explanatory video on VIG 25 sustainability programme
- Further highlights from the 2023 financial year

All VIG Holding publications are available at **group.vig/downloads**



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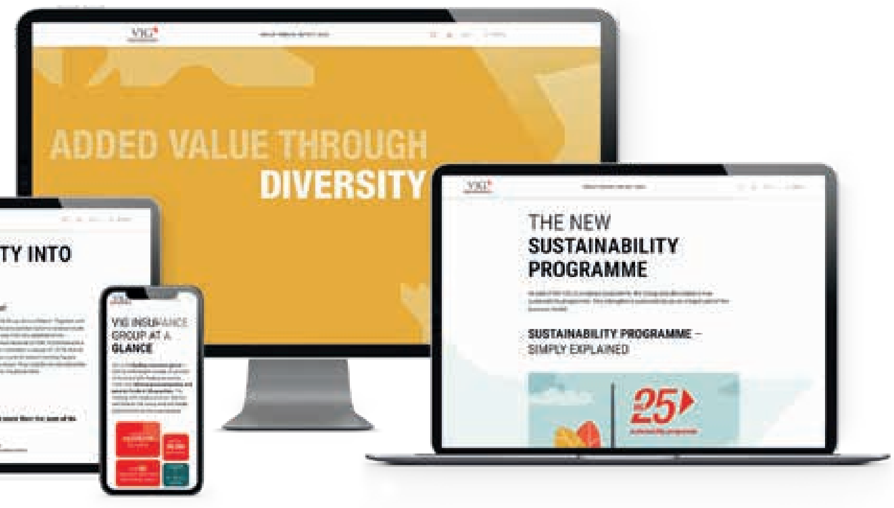
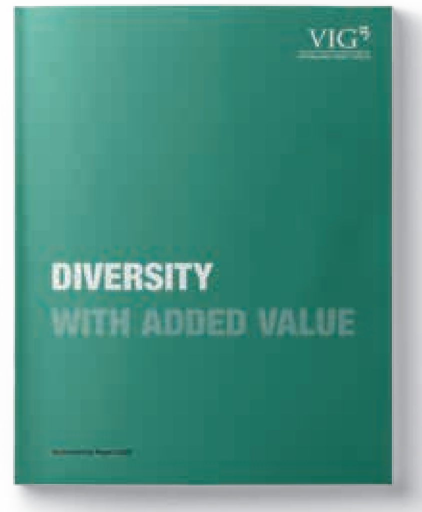
Group management report





For VIG diversity and solidarity go hand in hand. You can read more about our commitment to society and the environment and about further aspects of responsible corporate governance in our Sustainability Report 2023 or at **group.vig/sustainability**

Consolidated financial statements

Service information

AT A **GLANCE**

VIG is the **leading insurance group** in Central and Eastern Europe. It consists of the listed VIG Holding as well as more than **50 insurance companies and pension funds in 30 countries.** The Holding, with headquarters in Vienna, coordinates the Group-wide exchange and functions as the steering body.

The insurance companies rely on local brands. Their approximately **29,000 employees** provide approximately **32 million customers** with the best possible protection against the risks of day-to-day life.

The strategy of VIG is oriented to profitable growth and the creation of **added value through diversity**: The wealth of different languages, cultures and entrepreneurial approaches ensures the greatest possible proximity to customers and promotes innovation and creativity. The decentralised structure makes the Group flexible and ensures quick decisions.

VIG country portfolio

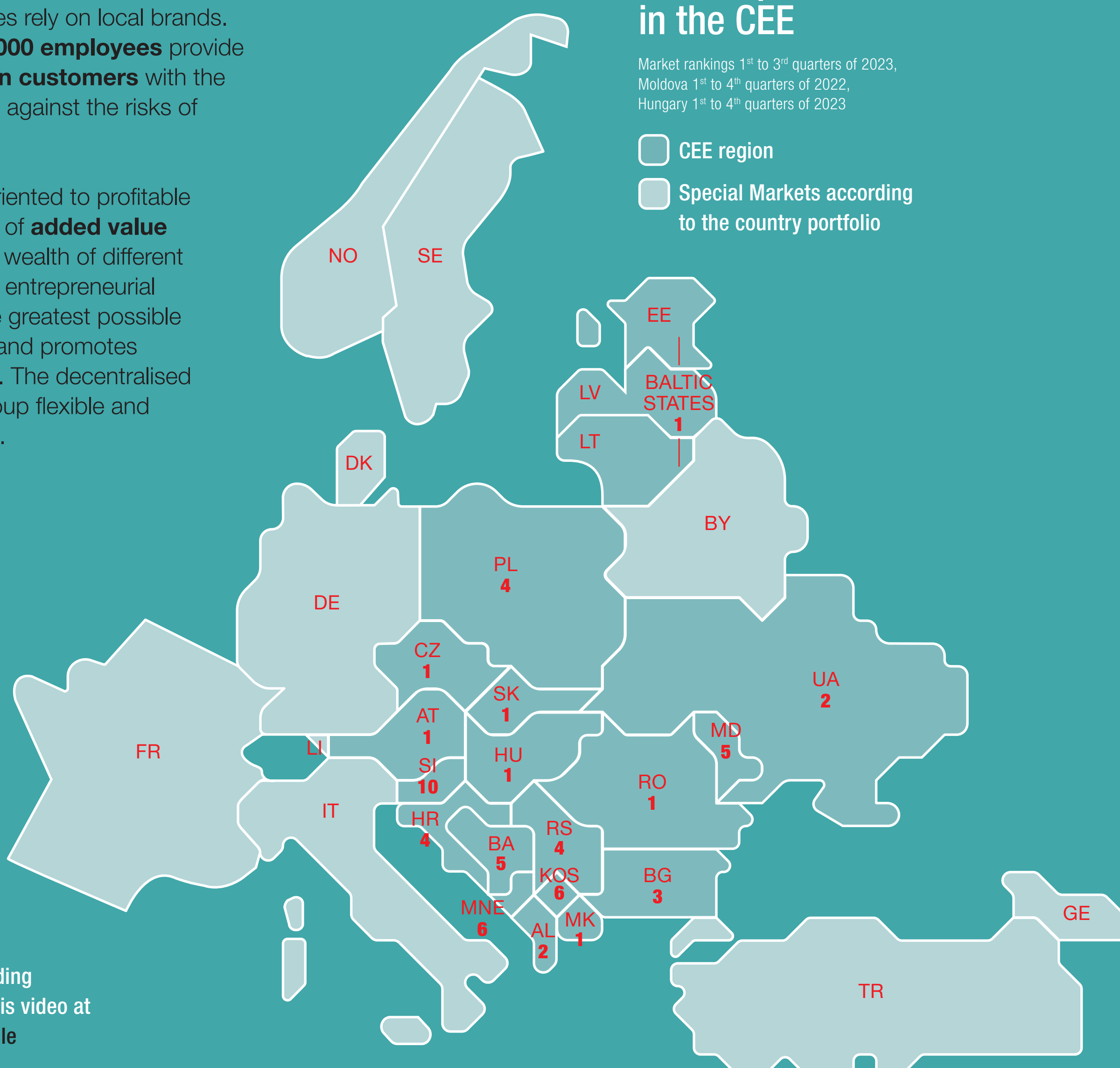
VIG divides its region into two areas. First, the region of Central and Eastern Europe, which consists of 20 countries, including Austria, whose long-term growth opportunities will be exploited. Second, ten special markets where objectives specific to each market will be pursued. Four of these countries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

Market positions in the CEE

Market rankings 1st to 3rd quarters of 2023, Moldova 1st to 4th quarters of 2022, Hungary 1st to 4th quarters of 2023

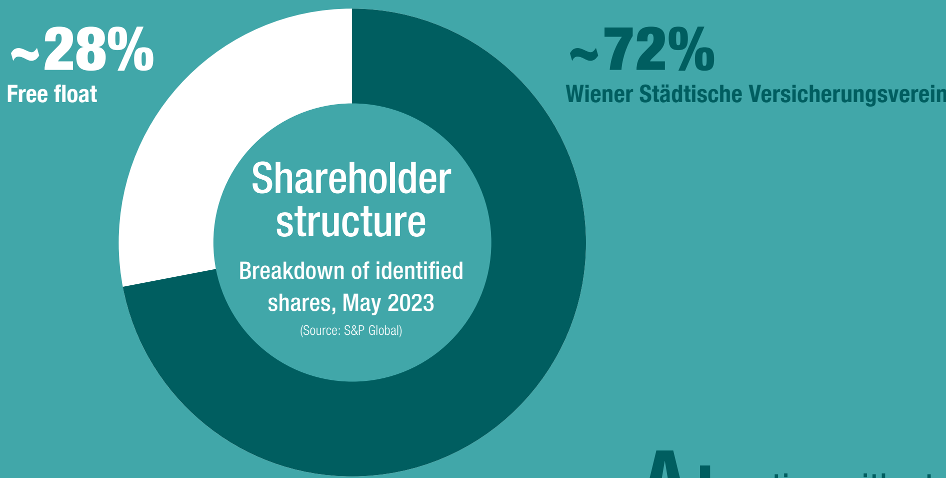
CEE region

Special Markets according to the country portfolio



Who is VIG?

Find out more about the leading insurance group in CEE in this video at annual-report.vig/2023/profile



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

1990 first expansion step into the former Czechoslovakia

Listing on the **Vienna, Prague and Budapest** stock exchange

Yearly dividends since going public in 1994

around **32,000,000** customers

around **29,000** employees

over **50** insurance companies and pension funds

operating in **30** countries

200 years of experience in the Group

number **1** in the CEE region

STRATEGIC **PRINCIPLES**

The mission statement, strategic objectives and clear management principles determine the long-term direction of VIG.

Mission statement

Our vision

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

Our mission

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

Our values

Diversity
Customer proximity
Responsibility

Our promise

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

Strategic objectives

- **Expanding the leading market position in CEE**
- **Creating sustainable value**
- **Sustainability objectives in six spheres of impact**

On the basis of this long-term strategic orientation VIG formulates medium-term objectives. For example, the Group aims to be at least one of the top three insurance groups in each CEE market by 2025 (with the exception of Slovenia). It intends to increase premium volume by taking advantage of long-term opportunities in health insurance and risk provisions in the CEE region, among other things. One of the ways in which sustainable value is created, among other things, is through efficiency in the operating business, such as by making more targeted use of synergies between companies. The Group-wide sustainability programme pursues the objective to further strengthen sustainability as an integral part and foundation of the business model and also to ensure the future success of the Group (see page 14).

Management principles

Local entrepreneurship

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

Multi-brand strategy

VIG relies on regionally established brands. With over 50 insurance companies and pension funds in 30 markets it can address various target groups directly and personally. This also strengthens its regional identity and creates greater customer and employee loyalty to the company. In addition to the local brand names, "Vienna Insurance Group" conveys the internationality and strength of the Group.

Multi-channel distribution

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

Conservative investment and reinsurance policies

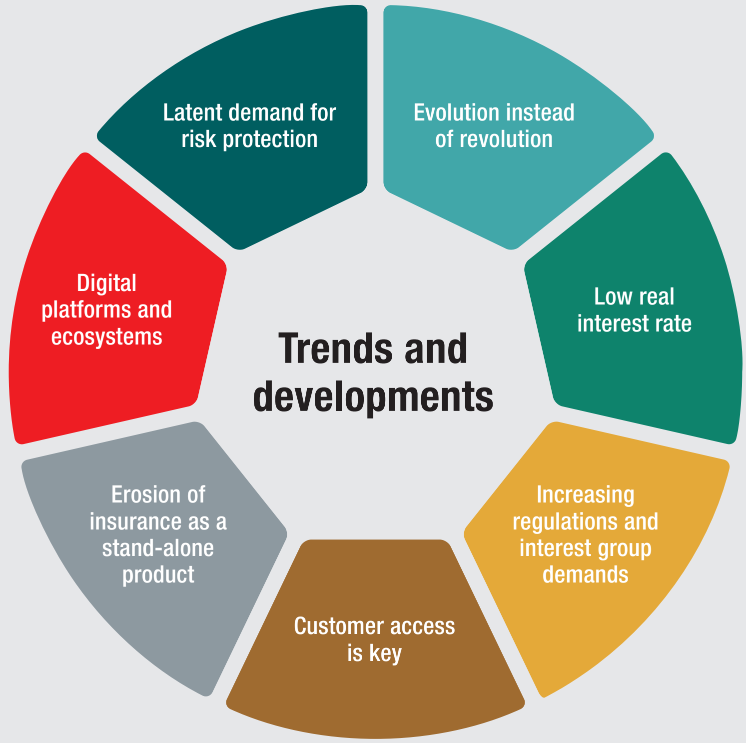
The capital investments held at VIG's own risk amount to EUR 35,288.7 million. Security and sustainability are at the focus of the investment strategy, which is why investments are predominantly made in bonds. Diligence also guides the reinsurance policy. To obtain the optimal risk balance, risks are bundled at the Group level and partially placed on the international reinsurance market.

VIG 25

Strategic programme until 2025

VIG 25

Strategic programme until 2025



MORE SUCCESS: THE **VIG 25** STRATEGIC PROGRAMME

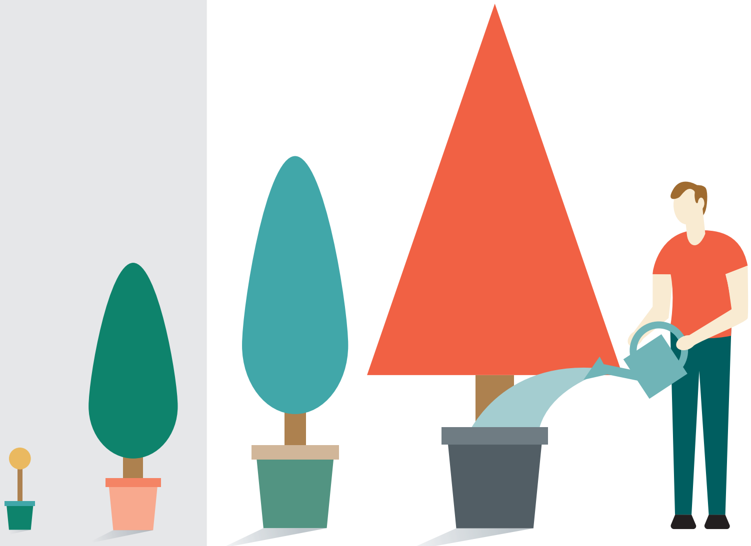
The VIG 25 strategic programme sets down the goals for 2025. More efficiency, more customer proximity and more value added prepare the ground for more sustainable success.

The VIG 25 strategic programme was developed for the period from 2021 to 2025. As an answer to the trends and developments cited in the above graphic and their effects on the insurance industry have led to clear requirements for the Group: further strengthening sustainability as an integral part and foundation of the business model, and promoting efficiency and productivity through digitalisation. In addition, new ways to approach and retain customers and promoting a general understanding of risk provision is to be fostered. The business model is therefore being optimised, enhanced and expanded through targeted activities in three strategic focus areas. These will consolidate VIG's sustainable success and help achieve its strategic objectives (see page 10).

Find out more about the VIG 25 strategic programme in this video at **annual-report.vig/2023/strategy-VIG-25**

Requirements

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



Strategic focus areas in three horizons

More efficiency

Optimise the business model by increasing productivity and efficiency

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

More customer proximity

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

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

More value added

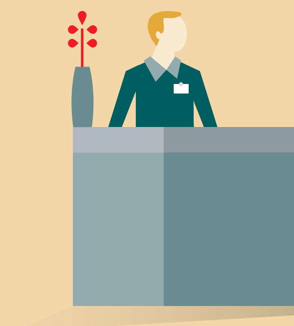
Expand the business model and value chain beyond the insurance business

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

THE NEW SUSTAINABILITY PROGRAMME

As part of the VIG 25 strategic programme, the Group also developed a new sustainability programme. This strengthens sustainability as an integral part of the business model.

For VIG sustainability means creating economic value today without doing so at the expense of tomorrow. In addition to the tradtional **environmental, social** and **governance** aspects, **economic** efficiency and a profitable business model remain at the core of all efforts. The Group-wide VIG 25 sustainability programme was developed in collaborative process with the VIG insurance companies. Together the six spheres of impact were defined. In this context asset management, underwriting and operations primarily have an ecological focus, while the spheres of impact employees, customers and society primarily address social aspects.



More about the new sustainability programme can be found in this video at
annual-report.vig/2023/sustainability

Sustainability in VIG

VIG promotes risk competence in its markets through risk education. In this way, it supports people in making well-informed decisions and taking responsibility for protecting themselves against risks. Furthermore, it promotes the commitment of its employees for causes that benefit society.

VIG's investment decisions contributes to the climate transition. By 2050 the greenhouse gas emissions from the investment portfolio shall reach net zero. Measures such as the application of exclusion criteria, an engagement approach and an increase in the proportion of green investments serve this purpose.

VIG places a high value on customer satisfaction and established its own competence center for customer experience in 2023 in order to understand their needs even better. In addition, it wants to close existing protection gaps in society, for example for under-served or socially disadvantaged customers.

Greenhouse gas emissions in the corporate and retail underwriting portfolio are also to be reduced to net zero by 2050. Criteria are being set for which industries will not be insured. In addition, as part of the engagement approach VIG companies support customers in better adapting to climate change.

VIG aspires to be an attractive employer and promotes employee centricity, diversity and equal opportunity. As part of the sustainability programme it plans to measure its attractiveness as an employer by using an international index for the majority of the Group companies.

The emissions from operations and business travel shall reach net zero by 2050. Already by 2030, VIG aims to be climate neutral in this area. We envisage achieving these targets through conscious energy consumption, the increased use of renewable energies or by travelling for business less frequently and in more environmentally friendly ways.

HIGHLIGHTS 2023

New dividend policy

Vienna Insurance Group has continuously shared the companies success with its shareholders since first listing on the Vienna stock exchange in 1994. With regard to dividend continuity and predictability, VIG strives for a future dividend per share that at least corresponds to the previous year and, depending on the operational result development continuously increases.

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Change in management at VIG

Since 1 July 2023, Hartwig Löger has been General Manager and Chairman of the Managing Board of Vienna Insurance Group. Peter Höfinger became Deputy General Manager and Deputy Chairman of the Managing Board. Elisabeth Stadler and Peter Thirring left the VIG Managing Board at the end of June 2023.

Successful closing of Aegon companies

Following successful acquisition of the Aegon business in Hungary and Türkiye in 2022, the closing of the Polish and Romanian Aegon companies was also completed on 31 May 2023. With this, VIG expanded not only its life insurance portfolio but also its activity in the pension fund business. The acquired pension fund in Romania was renamed to Carpathia Pensii, in Poland to Vienna PTE. The Aegon insurance company that was acquired in Hungary in March 2022 is now called Alfa Vienna Insurance Group Zrt. The life insurance company acquired in Türkiye operates under the Viennalife brand.

With the acquisition of the Hungarian companies of the Aegon-Group, VIG became the market leader in Hungary in March 2022. The Hungarian state took a 45% stake in the holding company that was subsequently formed as a controlling unit of the Hungarian business. On 30 November 2023, VIG increased its share of the Hungarian business from 55 to 90%. The state holding Corvinus continues to hold 10% and thus empasizes its commitment for a joint expansion of the insurance industry in Hungary.

More highlights from financial year 2023 can be found in VIG's online report at
annual-report.vig/2023/highlights

VIG joins forces in Poland

Vienna Insurance Group is concentrating its market presence in Poland from currently six to three insurance companies in the future. The merger of the non-life insurance companies Compensa and Wiener will create a key player in the non-life insurance market. InterRisk will continue to operate independently. The three life insurance companies Compensa Life, Vienna Life and Aegon Life will be merged to form a larger, strong market player in the life insurance business. The mergers are subject to the necessary regulatory approvals.

Study regarding the risk competence in CEE

A Gallup study in the CEE commissioned by VIG in 2023 shows that seven out of ten respondents were not able to deal with risks competently. In the context of the study, 9,000 people over 18 years of age were surveyed in Austria, Bulgaria, Croatia, Poland, Romania, Serbia, Slovakia, Czech Republic and Hungary. A focal point of the sustainability programme of VIG is therefore the promotion of risk competence in its markets. Better risk and financial literacy shall help the population to protect themselves adequately.

You can find more on the study at group.vig/risk-competence-study

Responsible investing

As part of the new VIG 25 sustainability programme VIG is pursuing the objective of reducing greenhouse gas emissions to net zero by 2050 in the areas of investing, underwriting and operations. Specifically, in 2023 VIG adopted, among other things, the new declaration, "Responsible Investment", which included new or strengthened sustainability criteria in investing. Exclusion criteria define which companies will not be invested in. In addition, VIG pursues an engagement approach. This defines the active exchange with companies in order to encourage them to improve their ESG rating. The approach is implemented in cooperation with the external partner ISS ESG. From 2024 onwards, a yearly Engagement Report will be created and published.

The declaration "Responsible Investment" is available for download at the following link: group.vig/sustainability/downloads

Corporate Governance Report

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

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

VIG Holding is committed to application and compliance with the January 2023 version of the Austrian Code of Corporate Governance. § 243c UGB and § 267b UGB (Consolidated Corporate Governance Report) were also applied when preparing this consolidated corporate governance report.

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

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

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

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

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

VIG Holding complies with the rules of the Austrian Code of Corporate Governance. According to C-Rule 52a of the Austrian Code of Corporate Governance, the number of members on the Supervisory Board (without employee representatives) shall be ten at most. In 2023, the Supervisory Board of VIG Holding consisted of twelve members elected by the Annual General Meeting. The number of members in the Supervisory Board is due to the fact that the company operates over 50 insurance companies and pension funds in 30 countries. This makes it possible to include additional expertise with respect to the internationality and further growth of the VIG Group, including in response to increasing regulatory requirements.

The Group’s scope of consolidation also includes capital market-oriented subsidiaries that are required by the legal systems applicable to them to prepare and publish a corporate governance report. These include: Ray Sigorta (Türkiye) and Makedonija Osiguruvanje (North Macedonia). The Corporate Governance reports are available on the company websites:

– https://www.kap.org.tr/en/BildirimPdf/1117968 and https://www.kap.org.tr/en/Bildirim/1117970;
– https://www.insumak.mk/about-us/reports/?lang=en (as an integral part of the annual report).

Reference is made to the information in this regard.

The shareholder structure of VIG Holding can be viewed at the following link: group.vig/shareholderstructure.

MEMBERS OF THE MANAGING BOARD AND THEIR RESPONSIBILITIES

The VIG Holding Managing Board had the following six members as of 31 December 2023: Hartwig Löger (General Manager (CEO), Managing Board Chairman), Peter Höfinger (Deputy General Manager, Deputy Managing Board Chairman), Liane Hirner (CFRO), Gerhard Lahner (COO), Gábor Lehel (CIO) and Harald Riener.

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

Hartwig Löger
General Manager (CEO), Chairman of the Managing Board
Year of birth: 1965
Date first appointed: 1 January 2021
End of current term of office: 30 June 2027

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

Areas of responsibility: Leading the VIG Group, Strategy, General Secretariat & Legal, Opportunity Management, Human Resources, Subsidiaries and M&A, CO^3, European Affairs, Sponsoring

Country responsibilities: Austria, Slovakia, Czech Republic, Hungary

Peter Höfinger
Deputy General Manager, Deputy Chairman of the Managing Board
Year of birth: 1971
Date first appointed: 1 January 2009
End of current term of office: 30 June 2027

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

Areas of responsibility: Corporate Business, Reinsurance

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

Liane Hirner, CFRO
Year of birth: 1968
Date first appointed: 1 February 2018
End of current term of office:
30 June 2027

Liane Hirner studied business administration in Graz. Before joining VIG Insurance Group, she worked at PwC Austria's audit department where she started in 1993, and when she left, Liane Hirner was partner in the insurance area. In addition to her work as an auditor, Liane Hirner has also been involved in many professional associations, such as the IFRS Working Group of the Austrian Insurance Association and the Insurance Working Party of Accountancy Europe in Brussels. Liane Hirner was appointed to the VIG Holding Managing Board on 1 February 2018. She assumed the role of CFO as of 1 July 2018 and additionally the role of Chief Risk Officer as of 1 January 2020. In 2019, EIOPA appointed Liane Hirner as a new member of the Insurance & Reinsurance Stakeholder Group (IRSG).

Areas of responsibility: Group Finance & Regulatory Reporting, Risk Management, Planning and Controlling, Tax Reporting & Transfer Pricing

Country responsibilities: Germany, Liechtenstein

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

Gerhard Lahner, COO
Year of birth: 1977
Date first appointed: 1 January 2020
End of current term of office:
30 June 2027

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

Areas of responsibility: Asset Management (incl. Real Estate), Data & Analytics, Group Treasury & Capital Management, Process & Project Management, VIG IT

Country responsibility: Georgia, Türkiye

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

Gábor Lehel, CIO
Year of birth: 1977
Date first appointed: 1 January 2020
End of current term of office:
30 June 2027

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

Areas of responsibility: Assistance, New Businesses, Transformation & Research

Country responsibilities: Belarus

Supervisory board positions or comparable positions in other Austrian and foreign companies outside the Group: Global Assistance Georgia LLC

Harald Riener
Year of birth: 1969
Date first appointed: 1 January 2020
End of current term of office:
30 June 2027

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

Areas of responsibility: Retail Insurance & Business Support, Customer Experience

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

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

The Managing Board as a whole is responsible for the compliance agendas (incl. AML), Internal Audit, Investor Relations and Actuarial Services. The curriculum vitae of the members of the Managing Board are available on the website at group.vig/management.

Changes during and after the reporting year

Elisabeth Stadler (year of birth: 1961) served as Chairwoman of the Managing Board of VIG Holding in the 2023 financial year from 1 January 2023 to 30 June 2023. She resigned from the Managing Board after the end of her term of office effective 30 June 2023. Hartwig Löger succeeded Elisabeth Stadler as Chairman of the Managing Board of VIG Holding effective 1 July 2023. Peter Höfinger was named Deputy Managing Board Chairman. Peter Thirring (year of birth: 1957) served as Member of the Managing Board of VIG Holding in the 2023 financial year from 1 January 2023 to 30 June 2023. He resigned from the Managing Board after the end of his term of office on 30 June 2023. Mr. Thirring has been a Member of the Supervisory Board of VIG Holding since 1 July 2023. Christoph Rath (year of birth: 1976) was appointed as a deputy member of the Managing Board of VIG with effect from 1 September 2024 (end of term of office: 30 June 2027).

MEMBERS OF THE SUPERVISORY BOARD

The Supervisory Board had the following twelve members as of 31 December 2023:

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

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

Robert Lasshofer
2. Deputy Chairman
Year of birth: 1957
Date first appointed: 2021
End of current term of office: 2024
Robert Lasshofer has decades of top experience in the insurance industry and has been the General Manager and Chairman of the Managing Board of Wiener Städtische Wechselseitiger Versicherungsverein since 2021. He was General Manager and Chairman of the Managing Board of Wiener Städtische until the end of 2020. He has a degree in economics and was president of the Austrian Insurance Association (VVO) until the end of 2022.

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

Zsuzsanna Eifert
Year of birth: 1978
Date first appointed: 2021
End of current term of office: 2024
Zsuzsanna Eifert graduated in finance and accounting in Budapest and has many years of experience in the telecommunications sector in Central and Eastern Europe. She is currently Head of Internal Control System for various segments at Deutsche Telekom AG, such as Germany, the USA and T-Systems. At the Hungarian subsidiary Magyar Telekom Group, she headed up a range of assurance functions since 2011, such as Internal Revision, Compliance,

and Risk Management. At T-Mobile Austria, she was the head of Internal Audit, Risk Management and Internal Controls. She previously held these positions at T-Mobile CZ and Slovak Telekom, which also belong to Deutsche Telekom AG. From 2008 to 2011, Zsuzsanna Eifert was CFO of the telecommunications company Invitel International Group.

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

András Kozma
Year of birth: 1968
Date first appointed: 2022
End of current term of office: 2024
Following his business administration studies in Budapest and Vienna, András Kozma worked in various roles in the financial services sector, including Head of Financing at Hypovereinsbank Hungary (now Unicredit Bank), Member of the Managing Board at Euler Hermes Hitelbiztosító Hungary (now Allianz Trade) and Chairman of the Managing Board at Commerzbank Hungary. András Kozma has been a Member of the Managing Board of the German-Hungarian Chamber of Industry and Commerce since 2008 and is also a Member of the Supervisory Board of the Credit Management Association in Hungary. Since 2015, he has owned various private companies in the financial consultancy sector.

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

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

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

Peter Thirring
Year of birth: 1957
Date first appointed: 2023
End of current term of office: 2028
Peter Thirring studied law at the University of Vienna. He has used his more than 30 years of insurance experience in the Generali insurance group. He had been General Manager of Donau Versicherung from March 2016 to the end of June 2018 and Member of the Managing Board of VIG Holding from 1 July 2018 to 30 June 2023. Peter Thirring has Deputy Chairman of the Managing Board of Wiener Städtische Wechselseitiger Versicherungsverein since 2023.

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

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

Changes during and after the end of the financial year
Heinz Öhler resigned from the Supervisory Board effective 30 June 2023. Peter Thirring, who resigned from the Managing Board of VIG Holding effective 30 June 2023, was elected as a new Member of the Supervisory Board in the Annual General Meeting of 26 May 2023. Günter Geyer announced that he will no longer serve as Chairman of the Supervisory Board of VIG Holding after the end of his current term of office. His term of office will end on 24 May 2024 at the Annual General Meeting that will adopt resolutions on the subject of the 2023 financial year.

SUPERVISORY BOARD INDEPENDENCE

In accordance with Rule 53 of the Austrian Code of Corporate Governance, the Supervisory Board of VIG Holding has established the following criteria defining independence:
- The Supervisory Board Member has not been a Member of the Managing Board or a senior manager of the Company or subsidiary of the Company in the last five years.
- The Supervisory Board Member does not have a business relationship with the Company or a subsidiary of the Company that is of such significant scope for the Supervisory Board Member that it affects their activities on the Supervisory Board to the detriment of the Company. This also applies to business relationships with companies in which the Supervisory Board Member has a considerable economic interest. The approval of individual transactions by the Supervisory Board in accordance with § 95 (5) (12) of the Austrian Stock Corporation Act (AktG) or § 15 (2) (l) of the Articles of Association does not automatically lead to a classification of non-independence. For the purpose of clarification, it is expressly noted that purchase or existence of insurance policies with the Company has no adverse effect on independence.
- The Supervisory Board Member has not been an auditor of the Company's financial statements, or held an ownership interest in or been an employee of the auditing company executing such audits in the last three years.
- The Supervisory Board Member is not a member of the Managing Board of another company that has a member of the Company's Managing Board on its Supervisory Board.
- The Supervisory Board Member is not a close family member (direct descendant, spouse, partner, parent, uncle, aunt, brother, sister, niece, nephew) of a Member of the Managing Board or individuals holding one of the positions described above.

The Supervisory Board as a whole is considered to be independent if at least 50% of the members elected by the Annual General Meeting satisfy the criteria above for the independence of a Supervisory Board Member. Each Member of the Supervisory Board has declared whether they can be considered independent based on the criteria specified by the Supervisory Board. Robert Lasshofer, Peter Mihók and Peter Thirring have each stated that they are not independent based on the independence criteria specified by the Supervisory Board. All other Supervisory Board Members were independent based on the criteria indicated. No Supervisory Board Member holds more than 10% of the Company's shares.

The following Supervisory Board Members exercised supervisory mandates or comparable positions in other Austrian or foreign listed companies as of 31 December 2023:

Robert Lasshofer
AT & S Austria Technologie & Systemtechnik Aktiengesellschaft

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

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

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

The Managing Board meets when needed (generally every two weeks) to discuss current business developments, and makes the necessary decisions and resolutions during the course of these meetings. The Managing Board Members continuously exchange information with each other and the heads of various departments. The country responsibilities of the Managing Board Members are exercised in particular through Supervisory Board activities in the Group companies.

Supervisory Board
The Supervisory Board performs all activities defined under the law, articles of association and the procedural rules of the Supervisory Board. In order to ensure effectiveness and efficiency of its activities and procedures, the Supervisory Board examines its procedures regularly, but at least once a year in the form of a self-evaluation. The Supervisory Board's evaluation of its activities in 2023 found that its organisational structure and procedures were satisfactory in terms of efficiency and in compliance with the law. It found no need for change or desire for change in the practices followed to date.

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

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

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

The Audit Committee also dealt with the VIG Holding and VIG Group ORSA reports and the IT security report in 2023 and reported on them to the Supervisory Board. The Audit Committee and Supervisory Board as a whole also received the 2023 sustainability report (consolidated non-financial report) from the Managing Board, and reviewed and carefully examined it.

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

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

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

The Supervisory Board also dealt with IT security issues in financial year 2023.

In 2023, the Managing Board of VIG Holding informed the members of the Supervisory Board of material sustainability and IT security matters. The VIG 25 Sustainability Programme, the new legal framework for sustainability reporting and the transition plans to mitigate climate change were among the topics addressed in the reporting period.

The Managing Board and Supervisory Board prepared a remuneration report for financial year 2023.

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

SUPERVISORY BOARD COMMITTEES

COMMITTEE FOR URGENT MATTERS (WORKING COMMITTEE)

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

Günter Geyer (Chairman)
Substitute: Gertrude Tumpel-Gugerell

Rudolf Ertl
Substitute: Martina Dobringer

Robert Lasshofer
Substitute: Gerhard Fabisch

AUDIT COMMITTEE (ACCOUNTS COMMITTEE)

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

1. to monitor the accounting process and provide recommendations or suggestions to ensure its reliability;
2. to monitor the effectiveness of the Company's internal control system and the internal audit function and risk management system;
3. to monitor the audit of the financial statements and consolidated financial statements taking into account findings and conclusions in reports published by the supervisory authority for financial statement auditors in accordance with § 4 (2)(12) of the Austrian Auditor Supervision Act (APAG);
4. to check and monitor the independence of the financial statement auditor (consolidated financial statements auditor), in particular with respect to the additional services provided for the audited company; Art. 5 of Regulation (EU) No. 537/2014 and § 271a (6) UGB apply;
5. to report the results of the financial statement audit to the Supervisory Board and explain how the financial statement audit has contributed to the reliability of the financial reports and the role of the Audit Committee in this;

6. to audit the annual financial statements and prepare their approval, examine the proposal for appropriation of profits, the management report, the solvency and financial condition report and corporate governance report, and present a report on the results of the audit to the Supervisory Board;
7. to audit the consolidated financial statements and Group management report, the solvency and financial condition report at Group level and the corporate governance report at consolidated level, and report the results of the audit to the Supervisory Board;
8. to perform the procedure to elect the financial statement auditor (consolidated financial statements auditor) taking into account the appropriateness of the fees in accordance with Art. 4 of Regulation (EU) No. 537/2014 and the rotation periods in Art. 17 of Regulation (EU) No. 537/2014, and recommend appointment of a financial statements auditor (consolidated financial statements auditor) to the Supervisory Board in accordance with Art. 16 of Regulation (EU) No. 537/2014.

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

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

Chairwoman:
Gertrude Tumpel-Gugerell

Deputy Chairwoman:
Martina Dobringer

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

If one of the members is unable to attend, this meeting will be additionally attended by Ms Semmelrock-Werzer. If Gertrude Tumpel-Gugerell is unable to attend, the meeting will be chaired by Martina Dobringer.

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

Günter Geyer (Chairman)
Rudolf Ertl
Robert Lasshofer

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

Günter Geyer (Chairman)
Substitute: Gertrude Tumpel-Gugerell

Zsuzsanna Eifert
Substitute: Gabriele Semmelrock-Werzer

Rudolf Ertl
Substitute: Martina Dobringer

Robert Lasshofer
Substitute: Gerhard Fabisch

Peter Mihók
Substitute: Katarína Slezáková

András Kozma

NOMINATION COMMITTEE

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

Günter Geyer (Chairman)
Martina Dobringer
Rudolf Ertl
Robert Lasshofer
Substitute in the event that a member is unable to attend: Gertrude Tumpel-Gugerell

Supervisory Board Members Gerhard Fabisch and Gabriele Semmelrock-Werzer are members of the managing boards of companies with which distribution agreements were concluded under normal market and industry terms and conditions. The Company did not enter into any other agreements with Supervisory Board Members in 2023 that would have required the approval of the Supervisory Board.

NUMBER OF MEETINGS OF THE SUPERVISORY BOARD AND ITS COMMITTEES IN THE FINANCIAL YEAR 2023

One regular general meeting and seven Supervisory Board meetings distributed across the financial year were held in 2023. Furthermore, four meetings of the Audit Committee (Accounts Committee) were held and one resolution of the Audit Committee was adopted by written circulation. The financial statement and consolidated financial statements auditor, KPMG Austria GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft (KPMG), attended four Audit Committee meetings and three Supervisory Board meetings in 2023, including the Supervisory Board meeting that addressed the audit of the 2022 annual financial statements and the 2022 consolidated financial statements as well as formal approval of the 2022 annual financial statements, and also attended the Annual General Meeting. Two meetings of the Committee for Managing Board Matters (Personnel Committee) were held in 2023. The Committee for Urgent Matters (Working Committee) met once in 2023. The Nomination Committee and the Strategy Committee did not meet in 2023. Strategic matters were handled by the Supervisory Board as a whole. No current Member of the Supervisory Board attended less than half of the Supervisory Board meetings. Mr Öhler, who resigned from the Supervisory Board effective 30 June 2023, attended the meeting in April 2023, but could not personally attend the two meetings in June 2023.

MEETING ATTENDANCE BY MEMBERS OF THE SUPERVISORY BOARD IN FINANCIAL YEAR 2023

The table below shows the meeting attendance of the ordinary members:

Name	Supervisory Board	Audit Committee	Working Committee	Strategy Committee	Personnel Committee	Nomination Committee
	7 meetings	4 meetings	1 meeting	No meetings	2 meetings	No meetings
Günter Geyer (C)	7/7	4/4	1/1		2/2	
Rudolf Ertl (1st DC)	7/7	4/4	1/1		2/2	
Robert Lasshofer (2nd DC)	7/7	4/4	1/1		2/2	
Martina Dobringer	7/7	4/4				
Zsuzsanna Eifert	7/7	4/4				
Gerhard Fabisch	7/7					
András Kozma	7/7	4/4				
Peter Mihók	7/7	4/4				
Heinz Öhler[1]	1/3					
Gabriele Semmelrock-Werzer	6/7					
Katarina Slezáková	7/7	4/4				
Peter Thirring[2]	4/4					
Gertrude Tumpel-Gugerell	7/7	4/4				

1 Stepped down from the Supervisory Board on 30 June 2023

2 Election to the Supervisory Board at the Annual General Meeting on 26 May 2023 with effect from 1 July 2023

DIVERSITY CONCEPT

With over 50 insurance companies and pension funds and around 29,000 employees in Austria and Central and Eastern Europe, VIG Insurance Group combines many countries, languages and cultural backgrounds. Diversity is a core value in the VIG mission statement and a key priority in its HR strategy.

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

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

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

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

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

The topic of diversity is incorporated into the Group-wide management training programmes, both in the selection of participants and in the selection of lecturers.

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

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

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

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

Women Supervisory Board members
Women hold 22.9% of the positions in the Supervisory Boards of the fully consolidated VIG insurance companies in the Group (as of 31 December 2023) and 41.7% of the positions in VIG Holding.

Women Managing Board members
Women hold 21.5% of the positions on the Managing Boards of the fully consolidated VIG insurance companies and 17.9% of the Chairpersons are women.

Women in management positions
Including distribution, women hold 44.5% of the management positions at the level directly below the managing board of fully consolidated VIG insurance companies across Europe (not including distribution: 49.0%).

GENERATIONS AND INTERNATIONALITY

The average age of all Managing Board Members of the fully consolidated insurance companies is 51.0 years (as of 31 December 2023), and the average age of Supervisory Board Members is 58.7 years. 21 different nationalities (based on: citizenship) are represented in the managing boards of the fully consolidated VIG insurance companies, and 18 different nationalities in the supervisory boards. Further information is available in the Employees section of the Sustainability Report.

EXTERNAL EVALUATION REPORT

C-Rule 62 of the Austrian Code of Corporate Governance provides for voluntary external evaluation of compliance with the C-Rules of the Code. VIG Holding arranged to have these evaluations performed for the Group Corporate Governance Report 2023. All evaluations came to the conclusion that all requirements of the Code were fulfilled. The summarised reports of these evaluations are available on the website of the VIG Insurance Group.

Vienna, 26 March 2024

The Managing Board:

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

Supervisory Board Report

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

VIG Holding is committed to social responsibility and the importance of having employees drive forward performance, innovation and expertise. In accordance with the Solvency II requirements, starting in 2016 non-financial aspects must be part of the performance expectations for variable remuneration of Managing Board Members. Goal fulfilment for Managing Board Members also depended on both financial and non-financial criteria in the 2023 reporting year. Detailed information on the principles underlying the remuneration system is available in the remuneration policy and 2023 remuneration report. For 2024, the Supervisory Board plans to update the remuneration policy and also address the arrangements for child-raising and parental leave, for example.

The Supervisory Board has formed five committees from its Members. Information on the responsibilities and composition of these committees is available on the Company's website and in the 2023 consolidated corporate governance report. One Annual General Meeting and seven Supervisory Board meetings distributed across the financial year were held in 2023. Furthermore, four meetings of the Audit Committee (Accounts Committee) were held and one resolution of the Audit Committee was adopted by written circulation. The separate financial statements and consolidated financial statements auditor, KPMG Austria GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft, FN 269873y (KPMG), attended four Audit Committee meetings and three Supervisory Board meetings in 2023, including the Supervisory Board meeting that addressed the audit of the 2022 separate financial statements and the 2022 consolidated financial statements as well as formal approval of the 2022 separate financial statements, and also attended the Annual General Meeting. KPMG also informed the Audit Committee about the planning and procedure used to audit the separate financial statements and consolidated financial statements 2023. Two meetings of the Committee for Managing Board Matters (Personnel Committee) were held in 2023. The Committee for Urgent Matters (Working Committee) met once. The Nomination Committee and the Strategy Committee did not meet in 2023. Strategic matters were handled by the Supervisory Board as a whole.

No agenda items were discussed in Supervisory Board meetings in 2023 without the participation of members of the Managing Board.

No current Member of the Supervisory Board attended less than half of the Supervisory Board meetings. Detailed information on meeting attendance by Supervisory Board members in financial year 2023 is available in the 2023 Corporate Governance Report.

In order to ensure the effectiveness and efficiency of its activities and procedures, the Supervisory Board performed a self-evaluation of its procedures. The Supervisory Board's evaluation of its activities found that its organisational structure and procedures were satisfactory in terms of efficiency and in compliance with the law. It found no need for change or desire for change in the practices followed to date.

By way of a selection procedure for the appointment of the auditor of the separate and consolidated financial statements pursuant to the Statutory Auditors Regulation (Reg. (EU) No. 537/2014), KPMG was elected as the auditor of the separate and consolidated financial statements for the 2023 financial year by the Annual General Meeting on 20 May 2022 on the basis of a recommendation by the Audit Committee and in accordance with the preference of the Audit Committee for the Supervisory Board's proposal and motion. Therefore, KPMG performed these tasks in the 2023 financial year.

The Audit Committee mainly dealt with the following topics in 2023:

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

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

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

The Audit Committee also dealt with the VIG Holding and VIG Group ORSA reports and the IT security report in 2023 and reported on them to the Supervisory Board. The Audit Committee monitored the effectiveness of the internal control system, the internal audit function and the risk management system and found them to be effective, including the established IT security measures, after eliciting presentations on the procedures and organization of these systems from the Managing Board, the auditor of the separate and consolidated financial statements, and the persons directly charged with these duties. The Audit Committee reported on these monitoring activities to the Supervisory Board and stated that no deficiencies had been identified. The Supervisory Board was also given the opportunity during Supervisory Board meetings to verify the functional adequacy of the existing control and auditing systems.

In addition, the audit plan and the quarterly reports prepared by the internal audit department were debated by the Audit Committee and the Supervisory Board and discussed with the head of the internal audit department and the Group internal audit department.

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

In 2023, the Audit Committee deliberated on the selection of the auditor of the separate and consolidated financial statements for the 2024 financial year. It was determined that there were no grounds for exclusion of KPMG or circumstances that would give rise to concerns about impartiality, and that sufficient protective measures had been taken to ensure an independent and impartial audit.

The Audit Committee reported the results of these deliberations to the Supervisory Board and then recommended to the Supervisory Board, which itself proposed to the Annual General Meeting that KPMG be elected as the auditor of the separate and consolidated financial statements. The General Meeting selected KPMG as auditor of the separate financial statements and consolidated financial statements for 2024.

The Audit Committee also received the 2023 separate financial statements, management report, 2023 consolidated corporate governance report and 2023 sustainability report (consolidated non-financial report) from the Managing Board, and reviewed and carefully examined them. The Managing Board's proposed appropriation of profits was also reviewed with respect to capital adequacy and its effects on the solvency and financial position of the Company during the course of this examination.

The Audit Committee also examined the 2023 consolidated financial statements and Group management report.

In addition, the auditor's reports prepared by the auditor of the separate and consolidated financial statements KPMG for the 2023 separate financial statements and management report and the 2023 consolidated financial statements and Group management report were reviewed by the Audit Committee and examined. As a result of this examination, a unanimous resolution was adopted to recommend to the Supervisory Board that the separate financial statements be accepted. The Supervisory Board found no grounds for objection.

The auditor of the separate and consolidated financial statements provided the Audit Committee with an additional report in accordance with Art. 11 of the Audit Regulation (EU) that explained the results of the audit of the separate financial statements and consolidated financial statements. This additional report prepared by the auditor of the separate financial statements was also provided to the Supervisory Board.

The Supervisory Board dealt with the following topics in particular:

The audit results and all resolutions adopted by the Audit Committee were reported to the Supervisory Board in its next meeting.

The Supervisory Board also dealt with IT security issues in financial year 2023.

The Managing Board and Supervisory Board prepared a remuneration report for financial year 2023.

The 2023 separate financial statements together with the management report and 2023 consolidated corporate governance report, the 2023 consolidated financial statements together with the Group management report, and the Managing Board's proposed appropriation of profits were taken up and examined in detail by the Supervisory Board.

The proposed appropriation of profits was checked, in particular, to ensure that it was reasonable when capital requirements were taken into account. The proposal complies with applicable legal requirements and proactively considers the macroeconomic and financial situation and its impact on the company's solvency and financial position. The proposal is in line with the continuously pursued prudent and sustainable capital planning to ensure a solid solvency and liquidity position in the long term.

In 2023, the Managing Board of VIG Holding informed the members of the Supervisory Board of material sustainability and IT security matters. The VIG 25 Sustainability Programme, the new legal framework for sustainability reporting and the transition plans to mitigate climate change were among the topics addressed in the reporting period. The Supervisory Board also received the 2023 sustainability report (consolidated non-financial report) examined by KPMG from the Managing Board, and reviewed and carefully examined it. As a result of this examination, it found that the 2023 sustainability report (consolidated non-financial report) had been prepared properly and was appropriate. The Supervisory Board found no grounds for objection.

In addition, the auditor's reports prepared by the auditor of the separate and consolidated financial statements KPMG for the 2023 separate financial statements and management report and the 2023 consolidated financial statements and Group management report were reviewed by the Supervisory Board and examined. KPMG's audit of the 2023 separate financial statements and management report and the 2023 consolidated financial statements and Group management report did not lead to any reservations. KPMG determined that the separate financial statements comply with statutory requirements and give a true and fair view of the net assets and financial position of the Company as of 31 December 2023, and of the results of operations of the Company for the financial year 2023 in accordance with Austrian generally accepted accounting principles. The management report is consistent with the separate financial statements. The disclosures pursuant to § 243a UGB (Austrian Commercial Code) are appropriate. KPMG further determined that the consolidated financial statements also comply with statutory requirements and give a true and fair view of the net assets and financial position of the Group as of 31 December 2023, and of the results of operations and cash flows of the Group for the financial year 2023 in accordance with the IFRS as adopted by the EU and § 138 of the Austrian Insurance Supervision Act (VAG) in combination with § 245a of the Austrian Commercial Code (UGB). The Group management report is consistent with the consolidated financial statements. KPMG also reviewed the 2023 sustainability report (consolidated non-financial report) and determined in accordance with § 269 (3) UGB that the 2023 consolidated corporate governance report had been prepared.

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

After thorough examination, the Supervisory Board therefore adopted a unanimous resolution to approve the 2023 separate financial statements prepared by the Managing Board, not to raise any objections to the management report, the 2023 consolidated financial statements and Group management report, the 2023 consolidated corporate governance report and the 2023 sustainability report (consolidated non-financial report) and to agree with the Managing Board-proposed appropriation of profits.

The 2023 separate financial statements have therefore been approved in accordance with § 96 (4) of the Austrian Stock Corporation Act (AktG). The Supervisory Board proposes to the General Meeting that it approves the Managing Board's proposed appropriation of profits and formally approves the actions of the Managing Board and Supervisory Board.

Vienna, April 2024

The Supervisory Board:

Günter Geyer (Chairman)

Business development and economic position

ECONOMIC ENVIRONMENT

The general economic weakness of the Eurozone continued in the 4th quarter of 2023. In a first estimate, growth stagnated in the 4th quarter of 2023 (0.0% compared to the previous quarter). Thus, real GDP growth for 2023 was 0.5% year-on-year. Weak developments both in consumption and investment significantly contributed to it. In December 2023, sentiment among service providers weakened again slightly from a low level. Industry sentiment stabilised at an even lower level for now.

In the 4th quarter of 2023 consumer prices (Harmonised Consumer Price Index, HCPI) rose by 2.7% year-on-year in the Eurozone. A diminishing base effect of energy prices led to a certain deceleration of the disinflationary trends. Overall the inflation rate of consumer prices for 2023 was 5.4% year-on-year in the Eurozone. According to the quick estimate by Statistics Austria, the Austrian GDP in the 4th quarter 2023 fell by 1.3% year-on-year. The slight increase of 0.2% compared to the previous quarter - reflected by a positive development in investments and in government consumption in the 4th quarter - was the first indication of stabilisation. Overall, the strongly subdued economy resulted in a negative real GDP growth of -0.7% for the entire year of 2023.

The HCPI-inflation still increased to 5.7% year-on-year in December 2023, which is 0.8 percentage points more than in November 2023. Analogous to the Eurozone, this is also attributable to the diminishing base effect of the energy prices. For the entire year 2023, the HCPI inflation for Austria was 7.7%. Central and Eastern Europe was not able to significantly decouple from the general economic trend in 2023. Croatia and Romania grew dynamically for much of the year. In both these countries private consumption actually increased in the first half of 2023 in contrast to the rest of the region. The Czech Republic and Hungary are expected to end 2023 in recession, mainly due to weak domestic demand caused by high inflation and the resulting tight money policy. Overall, the region reported a real GDP growth of 0.6% year-on-year, whereby Hungary (-0.9%) and the Czech Republic (-0.4%) mark the lower end, Croatia (2.4%) and Serbia (2.5%) as well as Romania (2.0%) mark the upper end. Support by external factors such as, for example, energy prices disinflationary trends were strong in the region over the course of 2023. Nevertheless, this could not prevent the region from being among the leaders in the EU's inflation expectations for 2023. The average inflation rate in the region in 2023 was 11.6% year-on-year, with Hungary having by far the highest rate at 17.6%.

LEGAL ENVIRONMENT

SUSTAINABLE FINANCE

Towards the end of the European legislative period 2019-2024, numerous legislative EU initiatives under the title "European Green Deal" were completed. After the legislative process for the Corporate Sustainability Reporting Directive (CSRD) was completed at the end of 2022, details followed in 2023 in the form of new, obligatory European standards for sustainability reporting (European Sustainability Reporting Standards, ESRS) that, after several postponements were published on 22nd December 2023 in the Official Journal of the European Union and are already applicable for the 2024 reporting year. Extensive organisational and technical preparation was performed for its implementation. The preliminary political agreement on, the Corporate Sustainability Due Diligence Directive (CSDDD), at the end of 2023 introduced an initial limited application to the financial sector, but in particular the obligation to adopt corporate transition plans that essentially must determine decarbonisation of investment, insurance and own operations with interim targets by 2050.

In advance of the new sustainability reporting starting in 2024, the 2022 sustainability report, that was published in 2023, contained, for the second time, information regarding sustainable investment or insurance in the form of the taxonomy eligible investment and also underwriting KPIs in accordance with Article 8 of the Taxonomy Regulation. As a next step, preparations were made in 2023 for the technically narrower taxonomy aligned investment and underwriting KPIs which will be published for the first time in 2024.

DIGITAL RESILIENCE

The regulation of the digital security in the financial sector also came into focus at the European level in the reporting period. On 27 December 2022 the Digital Operational Resilience Act (DORA) was published in the Official Journal of the European Union. Starting from 17 January 2025 DORA will be applicable to European financial entities and they will be obligated, among other things, to take all required security precautions to mitigate cyber attacks and other risks in the area of information and communication technology (ICT risks). Essential details for the provisions in DORA are set at level 2. These level 2 measures are developed by the ESAs (EIOPA, EBA and ESMA) in a joint committee and had to be published by 17 January 2024 or will have to be published by 17 July 2024 respectively.

INTERNATIONAL SANCTIONS

After significant changes to the dynamics, complexity and extent of the international sanctions environment as a result of the Russian aggresion against Ukraine in 2022, multiple countries and organisations, above all the European Union, the United States of America and the United Kingdom of Great Britain and Northern Ireland, imposed further comprehensive sanctions against Russia or expanded already exiting sanctions in the reporting year 2023. The restrictions ranged from (investment) restrictions for specific economic sectors to embargoes on goods, complete trade embargoes for specific regions to significant expansion of the number of persons and companies that were placed on the sanctions list and with whom business relationships are therefore prohibited. In 2023, however, persons and companies that are not located in Russia were also sanctioned because they were accused of circumventing the existing sanctions provisions. These relate to persons with nationalities from EU countries or companies with registered office in the EU. Also in 2023, following human rights violations by the Iranian regime in the country, in particular the European Union imposed new and the United States of America expanded existing sanctions against Iran. Further restrictive measures are also expected in 2024 due to the ongoing conflicts, particularly in connection with Russia and Iran.

WHISTLEBLOWER PROTECTION

The EU Directive (EU) 2019/1937 on the protection of persons who report breaches of Union law ("Whistleblower Directive") provides for minimum standards for protecting whistleblowers from retaliation and the establishment of confidential reporting channels by companies and authorities. Austria has transposed the EU Whistleblower Directive into Austrian law with more than one year delay in form of the Austrian Whistleblower Act (Hinweisgeber:innenschutzgesetzes, HSchG). This law entered into force on 25 February 2023. Companies with more than 250 employees or companies in the financial services sector, irrespective of the number of employees, were obliged, within a transition period of six months, thus until 25 August 2023, to establish internal reporting channels to enable whistleblowers to report perceived violations against the areas of law listed in the HSchG while maintaining confidentiality and data protection. For companies with 50 to 249 employees, the transition period for the establishment of internal reporting channels ended on 17 December 2023. In VIG Holding, the respective processes (including a Whistleblowing Portal) were established in accordance with the provisions of the HSchG; incoming reports are treated in compliance with the applicable provisions.

GROUP BUSINESS DEVELOPMENT AND FINANCIAL PERFORMANCE INDICATORS

GENERAL INFORMATION

The over 50 VIG insurance companies and pension funds operate in the following reporting segments: Austria, Czech Republic, Poland, Extended CEE, Special Markets and Group Functions. These six segments are explained in the segment reporting section of the Group management report from page 41. The segment Extended CEE includes the countries of Albania incl. Kosovo, Baltic states, Bosnia-

Herzegovina, Bulgaria, Croatia, Hungary, Moldova, North Macedonia, Romania, Serbia, Slovakia and Ukraine. The segment Special Markets consists of the four countries Germany, Georgia, Liechtenstein and Türkiye. The Montenegro and Belarus markets were not included in the scope of consolidation in the year 2023 due to immateriality. More information on the scope of consolidation and the consolidation method is provided in Notes 22. Affiliated companies and participations on page 163 and Note 25.2. Business combinations on page 178. Details on the changes in scope of consolidation can be found in Note 21. Business combinations starting on page 161.

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

To improve readability, company names have been shortened throughout the entire report. A list of full company names is provided starting on page 237. In order to avoid duplicate information, reference will be made below to appropriate information in the notes. Changes in significant balance sheet and income statement items are presented in both the segment reporting and the notes to the financial statements. Additional disclosures in the management report below are intended to explain these data in more detail.

NEW ACCOUNTING STANDARDS

As of 1 January 2023, the VIG Insurance Group applied the IFRS 9 and IFRS 17 accounting standards for the first time. The first-time application leads to significant changes and therefore has a material influence on this Group Annual Report including adjusted comparative information of the previous year. Detailed information can be found in the section "Initial application of standards" starting on page 65 in the notes to the consolidated financial statements.

FINANCIAL PERFORMANCE INDICATORS

The key financial performance indicators that form the basis for assessing the business development are presented below. All information on companies of the Vienna Insurance Group are based on IFRS figures, in particular the insurance service revenue. Due to lack of data availability all market data relates to the gross written premiums within one period.

Gross written premiums
Further details on the gross written premiums are included in Note 1.7. Risk of concentration on page 113.

The VIG Insurance Group in 2023 achieved gross written premiums of EUR 13,784.0 million and thus an increase of 9.8% year-on-year (2022: EUR 12,559.2 million).

With double digit growth rate in comparison to the previous year gross written premiums in the segments Poland (12.7%), Extended CEE (+12.5%), Special Markets (+11.3%) and Group Functions (+13.8%) grew especially strongly. Of the countries in the segment Extended CEE, the Baltic states (+12.2%), Romania (+17.8%) and Hungary (+24.1%) showed especially a dynamic premium development. In the segment Special Markets the countries of Georgia (+19.9%) and Türkiye (+18.4%, adjusted for inflation) recorded strong premium growth.

ABBREVIATED CONSOLIDATED INCOME STATEMENT

in EUR million	2023	2022 adjusted	Δ in %	Δ absolute
Insurance service result	1,208.1	1,138.8	6.1%	69.3
Insurance service revenue – issued business	10,921.8	9,737.6	12.2%	1,184.2
Insurance service expenses – issued business	-9,265.3	-8,525.8	8.7%	-739.5
Insurance service result – reinsurance held	-448.4	-73.0	> 100%	-375.4
Total capital investment result	284.3	-12.2	n/a	296.5
Investment result	1,893.1	-809.7	n/a	2,702.8
Income and expenses from investment property	31.8	37.8	-15.8%	-6.0
Insurance finance result	-1,657.1	741.4	n/a	-2,398.5
Result from associated consolidated companies	16.5	18.3	-10.0%	-1.8
Finance result	-98.5	-86.1	14.3%	-12.3
Other income and expenses	-517.9	-406.7	27.3%	-111.2
Business operating result	876.0	633.8	38.2%	242.2
Adjustments*	-103.3	-48.1	> 100%	-55.2
Result before taxes	772.7	585.7	31.9%	187.0
Taxes	-196.4	-121.7	61.4%	-74.7
Result for the period	576.2	464.0	24.2%	112.2
Non-controlling interests in net result for the period	17.3	-8.3	n/a	25.6
Result for the period less non-controlling interests	559.0	472.3	18.3%	86.6
Earnings per share* (in EUR)	4.31	3.63	18.6%	0.7

*The value consists of impairments of goodwill as well as intangible assets.

Insurance service revenue – issued business

Additional details on the insurance service revenue – issued business, hereinafter referred as "Insurance service revenue", are included in Note 1.3. Insurance contracts issued starting on page 94 in the notes to the consolidated financial statements.

The insurance service revenue in the year 2023 amounted to EUR 10,921.8 million (2022: EUR 9,737.6 million) and was thus 12.2% above the value of the previous year. The increase resulted primarily from the growth in the property and casualty insurance (Premium Allocation Approach).

Insurance service expenses – issued business

Further details on the insurance service expenses – issued business, hereinafter referred as "insurance service expenses", are included in Note 1.3. Insurance contracts issued starting on page 94 in the notes to the consolidated financial statements.

In 2023 the insurance service expenses amounted to EUR 9,265.3 million (2022: EUR 8,525.8 million). The increase of 8.7% in comparison to the previous year resulted primarily from the significant increase in business volume.

Insurance service result – reinsurance held

Further details on insurance service result from reinsurance held are included in Note 1.4. Reinsurance contracts held starting on page 104 in the notes to the consolidated financial statements.

The insurance service result from reinsurance held resulted in 2023 in a loss of EUR 448.4 million (2022: loss of EUR 73.0 million). It should be noted that coverage of a large claim was included in the segment Austria in 2022 which had a very positive influence on the previous year's result. On the other hand, the reported year was impacted by increased costs for reinsurance.

Total capital investment result

Details on the total capital investment result are included in Note 9. Notes to the consolidated income statement starting on page 139.

The two significant positions in the total capital investment result are the investment result in which the results of the assets evaluated according to IFRS 9 are shown and the insurance finance result in which primarily the discounting effect of the insurance assets and liabilities is shown. The total capital investment result increased in 2023 to EUR 284.3 million (2022: losses of EUR 12.2 million), whereby the investment result increased by EUR 2,702.8 million and the insurance finance result fell by EUR 2,398.5 million. This development is mainly attributable to the sharp rise in market interest rates during 2022.

Result before taxes

The consolidated results before taxes increased in 2023 to EUR 772.7 million (2022 adjusted: EUR 585.7 million). The rise of 31.9% originates predominately from the significantly higher results in the segments Austria, Extended CEE and Group Functions.

The result before taxes adjusted by impairments of intangible assets and impairments goodwill in the amount of EUR 103.3 million, which predominantly comes from the countries of the Baltic states, Türkiye and Hungary as well as from the segment Group Functions, resulted in a business operating result of EUR 876.0 million. This was 38.2% higher than the value of the previous year (2022 adjusted: EUR 633.8 million).

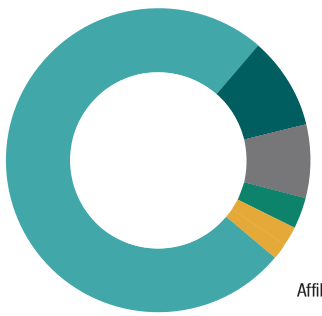
Total capital investment portfolio

Further details on financial instruments are included in the Note 2. Financial assets and liabilities as well as other balance sheet items evaluated according to IFRS 9 starting on page 117 in the notes to the to the consolidated financial statements.

The total capital investment portfolio as of the reporting date 31 December 2023 amounted to EUR 42,586.1 million (31 December 2022: EUR 41,062.2 million). The increase of 3.7% year-on-year is primarily due to the increased market values of the investments measured at fair value. The financial instruments for unit- and index-linked life insurance increased 2023 by 8.4% mainly due to market and interest rate development from EUR 7,164.4 million in 2022 to EUR 7,768.3 million.

In the notes to the consolidated financial statements the risk-bearing portfolio consists of cash and cash equivalents, financial assets, investments in associates, investment property as well as owner-occupied property. As of 31 December 2023 the portfolio amounted to EUR 35,288.7 million (31 December 2022: EUR 34,380.6 million) and corresponds to the total capital investment portfolio minus the financial instruments for unit- and index-linked life insurance plus owner-occupied property. As owner-occupied property a value of EUR 471.0 million was reported as of 31 December 2023 (31 December 2022: EUR 482.8 million).

SPLIT OF THE CAPITAL INVESTMENTS HELD AT OWN RISK 2023



Values for 2022 in parentheses

Consolidated shareholders' equity

Further details on the consolidated shareholders' equity are included in the notes to the consolidated financial statements starting on page 141.

The consolidated shareholders' equity increased in 2023 by 5.5% to EUR 6,029.7 million (31 December 2022 adjusted: EUR 5,713.9 million). The rise is attributable to the positive development of the overall result. The equity attributable to shareholders increased as well in comparison to the previous year and amounted in 2023 to EUR 5,892.3 million (2022 adjusted: EUR 5,472.6 million).

Insurance contracts liabilities issued

Further details on the insurance contracts liabilities issued are included in Note 1.3. Insurance contracts issued in the notes to the consolidated financial statements starting on page 94.

The insurance contracts liabilities issued amounted to EUR 37,804.1 million as of the balance sheet date 31 December 2023 (31 December 2022: EUR 36,370.4 million). That corresponds to an increase of 3.9% year-on-year and is primarily based on the positive price development of the underlying items in the Variable Fee Approach.

Cash flow

The cash flow from operating activities improved in 2023 primarily due to the clear improvement in the result for the period and effects from the additional corporate income tax paid in the previous year in connection with the changeover of the taxes on the underwriting provision in the Czech Republic to EUR -139.3 million (2022 adjusted: EUR -404.0 million). The cash flow from investment activities was EUR 489.8 million in 2023 (2022 adjusted: EUR 22.4 million). It should be taken into account that the previous years figure was influenced by the acquisition of the Aegon companies in Hungary and Türkiye. In 2023 the cash flow from financing activities was to EUR -1,100.7 million (2022 adjusted: EUR -32.5 million). The change in cash flow from financing activities is attributable to the higher expenses from successive company acquisitions. Additionally, the issuance of a subordinated bond of VIG Holding of EUR 500 million had particulary influenced the cash flow in the previous year. At the end of 2023 cash and cash equivalents of the Group were at EUR 1,558.1 million (2022 adjusted: EUR 2,315.2 million). The received interest and dividends in total amounted in 2023 to EUR 899.3 million (2022: EUR 840.9 million).

Earnings per share

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

In 2023 earnings per share were EUR 4.31 (2022 adjusted: EUR 3.63). The year-on-year increase is therefore 18.6% and reflects the positive business performance.

Operating return on equity (Operating RoE)

Operating return on equity measures the profitability of the insurance group. This ratio is calculated by dividing the business operating result by the average shareholder´ equity less unrealised gains and losses.

At 31 December 2023 Vienna Insurance Group achieved an operating return on equity of 15.1% (31 December 2022 adjusted: 11.6%).

Operating Return on Equity	31/12/2023	31/12/2022 adjusted	31/12/2021 adjusted
in EUR million			
Shareholders' equity	6,029.7	5,713.9	5,308.3
Unrealised gains and losses recognised in equity*	-159.3	52.3	-139.4
Adjusted shareholders' equity	**5,870.4**	5,766.2	5,168.9
Average adjusted shareholders' equity	5,818.3	5,467.6	
Business operating result	876.0	633.8	
Operating RoE in %	**15.1**	11.6	

*adjusted by non-controlling interests

Net combined ratio

For the calculation of the net combined ratio the insurance service expenses for issued business less insurance service expenses from reinsurance contracts held is divided by the insurance service revenue from issued business less insurance service revenue from reinsurance held in property and casualty insurance.

The net combined ratio showed a stable development compared to the previous year and in 2023 amounted to 92.6% (2022 adjusted: 92.8%).

Net Combined Ratio	2023	2022 adjusted
in EUR million		
Insurance service revenue net	7,582.2	6,551.2
Attributable costs net	-2,306.3	-2,047.7
Insurance service expenses excl. attributable costs net	-4,711.7	-4,030.8
Insurance service expenses net	**-7,018.0**	-6,078.5
Net Claims ratio in %	62.1	61.5
Net Cost ratio in %	30.4	31.3
Net Combined Ratio in %	**92.6**	92.8

Contractual Service Margin (CSM)
The Contractual Service Margin (CSM) includes the unrealised profits originally priced into the insurance contract, which is reported as a separate component of the technical provisions. As of 31 December 2023 the CSM amounted to EUR 5,797.2 million (31 December 2022: EUR 5,838.1 million) and mainly stems from life and health insurance. That corresponds to a slight decline of 0.7% year-on-year that resulted particularly from the lower balance of CSM released to income and new business CSM in the Variable Fee Approach.

BRANCH OFFICES

VIG Insurance Group has branch offices in Germany, France, Italy, Kosovo, Romania, Slovenia, the Baltic countries Estonia, Latvia and Lithuania and the North European countries Sweden, Norway and Denmark. Information on branches and any significant changes compared to the previous year are discussed in more detail for the respective reportable segment in the section below, if applicable. A list of the addresses of the insurance companies and pension funds and their branch offices is also provided on page 246.

BUSINESS DEVELOPMENT AND FINANCIAL PERFORMANCE INDICATORS BY REPORTABLE SEGMENT

The reportable segments Austria, Czech Republic, Poland, Extended CEE, Special Markets and Group Functions are discussed below. The discussion focuses on the presentation of these reportable segments and descriptions of the market position held by VIG Group in the respective countries. A detailed presentation of the consolidated income statement by reportable segment can be found in the notes to the consolidated financial statements starting on page 87.

INSURANCE SERVICE REVENUE

	2023	2022	Δ in %	Δ absolute
in EUR million				
Austria	3,307.4	3,163.4	4.6%	144.0
Czech Republic	2,040.1	1,860.8	9.6%	179.3
Poland	1,224.5	1,070.9	14.3%	153.6
Extended CEE[1]	3,148.1	2,673.6	17.7%	474.5
Special Markets[2]	617.6	483.2	27.8%	134.5
Group Functions[3]	1,652.2	1,399.7	18.0%	252.5
Consolidation	-1,068.1	-913.9	16.9%	-154.2
Total	10,921.8	9,737.6	12.2%	1,184.2

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

RESULT BEFORE TAXES

	2023	2022 adjusted	Δ in %	Δ absolute
in EUR million				
Austria	385.9	273.0	41.3%	112.9
Czech Republic	218.0	240.7	-9.4%	-22.7
Poland	29.4	72.3	-59.4%	-42.9
Extended CEE[1]	101.0	48.4	> 100%	52.6
Special Markets[2]	64.2	38.5	66.9%	25.8
Group Functions[3]	-25.8	-87.2	-70.5%	61.5
Consolidation	0.0	0.0	n/a	0.0
Total	772.7	585.7	31.9%	187.0

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

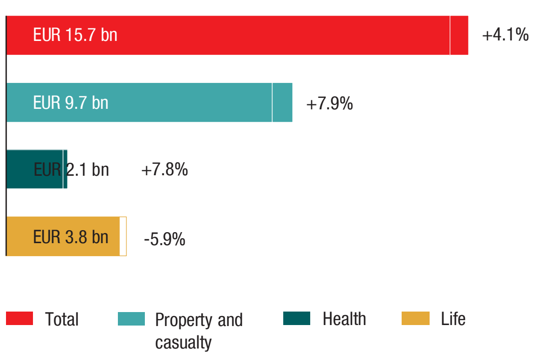
AUSTRIA

AUSTRIAN INSURANCE MARKET

In Austria the top 5 insurance groups in the country in the 1st to 3rd quarter 2023 generated approximately 71% of the gross written premiums. The two largest insurance groups contributed around 44%.

MARKET DEVELOPMENT 1ST TO 3RD QUARTER 2023 COMPARED TO THE PREVIOUS YEAR

9M 2023 figures



Source: Austrian Insurance Association

In the 1st to 3rd quarter of 2023, the Austrian insurance industry generated a total of EUR 15.7 billion gross written premiums. Compared to the previous year this corresponds to an increase of approximately 4.1%, which is primarily attributable to the positive development of the property and casualty insurance.

In the 1st to 3rd quarter 2023 an increase of 7.9% in the property and casualty insurance was recorded year-on-year. The motor vehicle insurance contributed with an increase in the gross written premiums of 7.1%, which is especially attributable to the increased price levels. The premiums in the motor third party liability insurance grew by 5.5%, in the motor own damage insurance by 8.6%. The premiums in the non-motor lines of business grew by 8.3% in the 1st to 3rd quarter 2023.

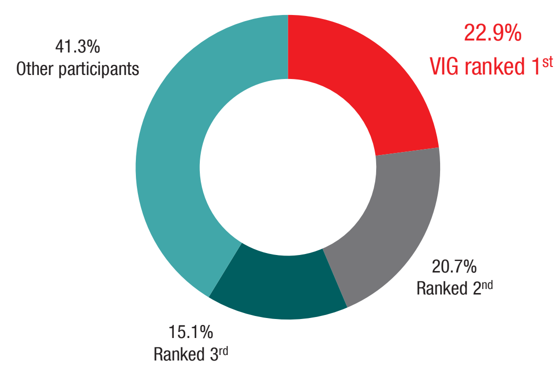
In life insurance a decline in gross written premiums of 5.9% was recorded in the 1st to 3rd quarter 2023.

While the income from regular premium life insurance declined slightly by 0.6% year-on-year, a significant decrease of 35.9% was recorded in single premiums life insurance. With a clear decline of 15.5% year-on-year the unit- and index-linked life insurance in particular recorded losses. The occupational disability and nursing care insurance achieved a growth of respectively 2.9% and 1.0% in the life insurance business. The gross written premiums in the health insurance developed positively with an increase of 7.8% year-on-year.

According to the calculations based on data from the International Monetary Fund (IMF) and the Austrian Insurance Association (VVO), in 2022 an average of EUR 2,139 per capita was spent for insurance. Of which the non-life sector accounted for EUR 1,544 and life insurance accounted to EUR 595.

MARKET SHARE OF THE LARGEST INSURANCE GROUPS

Per cent of total premium volume



Source: Austrian Insurance Association; as of 9M 2023

VIG COMPANIES IN AUSTRIA

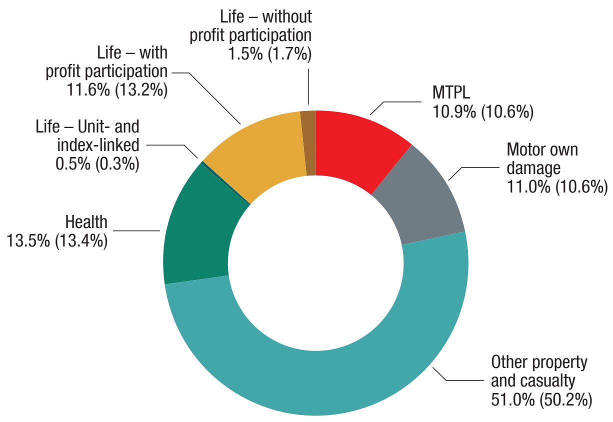
Vienna Insurance Group is represented by the two insurance companies Wiener Städtische and Donau Versicherung in Austria. s Versicherung, which was merged with Wiener

Städtische in 2018, continues to exist as a brand for bancassurance customers. Wiener Städtische also operates via branches in Italy and Slovenia. VIG Holding operates out of Austria as a reinsurer of the Group and an insurer in the cross-border corporate business. In addition, since 2019 it operates via branches in the Northern European countries of Sweden, Norway and Denmark in the traditional industrial insurance business. VIG Holding is assigned to the segment Group Functions.

The VIG insurance companies are the leading insurance Group in Austria with a market share of 22.9% in the 1st to 3rd quarter 2023. In property and casualty insurance and in life insurance it holds first market rankings, in the health insurance business it takes second place.

FINANCIAL PERFORMANCE INDICATORS IN REPORTABLE SEGMENT AUSTRIA

INSURANCE SERVICE REVENUE BY LINE OF BUSINESS



Values for 2022 in parentheses

Insurance service revenue

The insurance service revenue in the year 2023 amounted to EUR 3,307.4 million. (2022: EUR 3,163.4 million). This corresponds to an increase by 4.6%, which is based on the dynamic development in the non-life insurance line of business (Premium Allocation Approach).

Result before taxes

The result before taxes in the segment Austria amounted to EUR 385.9 million in 2023 (2022 adjusted: EUR 273.0 million). This corresponds to a strong increase by 41.3%, which is mainly due to the improvement of the total capital investment result.

Net combined ratio

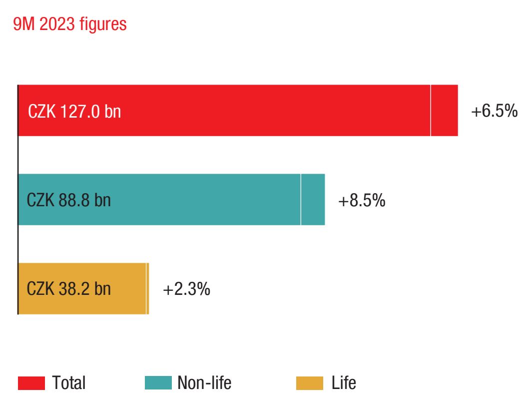
The net combined ratio increased in 2023 mainly as a result of a higher net claims ratio due to higher claims in other property and casual insurance to 91.6% (2022 adjusted: 90.1%).

CZECH REPUBLIC

CZECH INSURANCE MARKET

In the 1st to 3rd quarter of 2023 the insurance market in the Czech Republic was dominated by the top 5 insurance groups, which together held a share of approximately 84% of the total gross written premiums.

MARKET DEVELOPMENT 1ST TO 3RD QUARTER 2023 COMPARED TO THE PREVIOUS YEAR



Source: Czech Insurance Association

According to the method of calculation of the Czech insurance association ČAP, the Czech insurance market recorded gross written premiums in the amount of CZK 127.0 billion in the 1st to 3rd quarter of 2023 and thus an increase by

Group management report

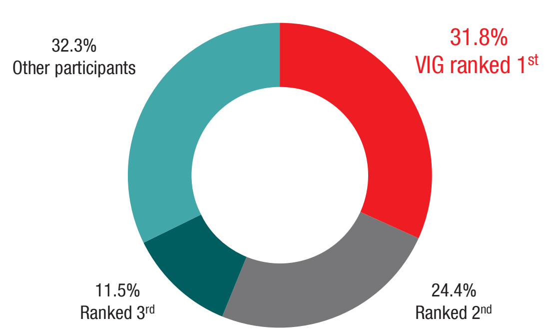
by 6.5% year-on-year. With the exception of the single premiumlife insurance all insurance lines of business had a positive development. In the motor lines of business the motor own damage insurance had a remarkable increase by 11.5% year-on-year. The motor third party liability insurance also developed positively with an increase of 5.1%. Both lines of business also profited in 2023 from growth in the number of newly insured vehicles (+1.8% in the motor third party liability insurance; +7.8% in the motor own damage). In non-motor insurance there was an increase of 8.8% in the 1st to 3rd quarter 2023 largely influenced by the double digit growth rate in the property insurance.

Gross written premiums grew by 2.3% in the life lines of business. The increase is especially attributable to the good development of the life insurance with regular premiums that recorded an increase of 2.6% in the 1st to 3rd quarter 2023. On the other hand, a strong decline of 18.4% was recorded in the single premium business.

According to the calculations based on the data of the International Monetary Fund (IMF) and the Czech Insurance Association, the Czech population spent an average of EUR 744 per capita for insurance premiums in 2022. This amount was divided into EUR 502 for non-life insurance and EUR 242 for life insurance.

MARKET SHARE OF THE LARGEST INSURANCE GROUPS

Per cent of total premium volume



Source: Czech Insurance Association; as of 9M 2023

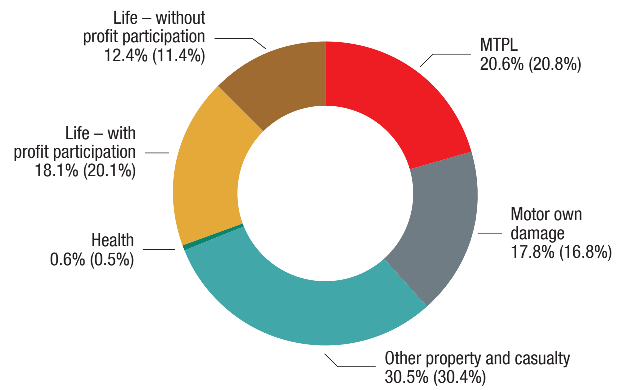
VIG COMPANIES IN THE CZECH REPUBLIC

The VIG Insurance Group is represented by two companies in the Czech Republic, Kooperativa and ČPP. With a market share of 31.8% it was the largest insurance group in the Czech Republic in the 1st to 3rd quarter 2023. It was in first place in the market for both life insurance and non-life insurance.

The Group's own reinsurance VIG Re, that has its headquarters in Prague, is assigned to the segment Group Functions.

FINANCIAL PERFORMANCE INDICATORS IN THE REPORTABLE SEGMENT CZECH REPUBLIC

INSURANCE SERVICE REVENUE BY LINE OF BUSINESS



Values for 2022 in parentheses

Insurance service revenue

The insurance service revenue was EUR 2,040.1 million in 2023 (2022: EUR 1,860.8 million). This represents an increase of 9.6%, which is based on the positive development of in the motor lines of business.

Result before taxes

The result before taxes in the segment Czech Republic in 2023 amounted to EUR 218.0 million (2022 adjusted: EUR 240.7 million). This decline of 9.4% resulted primarily from the declining result in the life insurance due to a one time effect in the Variable Fee Approach.

Net combined ratio
With 91.3% the net combined ratio remained at a solid level in 2023 (2022 adjusted: 90.6%). The year-on-year increase resulted from a higher claims ratio.

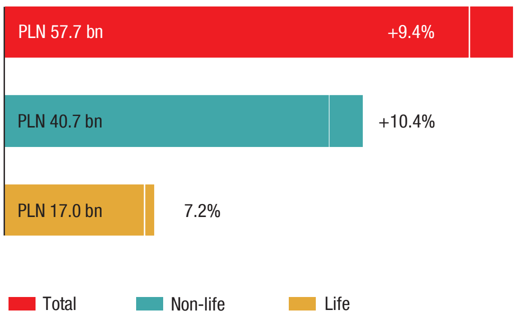
POLAND

POLISH INSURANCE MARKET

The five largest insurance groups in the country wrote approximately 78% of the gross written premiums in the first three quarters of 2023. The three largest insurance groups contributed approximately 61%.

MARKET DEVELOPMENT 1ST TO 3RD QUARTER 2023 YEAR-ON-YEAR

9M 2023 figures



Source: Financial Market Authority Poland

In the 1st to 3rd quarter 2023 the Polish insurance market generated PLN 57.7 billion and thus an increase of 9.4% year-on-year. The increase is attributable to the good development of both the non-life insurance (+10.4%) and also life insurance (+7.2%).

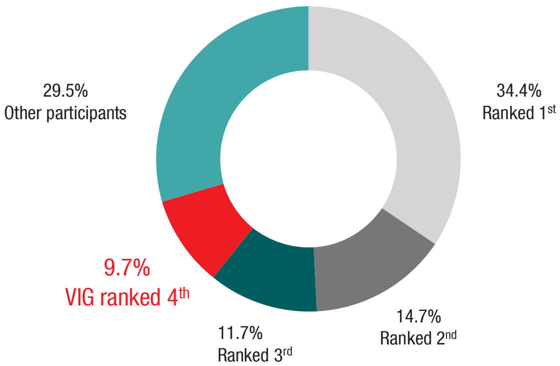
The motor insurance recorded growth in the 1st to 3rd quarter 2023: The motor third party liability insurance grew 3.7% year-on-year. The premiums in the motor own damage insurance increased by 15.3%, which is predominately due to the disproportional increase of the average premium (+33.5%). The non-motor lines of business grew by 12.4% especially as a result of the good development in the property and industrial insurance. The health insurance products in the non-life insurance showed a clear increase of 30.7% year-on-year.

Life insurance recorded an increase of 7.2% year-on-year in the 1st to 3rd quarter 2023. This is predominately attributable to the positive development of the single premium life insurance that, after a sharp drop in the previous year recovered and recorded an increase of 23.9% in the 1st to 3rd quarter 2023. Life insurance with regular premiums increased by 4.8% year-on-year in the first nine months of 2023.

The average insurance spending per resident in Poland amounted to EUR 410 per capita in 2022 according to the calculations of the data of the International Monetary Fund (IMF) and Polish financial market authorities. Of which EUR 288 was for non-life insurance and EUR 122 to the life insurance area.

MARKET SHARE OF THE LARGEST INSURANCE GROUPS

Per cent of total premium volume



Source: Financial Market Authority Poland; as of 9M 2023

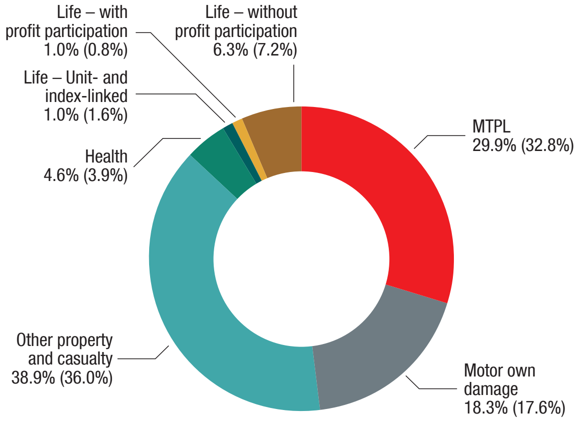
VIG COMPANIES IN POLAND

VIG Insurance Group is represented on the Polish market by Compensa Life and Non-Life, the digital insurer Beesafe, InterRisk, the life insurance Vienna Life and the non-life insurance Wiener TU. In addition, in May 2023 the closing of the Polish Aegon companies Aegon Life (AEGON towarzystwo Ubezpieczen na Zycie S.A.) together with branch offices in Romania and the pension fund Vienna PTE (formerly Aegon PTE) was completed. The acquired companies have not yet been included in the consolidation for 2023. Since 2019, InterRisk has held a stake in the mutual insurance association TUW "TUW". VIG is concentrating its market presence in Poland from currently six to three insurance companies in the future. The merger of the non-life insurance companies Compensa and Wiener TU will create a key player in the non-life insurance market. InterRisk will continue to operate independently. The three life insurance companies Compensa Life, Vienna Life and Aegon Life will be merged to form a larger, strong market player in the life insurance business. The mergers are subject to the necessary regulatory approvals.

VIG Insurance Group ranks fourth in the overall market in Poland with a share of 9.7% in the first nine months of 2023. It ranked fourth among the top insurers both in the non-life and life insurance area.

FINANCIAL PERFORMANCE INDICATORS IN THE REPORTABLE SEGMENT POLAND

INSURANCE SERVICE REVENUE BY LINE OF BUSINESS



Values for 2022 in parentheses

Insurance service revenue
The insurance service revenue in 2023 amounted to EUR 1,224.5 million (2022: EUR 1,070.9 million). This represents a year-on-year increase of 14.3%, which is primarily attributable to the positive development in the other property and casualty insurance and motor own damage insurance lines of business.

Result before taxes
The result before taxes amounted 2023 to EUR 29.4 million (2022 adjusted: EUR 72.3 million). The 59.4% year-on-year decline is mainly due to the increase of the net combined ratio and restructuring measures taken.

The results before taxes adjusted for the impairment of intangible assets and goodwill in the amount of EUR 3.4 million resulted in a business operating result of EUR 32.8 million in 2023 (2022 adjusted: EUR 72.5 million).

Net combined ratio
The net combined ratio in 2023 was 97.4% due to rising costs and claims as a result of high inflation (2022 adjusted: 94.5%).

EXTENDED CEE

The reportable segment Extended CEE includes the countries of Albania incl. Kosovo, Baltic states, Bosnia-Herzegovina, Bulgaria, Croatia, Hungary, Moldova, North Macedonia, Romania, Serbia, Slovakia and Ukraine.

Albania incl. Kosovo
VIG Insurance Group operates in the Albanian insurance market with Sigma Interalbanian and Intersig. It ranked second in the market with a market share of 19.6% in the first nine month of 2023. Via a branch Sigma Interalbanian is also represented in Kosovo where it ranked sixth with a market share of 8.7% in the 1st to 3rd quarter of 2023.

Baltic states
VIG insurance companies are represented in all three Baltic states. Compensa Life has its headquarters in Estonia and is also represented in Latvia and Lithuania via branch offices. BTA Baltic operates in Latvia and is active in Estonia and Lithuania with branches. Also, Compensa Non-Life, which was merged with Seesam in 2020, is active in Lithuania. It maintains branches in Latvia and Estonia.

VIG insurance companies are market leader in the Baltic states with a market share of 25.9% in the 1st to 3rd quarter 2023.

They also hold first place in the non-life insurance and second place in life insurance.

Bosnia-Herzegovina

VIG Insurance Group is represented in the Serbian Republic of Srpska of Bosnia-Herzegovina by Wiener Osiguranje with headquarters in Banja Luka and by Vienna Osiguranje with headquarters in Sarajevo. The VIG insurance companies were in fifth place based on a market share of 9.0% according to the data of the 1st to 3rd quarter 2023.

Bulgaria

On the Bulgarian insurance market VIG is represented by Bulstrad Life and Bulstrad Non-Life. Together they held a market share of 13.3% in the 1st to 3rd quarter 2023. Thus, VIG insurance companies were in third place in Bulgaria. In the non-life insurance sector they ranked third in the market and in life insurance they are in second place. In addition, the pension fund PAC Doverie belongs to VIG Insurance Group.

Croatia

In Croatia the VIG insurance company Wiener Osiguranje is active. A market share of 8.0% in the 1st to 3rd quarter 2023 puts it in fourth place on the Croatian insurance market. It is in fourth place in the non-life insurance sector and ranks first in the life insurance sector.

Moldova

The VIG insurance company Donaris operates in Moldova. With a market share of 12.9% in the 1st to 4th quarter 2022 it is in fifth place on the market. In the non-life insurance sector, it is in fourth place.

North Macedonia

The VIG insurance companies Makedonija Osiguruvanje, Winner Non-Life and Winner Life together held a market share of 19.6% in the 1st to 3rd quarter 2023. This makes the VIG companies the leading insurance group in North Macedonia. They are the number one in the non-life insurance market and number two in the life insurance market. In order to better combine the strength of both companies on the one hand and to achieve the economies of scale on the other, it is planned to merge the non-life insurance companies Winner Non-Life and Makedonija Osiguruvanje. The merger is subject to regulatory and corporate law approvals.

Romania

There are three VIG insurance companies operating in the Romanian insurance market, the non-life insurer Omniasig, the composite insurer Asirom and the life insurer BCR Life. With a market share of 24.1% the three VIG insurance companies are the market leader in Romania. In the 1st to 3rd quarter 2023 they are in second place in non-life insurance as well as in life insurance.

In addition, the closing of the Romanian Aegon-companies was completed in May 2023. Both the acquired pension fund Carpathia Pensil (formerly Aegon Pensii) and the branch of the Polish Aegon Life (AEGON Towarzystwo Ubezpieczen na Zycie S.A. Varsovia Sucursa) were not included in the consolidation in 2023.

Serbia

In Serbia the VIG Insurance Group is active with the Wiener Städtische Osiguranje. With a market share of 10.6% it occupied fourth place in the 1st to 3rd quarter 2023. In the non-life insurance sector it is in fifth place, in the life insurance sector it ranks second.

Slovakia

Two VIG insurance companies, Kooperativa and Komunálna, are represented in the Slovakian insurance market. With a market share of 28.9% in the 1st to 3rd quarter 2023 they are in first place as the largest insurance group in Slovakia. In the non-life insurance sector they are in second place, in the life insurance sector they are in first place.The Slovakian pension fund 365.life acquired via Kooperativa at the end of 2022 is assigned to the segment Group Functions.

Ukraine

The VIG non-life insurers Kniazha and USG as well as the life insurer Kniazha Life are active in Ukraine. With a share of

11.2% in the 1st to 3rd quarter 2023 the VIG insurance companies are in second place in the overall market. In the non-life insurance sector VIG is in second place in Ukraine, in the life insurance sector it is in sixth place.

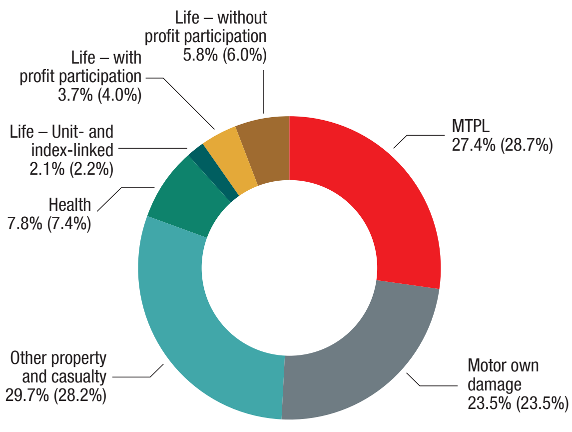
Hungary

In Hungary VIG operates with Union Biztosító and Alfa Biztosító (formerly Aegon Biztosító). According to the data published by the Hungarian Association MABISZ from the 1st to 4th quarter 2023, the VIG insurance companies are in first place in the market with a market share of 19.6%. They are in first place both in non-life and life insurance.

VIG became the market leader in Hungary through the acquisition of the Hungarian companies of the Aegon Group in March 2022. The Hungarian state took a 45% stake in the holding company that was subsequently formed as a steering unit of the Hungarian business. On 30 November 2023, VIG increased its share of the Hungarian business from 55 to 90%. The state holding Corvinus continues to hold 10% and this underscores the commitment for a joint expansion of the insurance industry in Hungary.

FINANCIAL PERFORMANCE INDICATORS IN THE REPORTABLE SEGMENT EXTENDED CEE

INSURANCE SERVICE REVENUE BY LINE OF BUSINESS



Values for 2022 in parentheses

Insurance service revenue

The insurance service revenue in 2023 amounted to EUR 3,148.1 million and were thus 17.7% the previous year's figure (2022: EUR 2,673.6 million). The increase resulted primarily from the good development in the Baltic states, Bulgaria, Slovakia, Hungary and Romania. The motor own damage, other property and casualty and health lines of business especially achieved good growth.

Result before taxes

The result before taxes in the segment Extended CEE in 2023 was EUR 101.0 million (2022 adjusted: EUR 48.4 million). The clear increase year-on-year was primarily attributable to Hungary due to lower amortisation and impairment of purchased customer bases and an improved net combined ratio. Moreover, the total capital investment result developed very positively in Slovakia and Bulgaria. This is primarily caused by the difficult market situation in 2022 and driven by assets recognised through profit and loss in accordance with IFRS 9.

The result before taxes adjusted for the impairments of goodwill in the Baltic states in the amount of EUR 75.5 million and other intangible assets in the amount of EUR 6.3 million resulted in a business operating result in the segment Extended CEE of EUR 182.8 million in 2023 (2022 adjusted: EUR 93.3 million).

Net combined ratio

In 2023 the net combined ratio in the segment Extended CEE improved to 95.2% (2022 adjusted: 95.4%).

SPECIAL MARKETS

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

Germany

VIG insurance companies InterRisk Non-Life and InterRisk Life operate in Germany. The InterRisk companies distribute exclusively through around 10,000 independent sales partners. InterRisk Non-Life specialises in accident and liability insurance and selected property insurance products. InterRisk Life focuses on retirement provision and occupational disability solutions, as well as protection for surviving dependents. The

VIG companies continue to be successful in the German market as profitable niche players.

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

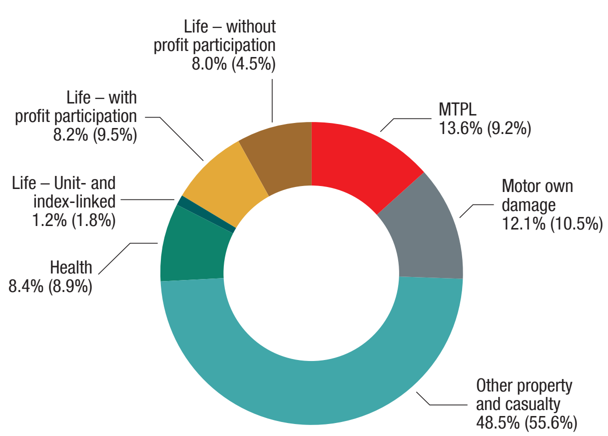
Georgia
VIG Insurance Group is represented in Georgia by the companies GPIH and IRAO. With a market share of 24.0% the companies are the leading insurance group in Georgia in the 1st to 3rd quarter 2023.

Liechtenstein
The VIG insurance company Vienna-Life is active in Liechtenstein. Vienna-Life only offers unit- and index-linked life insurance and was in twelfth place in the Liechtenstein market in 2022.

Türkiye
VIG Insurance Group is active in Türkiye with the non-life insurer Ray Sigorta and the Turkish life insurance company Viennalife (formerly Aegon Emeklilik ve Hayat) acquired in 2022. With a market share of 3.8% the VIG insurance companies reached the eighth place on the Turkish market.

FINANCIAL PERFORMANCE INDICATORS IN THE REPORTABLE SEGMENT SPECIAL MARKETS

INSURANCE SERVICE REVENUE BY LINE OF BUSINESS



Values for 2022 in parentheses

Insurance service revenue
In 2023 the insurance service revenue in the segment Special Markets increased from EUR 483.2 million in 2022 to EUR 617.6 million due to the good premium development in all lines of business in the Turkish and Georgian markets as well as due to the first-time consolidation as of 1 April 2022 of the Turkish Viennalife (formerly Aegon Emeklilik ve Hayat). This represents an increase of 27.8%. Premium development represents the premium translated into euros at the average exchange rate. In Türkiye, current year premium was converted at the closing rate in accordance with hyperinflation accounting.

Result before taxes
In 2023 the segment Special Markets increased the result before taxes by 66.9% to EUR 64.2 million (2022 adjusted: EUR 38.5 million). This significant increase resulted primarily from the already mentioned first-time consolidation of Viennalife (formerly Aegon Emeklilik ve Hayat) in Türkiye.

Adjusted for the impairments of intangible assets in the amount of EUR 9.8% the business operating result in the segment Special Markets in 2023 was EUR 74.0 million (2022 adjusted: EUR 41.5 million).

Net combined ratio
The net combined ratio remained largely at the previous year's level and, in 2023, was 96.6% (2022 adjusted: 96.4%).

GROUP FUNCTIONS

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

The reinsurance company VIG Re, founded in 2008 in Prague, is a successful provider of reinsurance both for VIG insurance companies and also for external partners. It has established itself as an important company in the CEE region and follows a conservative underwriting and investment strategy. Standard & Poor's again confirmed the “A+” rating of VIG Re with a stable outlook at the end of 2023.

FINANCIAL PERFORMANCE INDICATORS IN THE REPORTABLE SEGMENT GROUP FUNCTIONS

Insurance service revenue
The insurance service revenue was EUR 1,652.2 million in 2023 and thus over the previous year's figures by 18.0% (2022: EUR 1,399.7 million). In addition to the clear growth in Group internal business, there was in particular an increase from the development of new business in the active reinsurance via VIG Re and an increase in the corporate and large customer business in VIG Holding.

Result before taxes
A loss of EUR 25.8 million (2022 adjusted: loss of EUR 87.2 million) was recorded in the segment Group Functions in 2023. The better result is primarily due to the clear improvement of the net combined ratio and the higher total capital investment result.

Other mandatory disclosures

RESEARCH AND DEVELOPMENT

Although VIG companies do not perform any research activities within the meaning of Section 243 (3) Z2 UGB, they contribute their expertise to the development of insurance-specific software models. VIG Holding and – for projects – the VIG companies cooperate with the Digital Impact Labs Leipzig, Plug and Play and VENPACE, a jointly with other insurers financed start-up-initiative (Investment and Corporate Building) based in Germany, in order to identify technological developments in the market more quickly and internalise them if necessary. Viesure was also founded as an internal “innovation hub” focusing mainly on Austria for this purpose. Since December 2022 an investment has also been made in the APEX Deep Tech Fund, that focuses on tech-start-ups and supports VIG in identifying and researching innovations at an early stage in order to use this for the business model to the benefit of the customers – for example by applications such as sensors and satellite technology for the early detection of potential forest fires. VIG Group also carries out indirect research activities by its participation both in ISTCube for strengthening basic research in Austria and also APEIRON and invIOS to support the research in the “biotech” field and the fight against cancer and respiratory diseases.

HOLDINGS, PURCHASE AND SALE OF OWN SHARES

Detailed information regarding Section 243 (3) Z3 UGB can be found in Note 25.10. Consolidated shareholders’ equity in the notes to the consolidated financial statements starting on page 207.

INTERNAL CONTROL AND RISK MANAGEMENT SYSTEM IN THE ACCOUNTING PROCESS

The preparation of the consolidated financial statements includes all activities to present and discloses the Group's assets, financial and operating results pursuant to the statutory and/or IFRS regulations. The consolidated financial statements include the balance sheet, the income statement, the statement of comprehensive income, the statement of changes in equity, the consolidated cash flow statement, the segment reporting and the notes to the consolidated financial statements, which contain a presentation of the main accounting methodes and explanations. The process of preparing the financial statements includes the consolidation of all data from the accounting and the upstream processes for the annual financial statements.

The internal control system (ICS) in the accounting process of the Group is in accordance with the five elementary components of the COSCO framework model (Committee of Sponsoring Organisations of the Treadway Commission for implementing internal controls. The objective of the ICS in the accounting is to guarantee sufficient security by implementation of controls, so that proper financial statements are prepared despite the identified risks.

Control environment
The organisational structure is comprised of the local accounting departments of the companies and the Group Finance & Regulatory Reporting Department at the headquar-

ters of VIG Holding in Vienna. The accounting departments of the VIG companies prepare both a financial statements in accordance with local accounting regulations and an IFRS consolidated report package and transmits these to the Group Finance & Regulatory Reporting Department.

The IFRS consolidated report packages are prepared re prepared in accordance with uniform Group accounting policies. Standardised software with fixed reporting and consolidation regulations is used for the preparation of the consolidated financial statements. The data of the VIG companies are predominantly imported by upload from main ledger and subledgers in the consolidated software. The consolidation of the data (capital consolidation, expenditures and income consolidation, debt consolidation and any elimination of inter-company profits) and the preparation of the consolidated financial statements are prepared by the Group Finance & Regulatory Reporting Department.

Risk assessment

In order to detect risks in the accounting process and subsequently be able to eliminate them as much as possible, documentation for the annual financial statements process was developed. This includes the entire process of collecting data by the employees of the VIG companies through automated controls, manual controls and analysis in the consolidated process to the final financial reports for publication.

Control measures

The appropriate IFRS accounting and valuation requirements applicable across the Group are summarised in the Group accounting manual (IFRS Application) that is binding for all companies included in the consolidated financial statements. The objective is to guarantee unified implementation of IFRS across the Group. This manual is subject to annual review and is and is updated or adapted to the necessary statutory provisions. The manual, together with additional information on the Group-wide reporting requirements is provided to the responsible persons in the local accounting department before the reporting process begins. In addition, we provide information across the Group in timely manner about significant developments and changed in requirements for the consolidated financial reporting.

As part of the control systems, the subsidiaries are required to be compliant with accounting and valuation requirements that are applicable for the Group and are responsible for the timely reporting of their accounting-related processes.

The transmitted financial data undergo both automatic (in the form of validation) and manual reviews (development analysis and plausibility checks) by the Group Finance & Regulatory Reporting Department of VIG Holding. The performance of the control calculations and the agreement with the Group internal transactions serves as an additional control in order to detect any differences and where necessary be able to correct or eliminate them.

Additionally, the preparation of the income statement reconciliation, the audit of the accuracy of individual parts of the consolidated financial statements and the plausibility checks of the entire consolidated financial statements ensures that the presentation is complete and correct.

In the course of preparation of the financial statements, there is intensive collaboration with the Planning and Controlling Department especially in regard to development analysis (e.g. target-actual comparison). Also, the data are regularly submitted to the Managing Board for review and control.

In order to guarantee correct and timely completion of the financial statements at the deadline for publication, both the quarterly and the annual financial statements are based on strict deadlines about which the VIG companies are informed at the end of the 3rd quarter at the latest for the coming financial year. The department preparing the consolidated financial statements thus ensures in advance that the VIG companies coordinate their processes to the deadline requirements and thus are able to transmit their data timely.

Information and communication

Based on intensive collaboration with other company departments, in particular Planning, Actuarial Services and Asset Management (incl. Real Estate), there is an extensive flow of information and communication.

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

The Investor Relations Department is responsible for reporting to the shareholders of VIG Holding. This takes place both in personal discussions and through the Company website.There the annual and interim reports are made available to the shareholders and other interested parties as well as regularly updated information on key figures, share price, financial calendar, ad-hoc news and other relevant IR topics.

Monitoring
The Group Finance & Regulatory Reporting Department is responsible for preparing the consolidated financial statements. Regular monitoring of the internal control systems is ensured by quarterly reporting to the Managing Board and the Supervisory Board. The risks are continuously monitored by Group-internal and inter-departmental controls (e.g. Group Finance & Regulatory Reporting Department – Planning and Controlling – Actuarial Services – Asset Management (incl. Real Estate)).

Internal Audit also conducts quality assurance. They perform independent, objective audit measures by which, in addition to the design and effectiveness of the internal controls, the value and optimisation potential in the operational processes is examined. Internal Audit helps the organisation reach the objectives by which it evaluates, by means of a systematic approach, the effectiveness of risk management, control systems and the governance processes including all relevant key functions with the company and improves them by corresponding proposals.

In order to standardise the handling of significant risks throughout the entire Group, there are Group-wide guidelines which also are an instrument of risk monitoring. The local management is responsible for the implementation of these guidelines in the individual companies.

In the context of the audit of the financial statements the auditor takes into consideration the internal control systems to the extent it is important for the preparation of the consolidated financial statements. The auditor of the consolidated financial statements also assess the functional adequacy of the risk management pursuant to rule 83 of the Code of Corporate Governance

CAPITAL, SHARE, VOTING AND CONTROL RIGHTS AND ASSOCIATED AGREEMENTS

The share capital is EUR 132,887,468.20 It is divided into 128,000,000 no-par value ordinary bearer shares with voting rights, are representing an equal portion of the share capital. The number of shares issued remains unchanged since the previous financial year. More detailed information on the anticipatory resolutions and the authorisations of the Managing Board from the Annual General Meeting pursuant to Section 267 (3a) in connection with Section 243a (1) UGB can be found in the notes to the consolidated financial statements in Note 25.10. Consolidated shareholders' equity starting on page 207.

CONSOLIDATED NON-FINANCIAL REPORT

VIG Holding is publishing a separate consolidated non-financial report pursuant to Section 267a UGB for financial year 2023. This is available as a printed version and also online at the VIG Insurance Group website at group.vig/sustainability.

CORPORATE GOVERNANCE

VIG Holding is committed to application and compliance with the January 2023 version of the Austrian Code of Corporate Governance and publishes the consolidated Corporate Governance Report on the Company website at group.vig/corporate-governance.

OUTSOURCING DISCLOSURES

Below the outsourcing disclosures pursuant to Section 156 (1) Z1 in connection with Section 109 VAG are explained in detail:

Holding
VIG Holding decided to have IT services provided by Group-internal and external service providers. In 2023 there was

regulatory permission for outsourcing contracts with IBM Austria (Internationale Büromaschinen Gesellschaft m.b.H.), Group-internal IT-Systems provider twinformatics GmbH and VIG IT-Digital Solutions GmbH (hereinafter “VIG IT-DS”), each with registered office in Austria.

VIG IT-DS was founded by VIG Holding in order to an even greater focus on the IT services to be provided Group-wide and to have these provided by a company focused on it. Since 1 January 2023, there are outsourcing contracts concluded with VIT IT-DS and the final responsibility for all VIG Solutions (SAP NewGL, IFRS 9/17, Readsoft and a few smaller supporting applications) were transferred to VIG IT-DS (with twinfomatics as a significant sub-service provider. The twinformatics GmbH continues to assume the overall responsibility for all IT services (except the services transferred to VIG IT-DS) for the Austrian VIG insurance companies and for this concluded any necessary sub-outsourcing in compliance with the statutory and regulatory provisions and in agreement with the VIG insurance companies. The outsourcing contract with IBM Austria ended on 28 February 2023.

In addition, VIG Holding has not outsourced any critical or important functions or operating activities.

Group
Throughout the insurance companies of the Group, outsourcing took place in the following areas in particular:

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

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

While critical or important functions or activities from the IT area and claims handling were outsourced to primarily to Group external service providers, governance functions were outsourced in the VIG Insurance Group both to Group internal and Group external service providers.

The notification and approval of the outsourcing of critical or important functions or activities, to or by, the local supervisory authorities was done by the relevant companies as needed in compliance with the respective nationally applicable legal provisions.

Expected development and risks of the Group

SIGNIFICANT RISKS AND UNCERTAINTIES

The risk management is firmly anchored in the management culture of the companies and builds on a clearly defined conservative risk policy, extensive risk expertise, a developed risk toolkit and risk-based Management Board decisions. The detailed risk report of the VIG Insurance Group including the impact of climate change and the associated climate risks can be found in the notes to the consolidated financial statements in the section Risk strategy and risk management starting on page 211.

For information regarding the financial instruments used for investments reference is made to Note 2. Financial assets and liabilities as well as other balance sheet items evaluated according to IFRS 9 starting on page 117 and 25.4. Financial instruments starting on page 193 in the consolidated financial statements as well as to the Risk report starting on page 211.

EXPECTED DEVELOPMENT – OUTLOOK FOR 2024

ECONOMIC OUTLOOK

For the Eurozone, the region of Central and Eastern Europe and Austria a further continuous decline in inflation and interest rates is expected, accompanied by a gradual improvement in external demand as well as in consumer sentiment and the associated domestic demand. A significant factor here is a further flattening of the inflation rate in 2024.

A first slight growth impulse from industry is expected for the Eurozone over the course of 2024, whereby the growth in the 1st quarter of 2024 is still seen as rather week. However, this recovery in the industry could be delayed by persistently high inventories in some sectors. Further slightly positive impetus should come from growth in private consumption in 2024. The significant driver for this could be an expected positive real wage growth in a fundamentally robust labour market for the first time in 2 years. Despite the rather stagnating development in 2023 there was no increase in the unemployment rate in the Eurozone apparently due to a general labour shortage as a consequence of demographic change.

In sum, the analysts from Erste Group expect an acceleration of real GDP growth to 0.7% year-on-year in 2024. With a further solidification of this recovery in the 2nd half of 2024 an increase of growth to 1.1% should be possible for 2025.

The inflation in the Eurozone should decline to 2.5% in 2024. Depending on the further development of energy prices in particular, a more volatile inflation trend is possible over the course of the year.

In Austria, the expected easing of inflationary pressure is likely to have a positive impact on real incomes and thus as well moderately on consumer demand. In addition, foreign trade should gradually improve and support economic growth in 2024. This means that a modest economic upturn in real GDP growth of +0.6% is within reach for Austria in 2024. Despite the risk of certain volatility in energy prices, Austrian inflation should continue to decline in 2024 as the pressure from these prices decreases. Inflation in the service sector, which is supported by wage increases, is likely to keep core inflation at a high level for some time. Thus, a clear decline of the harmonised consumer price index (HCPI)-inflation to 3.5% is expected for 2024.

A gradual recovery is also expected in Central and Eastern Europe in 2024 (the real GDP growth in the CEE8 should accelerate to 2.4% year-on-year). Latest improvements in sentiment indicators underpin this expectation. The Economic Sentiment Indicator (ESI) continued to recover in the course of 2023 and thus also supports the expectation of improved private demand in 2024. Real wage growth, declining inflation and a loosening of monetary policy, which has already begun in the CEE region, should increase private household expenditures. On the other hand, the high cost of living, the continuing uncertainty and an increase in the savings rate could slow down the speed of recovery. Investment growth in the region should be supported by the continued inflow of EU funds since the funds from the Recovery and Resilience Fund cushion the change between EU budget periods which would normally be associated with lower investment activity. By the addition of the REPowerEU money the available funds increase considerably. A significant risk for the region’s expectation is a weaker development in Germany as an important export destination for the region.

In 2024 the speed of disinflation may significantly slow down also in Central and Eastern Europe in view of the declining effect of external factors (oil and food prices). It is also expected that demand pressure will remain high due to the tight labour market since the nominal wage growth (including a double digit increase in the minimum wage) has an inflationary effect. Overall inflation in most of the CEE countries is expected to remain well above the inflation target throughout 2024 with a regional average of 4.5%. Year-on-year the Czech Republic with 2.4% comes closest to this goal, Romania with 5.5% has the longest way to go.

OUTLOOK FOR THE INSURANCE GROUP

The Vienna Insurance Group with its approximately 29,000 employees, as the market leader in Central and Eastern Europe, is excellently positioned to take full advantages of the opportunities in this region and the associated long-term growth potential. Based on the trends and developments in the insurance business it is relying on the VIG 25 strategic programme that was developed together with the CEOs of the VIG insurance companies for the financial years up to 2025. In addition to creating sustainable value and reaching the sustainability objectives in the six spheres of impact (asset management, underwriting, operations, employees, customers and society) the expansion of the leading market position in Central and Eastern Europe is a core objective of the programme with the ambition to achieve at least the top 3 market position in each CEE market, with the exception of Slovenia. A big step in this direction was the successful take-over of the companies in Poland, Romania, Türkiye and Hungary that were formerly part of the Dutch Aegon-Group. With this VIG advanced to number 1 in the Hungarian market.

The solvency ratio of VIG Group continues to be defined within a range of 150% to 200% without taking into account transitional measures for underwriting provisions used by some individual Group companies.

In the context of the new dividend policy in which the previous year's dividend is set as the minimum dividend for the next year and anticipates a continuous increase depending on the operational result development, the Managing Board proposes to the relevant bodies an increase of the dividend from EUR 1.30 to EUR 1.40 per share for the financial year 2023. This corresponds to an increase of 7.7% year-on-year.

The Vienna Insurance Group has, so far, been able to manage the impacts of the challenging geopolitical and economic conditions very well and continues to focus on the success factors of continuity, stability and diversity. On this basis, a favorable results development is also expected for 2024 despite the volatile environment. VIG's management therefore has the ambition to achieve profit before taxes within a range of EUR 825 and EUR 875 million for the financial year 2024.

Vienna, 26 March 2024

The Managing Board:

Hartwig Löger
General Manager (CEO),
Chairman of the Managing Board

Peter Höfinger
Deputy General Manager,
Deputy Chairman of the Managing Board

Liane Hirner
CFRO, Member of
the Managing Board

Gerhard Lahner
COO, Member of
the Managing Board

Gábor Lehel
CIO, Member of
the Managing Board

Harald Riener
Member of
the Managing Board

Consolidated financial statements 2023 (pages 58–236)

PRIMARY FINANCIAL STATEMENTS

NOTES

Explanatory notes to the net assets, financial position and operating results

Additional disclosures

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

	31/12/2023
Reporting period	01/01–31/12/2023
Reporting date for comparative consolidated balance sheet data	31/12/2022
Reporting period for comparative consolidated income statement data	01/01–31/12/2022
Currency	EUR

Primary financial statements

The numbers next to the individual items of the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of financial position and the consolidated shareholders' equity refer to detailed disclosures on the net assets, financial position and results of operations starting on page 90 or the notes on accounting policies starting on page 177.

CONSOLIDATED INCOME STATEMENT

Consolidated income statement	Notes	2023	2022 adjusted
in EUR '000			
Insurance service result	1	1,208,099	1,138,802
Insurance service revenue – issued business		10,921,825	9,737,647
Insurance service expenses – issued business		-9,265,299	-8,525,826
Insurance service result – reinsurance held		-448,427	-73,019
Total capital investment result		284,255	-12,214
Investment result	9	1,893,068	-809,696
Interest revenues using the effective interest rate method		895,801	714,897
Realised gains and losses from financial assets measured at AC		80	-4,242
Impairment losses incl. reversal gains on financial instruments		-56,484	-104,942
Other result from financial instruments		1,053,671	-1,415,409
Income and expenses from investment property	4, 9	31,844	37,802
Insurance finance result	1	-1,657,123	741,393
Insurance finance result – issued business		-1,698,751	724,671
Insurance finance result – reinsurance held		41,628	16,722
Result from associated consolidated companies	6	16,466	18,287
Finance result		-98,492	-86,146
Finance income		834	9,123
Finance costs	9	-99,326	-95,269
Other income and expenses	15.3	-517,872	-406,677
Other income		303,932	273,780
Other expenses		-821,804	-680,457
Business operating result		875,990	633,765
Impairments of goodwill	3	-75,639	-26,361
Impairments of intangible assets	13	-27,662	-21,707
Result before taxes		772,689	585,697
Taxes	11.1	-196,443	-121,694
Result for the period		576,246	464,003
Attributable to shareholders and other stakeholders of the parent company		558,979	472,337
Non-controlling interests		17,267	-8,334
Earnings per share* (in EUR)	18	4.31	3.63

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Consolidated statement of comprehensive income	Notes	2023	2022 adjusted
in EUR '000			
Result for the period		576,246	464,003
Other comprehensive income (OCI)	10.4	223,673	-46,116
Items that will not be reclassifiable to profit or loss in subsequent periods		-710,830	2,663,707
Actuarial gains and losses from provisions for employee benefits		-45,117	224,428
Equity instruments designated measured at FVtOCI		6,717	-19,661
Result from the FV-valuation		6,717	-19,661
Unrealised gains and losses acc. to IFRS 17	1	-865,508	3,292,987
Deferred taxes		193,078	-834,047
Items that will be reclassifiable to profit or loss in subsequent periods		934,503	-2,709,823
Exchange rate changes through equity		58,101	-15,101
Unrealised gains and losses from debt instruments measured at FVtOCI		1,295,667	-4,095,064
Unrealised gains and losses acc. to IFRS 17	1	-167,188	566,726
Share of other reserves of associated consolidated companies		-11,393	-683
Deferred taxes		-240,684	834,299
Comprehensive income for the period		799,919	417,887
Attributable to shareholders and other stakeholders of the parent company		771,835	439,907
Non-controlling interests		28,084	-22,020

CONSOLIDATED BALANCE SHEET

Assets	Notes	31/12/2023	31/12/2022 adjusted	01/01/2022 adjusted
in EUR '000				
Cash and cash equivalents		1,558,107	2,315,219	2,727,407
Financial assets	2	37,990,239	35,813,985	40,397,019
Receivables	7	495,672	490,686	349,932
Current tax assets		235,718	175,859	135,053
Investments in associates	6	185,622	287,961	276,913
Insurance contracts assets issued	1	229,491	140,774	114,156
Reinsurance contracts assets held	1	1,808,298	1,874,508	1,652,253
Investment property	4	2,852,090	2,645,015	2,377,407
Owner-occupied property and equipment	5	619,159	608,692	586,736
Other assets		141,575	120,549	100,305
Goodwill	3	1,371,365	1,438,721	1,260,226
Intangible assets	13	590,361	585,800	469,288
Deferred tax asset	11.2	483,287	541,225	585,863
Right-of-use assets		192,816	178,663	173,348
Total		48,753,800	47,217,657	51,205,906

Liabilities and consolidated shareholders' equity	Notes	31/12/2023	31/12/2022 adjusted	01/01/2022 adjusted
in EUR '000				
Liabilities and other payables	7	1,112,675	949,828	739,193
Current tax liabilities		157,016	115,614	243,382
Financial liabilities	2, 8	2,396,321	2,912,614	2,624,443
Other liabilities		78,957	78,381	60,316
Insurance contracts liabilities issued	1	37,804,092	36,370,374	40,950,302
Reinsurance contracts liabilities held	1	24,181	37,742	64,585
Provisions	12	748,620	669,879	857,882
Deferred tax liabilities	11.2	402,208	369,352	357,498
Consolidated shareholders' equity	10	6,029,730	5,713,873	5,308,305
Attributable to shareholders and other stakeholders of the parent company		5,892,277	5,472,592	5,197,032
Capital stock and capital reserves		2,541,890	2,541,890	2,541,890
Retained earnings		3,490,112	3,270,502	2,973,533
Other reserves	10.4	-139,725	-339,800	-318,391
Non-controlling interests		137,453	241,281	111,273
Total		48,753,800	47,217,657	51,205,906

CONSOLIDATED STATEMENT OF CHANGE IN EQUITY

Development	Share capital	Capital reserves		Retained earnings	Other reserves		Subtotal*	Non-controlling interests	Total
		Hybrid capital	Others		Currency reserve	Others			
Notes		10.3		10.1, 13	10.4	10.4			
in EUR '000									
As of 1 January 2022	132,887	300,000	2,109,003	2,760,675	-195,819	371,471	5,478,217	119,731	5,597,948
IFRS 17/9 effect of initial application				216,151	9,990	-507,326	-281,185	-8,458	-289,643
As of 1 January 2022 adjusted	132,887	300,000	2,109,003	2,976,826	-185,829	-135,855	5,197,032	111,273	5,308,305
Change in scope of consolidation / interest				-6,810	6,548	3,384	3,122	176,368	179,490
Reclassification from other comprehensive income to retained earnings				-4,382		4,382	0	0	0
Comprehensive income for the period				472,337	-1,083	-31,347	439,907	-22,020	417,887
Other comprehensive income excluding currency changes				0	0	-31,347	-31,347	332	-31,015
Exchange rate differences					-1,083		-1,083	-14,018	-15,101
Result for the period				472,337			472,337	-8,334	464,003
Dividend payment				-167,469			-167,469	-24,340	-191,809
As of 31 December 2022	132,887	300,000	2,109,003	3,270,502	-180,364	-159,436	5,472,592	241,281	5,713,873
As of 1 January 2023	132,887	300,000	2,109,003	3,270,502	-180,364	-159,436	5,472,592	241,281	5,713,873
Change in scope of consolidation / interest				-165,501	-14,242	1,549	-178,194	-122,242	-300,436
Reclassification from other comprehensive income to retained earnings				88		-88	0	0	0
Comprehensive income for the period				558,979	54,050	158,806	771,835	28,084	799,919
Other comprehensive income excluding currency changes				0	0	158,806	158,806	6,766	165,572
IAS 29 effects					42,422		42,422	1,219	43,641
Exchange rate differences					11,628		11,628	2,832	14,460
Result for the period				558,979			558,979	17,267	576,246
Dividend payment				-173,956			-173,956	-9,670	-183,626
As of 31 December 2023	132,887	300,000	2,109,003	3,490,112	-140,556	831	5,892,277	137,453	6,029,730

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

CONSOLIDATED CASH FLOW STATEMENT

Change in cash and cash equivalents	2023	2022 adjusted
in EUR '000		
Result for the period	576,246	464,003
Adjustments for:	-567,583	1,824,592
Amortisation, valuation and exchange rate differences of financial instruments	-902,090	1,475,014
Impairment of goodwill and intangible assets	103,301	48,068
Result from disposal of subsidiaries	-1,751	8
Result from the disposals and depreciation of property	110,085	84,500
Result from the disposal of financial assets incl. derivatives	1,786	196,884
Share of profit of at equity accounted companies	-16,466	-18,287
Dividends received included in the result for the period	-58,891	-83,289
Income tax expenses	196,443	121,694
Changes in:	-80,793	-2,605,530
Financial assets incl. derivatives	-754,203	-803,660
(Re-) insurance contracts	618,307	-1,957,240
Contract assets and liabilities (IFRS 15)	-5,668	132,573
Right-of-use assets and lease receivables and liabilities	2	23,415
Receivables and liabilities (excl. leases)	57,245	76,189
Intangible assets	1,016	4,867
Property	-7,019	-98,060
Other balance sheet items (other assets, Equipment (excl. property) and other liabilities)	-35,015	-7,207
Provisions	44,542	23,593
Other non-cash income and expenses*	41,980	140,637
Paid/received income tax	-109,175	-227,698
Cash flow from operating activities	-139,325	-403,996
Received interest	840,389	757,607
Received dividends	58,891	83,289
Cash inflow from sale of subsidiaries	0	90,995
Payments for the acquisition of subsidiaries	-15,311	-407,433
Cash inflow from sale of financial instruments	9,027,864	9,324,725
Payments for the acquisition of financial instruments	-9,034,762	-9,434,482
Cash inflow from the sale of property	10,928	4,809
Payments for the acquisition of property	-264,793	-267,947
Cash inflow from the sale of intangible assets	3,562	6,222
Payments for the acquisition of intangible assets	-136,987	-135,378
Cash flow from investment activities	489,781	22,407
Cash inflows from subordinated liabilities	0	500,000
Payments from subordinated liabilities	-469,987	-215,600
Cash inflows from financial liabilities excl. subordinated liabilities and lease liabilities	532	68,007
Payments from financial liabilities excl. subordinated liabilities and lease liabilities	-39,008	-76,830
Payments from lease liabilities	-33,805	-33,217
Payments for the acquisition of non-controlling interests	-284,707	-2,794
Paid dividends	-185,708	-193,978
Paid interest	-88,050	-78,057
Cash flow from financing activities	-1,100,733	-32,469
Change in cash and cash equivalents	-750,277	-414,058

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

Development	31/12/2023	31/12/2022 adjusted
in EUR '000		
Cash and cash equivalents at beginning of period*	2,315,219	2,727,407
Change in cash and cash equivalents	-750,277	-414,058
Changes in scope of consolidation	8,643	4,765
Exchange rate differences on cash and cash equivalents	-15,478	-2,895
Cash and cash equivalents at end of period*	1,558,107	2,315,219

*The cash and cash equivalents at the beginning and end of the reporting period correspond to the item cash and cash equivalents in assets and include liquid money and daily maturing cash.

Notes on the adjustment of the previous year's figures compared to the consolidated cash flow statement published in the Group Annual Report 2022 can be found in the chapters Changes in accounting policies starting on page 81 and Identification of errors starting on page 82.

Notes

GENERAL INFORMATION AND PRINCIPLES OF SIGNIFICANT ACCOUNTING POLICIES

GENERAL INFORMATION

VIENNA INSURANCE GROUP AG Wiener Versicherung Gruppe (VIG Holding) is an Aktiengesellschaft (public limited company) and the leading insurance group in the entire region of Central and Eastern Europe (CEE), with registered office in Schottenring 30, 1010 Vienna (Austria). The Wiener Städtische Versicherungsverein, also with its registered office in Vienna, is the majority shareholder of VIG Holding. It is also the parent company and therefore involves VIG Holding including its subsidiaries in its consolidated financial statements. The insurance companies and pension funds of VIG Insurance Group offer insurance services – life and health, as well as property and casualty insurance – to around 32 million customers in 30 countries.

PRINCIPLES OF SIGNIFICANT ACCOUNTING POLICIES

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

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

Going concern
The present consolidated financial statements were prepared on a going concern basis in accordance with IAS 1.25 and .26. The Managing Board made this assessment primarily based on the solid capital resources, positive result before taxes, risk-averse capital investment and the conservative reinsurance strategy.

Estimates and discretionary decisions
Consolidated financial statements prepared in accordance with the IFRS require that the Managing Board make discretionary assessments and specify assumptions regarding future developments (estimates). These estimates and discretionary decisions could have a material effect on the recognition and value of assets and liabilities, the disclosure of other obligations and the reporting of income and expenses.

The book values of the items at the end of the reporting period are shown in the consolidated balance sheet on page 60 and in the respective Notes. Sensitivity analyses of assets and liabilities are also presented in the Notes related to the items.

Details regarding the areas with a higher degree of judgement as well as greater complexity, or areas where assumptions and estimates are of critical importance for the consolidated financial statements can be found in Note 24. Material estimates and discretionary decisions beginning on page 171.

Accounting policies
The significant accounting policies used in the preparation of the consolidated financial statements are presented in Note 25. Accounting policies starting on page 177. Unless otherwise stated under chapter "Initial application of standards", the policies described were applied consistently during the reporting periods presented in these financial statements.

Balance sheet items	Measurement principle
Insurance contracts issued	Premium Allocation Approach (PAA), Variable Fee Approach (VFA), General Measurement Model (GMM)
Reinsurance contracts held	Premium Allocation Approach (PAA), General Measurement Model (GMM)
Financial instruments	Measured at AC Measured at FVtOCI (with and without recycling) Measured at FVtPL
Goodwill	Amortised cost less accumulated impairment losses
Intangible assets	Amortised cost and production cost
Investments in associates	Net present value of the investment's equity or the lower recoverable amount
Investment property	Amortised cost and production cost
Owner-occupied property and equipment	Amortised cost and production cost
Receivables and Liabilities	At amortised cost
Taxes	
Income taxes	In the amount in which a receivable from/liability to the tax authorities is expected, based on the tax rates applicable on the reporting date or in the near future
Tax advisory fees	Undiscounted income taxes recoverable in future periods based on tax rates at the settlement date
Provisions	
Provisions for pensions and similar obligations	Actuarial valuation using the projected unit credit method
Provisions for other employee benefits	Actuarial valuation using the projected unit credit method
Miscellaneous provisions	Present value of the future settlement amount
Lease	At amortised cost
Other assets and liabilities	At amortised cost

For information on the accounting treatment of (re-) insurance contracts, please refer particularly to the explanatory notes in the following chapter “Initial application of standards”.

Initial application of standards

Unless otherwise stated, the standards that are to be applied for the first time, if relevant, have no or no material impact on the present consolidated financial statements.

Standards applicable that are used for the first time in the Group Annual Report	
IFRS 9	Financial instruments
Amendments to IFRS 9	Prepayment features with negative compensation
IFRS 17	Insurance contracts
Amendments to IFRS 17	Initial Application of IFRS 9 and IFRS 17 – Comparative Information
Amendments to IAS 1 and IFRS Practice Statement 2	Definition of materiality in connection with accounting policies
Amendments to IAS 8	Definition of accounting estimates and distinguishing them from changes in accounting policies
Amendments to IAS 12	Deferred taxes related to assets and liabilities arising from a single transaction
Amendments to IAS 12	Temporary exception from the recognition and disclosure of deferred taxes arising from global minimum taxation

AMENDMENTS TO IAS 1 AND IFRS PRACTICE STATEMENT 2

With regard to the application of these changes, please refer to the notes in the chapter 24.7. Materiality of Notes and the associated accounting policies starting on page 177.

AMENDMENTS TO IAS 12

EU member states have agreed on the Europe-wide implementation of the Global Anti-Base Erosion (GloBE) rules (Pillar Two) in the international tax reforms set out by the OECD. The EU directive provides that profits from multinational groups of companies or large domestic groups with consolidated sales of at least EUR 750 million will in future be subject to a tax rate of at least 15%. The directive must be incorporated into the member states' national legislation by no later than the end of 2023. The effects of global minimum taxation on the Group for 2024 and thereafter cannot be projected with any certainty at present. The VIG Insurance Group is currently working on an implementation project for global minimum taxation.

In order to represent Pillar Two of the tax reform in the IFRS financial statements, technical guidance on the amendments to IAS 12 was published by the IASB on 23 May 2023. Based on this, an exemption from the recognition of deferred tax assets and liabilities in accordance with the requirements of global minimum taxation shall be regulated until further notice. In accordance with the directive, potential effects on deferred taxes in connection with global minimum taxation are not taken into account within the VIG Insurance Group.

Due to the global minimum taxation provisions, the fully consolidated companies of the VIG Group would incur an immaterial amount of additional taxes on the basis of the results for the year 2023.

Beginning on 1 January 2023, it is mandatory to recognise deferred taxes on transactions from which temporary deductible differences to be taxed in the same amount arise upon initial recognition. The VIG Insurance Group exercised the option of earlier application in 2019.

IFRS 9 FINANCIAL INSTRUMENTS AND IFRS 17 INSURANCE CONTRACTS

VIG Insurance Group applied IFRS 9 and IFRS 17 for the first time from 1 January 2023. The first-time application leads to significant changes and therefore has a material impact on the consolidated financial statements.

The shorthand phrases used for the text and the tables in connection with IFRS 9 are set out below:

Short description	Long description
Measured at AC	Measured at Amortised Costs
Measured at FVtOCI	Measured at Fair Value through Other Comprehensive Income
Measured at FVtPL	Measured at Fair Value through Profit and Loss
Designated measured at FVtOCI	Designated measured at Fair Value through Other Comprehensive Income
Designated measured at FVtPL	Designated measured at Fair Value through Profit and Loss
ECL	Expected Credit Loss
FV	Fair Value
SPPI	Solely Payments of Principal and Interest
Mandatorily measured at FVtOCI	Mandatorily measured at Fair Value through Other Comprehensive Income
Mandatorily measured at FVtPL	Mandatorily measured at Fair Value through Profit and Loss

The shorthand phrases in connection with IFRS 17 have been used as follows for the text and the tables:

Short description	Long description
AIC	Assets for Incurred Claims
ARC	Assets for Remaining Coverage
CSM	Contractual Service Margin
FCF	Fulfilment Cash Flows
FRA	Full Retrospective Approach
FVA	Fair Value Approach
GMM	General Measurement Model
LIC	Liability for Incurred Claims
LoReCo	Loss Recovery Component
LRC	Liability for Remaining Coverage
PAA	Premium Allocation Approach
PVFCF	Present Value of Future Cash Flows
RA	Risk Adjustment
VFA	Variable Fee Approach

Comparison of consolidated opening balance sheets

Assets		Type of adjustments / reclassifications			
	31/12/2021	IFRS 17	IFRS 9	Other*	01/01/2022
in EUR '000					
Cash and cash equivalents	2,456,333			271,074	2,727,407
Financial assets	**40,207,620**	**-1,557,445**	**1,679,252**	**67,592**	**40,397,019**
Financial assets acc. to IAS 39	31,682,289	-1,557,445	-30,032,823	-92,021	0
Financial assets acc. to IFRS 9		8,346,278	31,712,075	338,666	40,397,019
Financial instruments for unit- and index-linked life insurance	8,525,331	-8,346,278		-179,053	0
Receivables	**2,067,188**	**-1,378,020**	**-3,194**	**-336,042**	**349,932**
Underwriting	1,377,531	-1,377,531			0
Non-underwriting	689,657	-489		-336,042	353,126
Risk provision			-3,194		-3,194
Current tax assets	135,053				135,053
Investments in associates	276,913				276,913
Insurance contracts	**1,564,605**	**201,804**			**1,766,409**
Reinsurers' share in underwriting provisions acc. to IFRS 4	1,564,605	-1,564,605			0
Insurance contracts assets issued acc. to IFRS 17		114,156			114,156
Reinsurance contracts assets held acc. to IFRS 17		1,652,253			1,652,253
Investment property	2,378,285		-878		2,377,407
Owner-occupied property and equipment	472,303			114,433	586,736
Other assets	390,893	-176,654		-113,934	100,305
Goodwill	1,260,226				1,260,226
Intangible assets	483,943	-14,607		-48	469,288
Deferred tax asset	311,447			274,416	585,863
Right-of-use assets	173,348				173,348
Total assets	**52,178,157**	**-2,924,922**	**1,675,180**	**277,491**	**51,205,906**

*The main adjustments are discussed in the chapter "Changes in accounting policies" starting on page 81 of these consolidated financial statements.

Liabilities and consolidated shareholders' equity		Type of adjustments / reclassifications			
	31/12/2021	IFRS 17	IFRS 9	Other*	01/01/2022
in EUR '000					
Liabilities and other payables	**1,738,513**	**-1,002,395**		**3,075**	**739,193**
Underwriting	1,166,270	-1,166,270			0
Non-underwriting	572,243	163,875		3,075	739,193
Current tax liabilities	243,382				243,382
Financial liabilities	2,623,053	747	643		2,624,443
Other liabilities	131,168	-70,852			60,316
Insurance contracts	**40,735,020**	**279,867**			**41,014,887**
Underwriting provisions acc. to IFRS 4	32,546,227	-32,546,227			0
Underwriting provisions for unit- and index-linked life insurance acc. to IFRS 4	8,188,793	-8,188,793			0
Insurance contracts liabilities issued acc. to IFRS 17		40,950,302			40,950,302
Reinsurance contracts liabilities held acc. to IFRS 17		64,585			64,585
Provisions	890,189	-32,307			857,882
Deferred tax liabilities	218,884			138,614	357,498
Consolidated shareholders' equity	5,597,948	-2,099,982	1,674,537	135,802	5,308,305
Total assets	**52,178,157**	**-2,924,922**	**1,675,180**	**277,491**	**51,205,906**

*The main adjustments are discussed in the chapter "Changes in accounting policies" starting on page 81 of these consolidated financial statements.

Comparison of consolidated cash flow statements

	2022		
	Adjusted[1]	As published within the Group Report	Amendment due to error identification[2]
in EUR '000			
Result for the period	464,003	464,291	464,291
Cash flow from operating activities	-403,996	624,982	304,759
Cash flow from investment activities	22,407	-1,001,356	-681,133
Cash flow from financing activities	-32,469	-24,050	-24,050
Change in cash and cash equivalents	**-414,058**	**-400,424**	**-400,424**

1 For additional information on the initial application of IFRS 9 and IFRS 17, please refer to the chapter "Changes in accounting policies" starting on page 81.

2 Information about error identification can be found from page 82 onwards.

Cash and cash equivalents

Cash and cash equivalents in the amount of EUR 2,456,333,000 as of 31 December 2021 were reported in the Group Annual Report 2022. Due to the modified definition, the holding was adjusted on 1 January 2022 and now amounts to EUR 2,727,407,000. The reason for the modified definition is presented on page 81.

Comparison of earnings per share

		2022	
		Adjusted[1]	As published within the Group Report
Result for the period	EUR '000	464,003	464,291
Non-controlling interests in net result for the period	EUR '000	8,334	1,650
Result for the period less non-controlling interests	**EUR '000**	**472,337**	**465,941**
Interest expenses for the hybrid capital	EUR '000	7,469	7,469
Attributable result	**EUR '000**	**464,868**	**458,472**
Number of shares at closing date	units	128,000,000	128,000,000
Earnings per share[2]	**EUR**	**3.63**	**3.58**

1 For additional information on the initial application of IFRS 9 and IFRS 17, please refer to the chapter "Changes in accounting policies" starting on page 81.

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

IFRS 9 FINANCIAL INSTRUMENTS

General information

As part of the initial application, the presentation of the financial instruments of the unit-linked and index-linked life insurance was harmonised with the balance sheet structure of the underwriting liabilities. Financial instruments for unit-linked and index-linked life insurance provide cover for unit-linked and index-linked life insurance technical provisions. The endowment and surrender payments for these policies are linked to the performance of the associated financial assets. The income from these is also credited in full to the policyholders. As a result, policyholders bear the risk associated with the performance of these investments. According to IFRS 17, these life insurance products will no longer be shown separately on the liabilities side, which is why this presentation approach is also consistently implemented for the assets side of the consolidated balance sheet.

This means that the corresponding financial instruments are shown in the consolidated balance sheet as part of the assets measured at AC or FVtPL. In addition to that, receivables and liabilities of these types of insurance products were regrouped to existing positions (e.g. other receivables, other liabilities, receivables from other fees). The classification of the unit- and index-linked life insurance's financial assets is basically measured at FVtPL, except for cash and cash equivalents and term deposits. These financial assets are measured at AC.

Primarily, and in accordance with the FVtOCI option used for IFRS 17 liabilities, other debt assets are measured at FVtOCI. By taking the FVtOCI option, VIG endeavours to keep the consequences of an asset-liability mismatch to a minimum. The following criteria were also considered:

- Business models that are not compatible with the FVtOCI category:
  - An example would represent the loan portfolio, which is due to its illiquidity held to maturity. This portfolio fulfils both the SPPI criterion as well as the definition of the "Held to Collect" business model (hold strategy) and is therefore classified as measured at AC.
- Debt instruments that are classified based on local GAAP as "Held to Maturity" are assumed to fulfil both the SPPI criterion as well as the IFRS 9 hold strategy and are therefore classified as measured at AC.
- Debt instruments for which the test on contractual cash flows (Solely Payments of Principal and Interest Test (SPPI test)) shows that the SPPI criterion is not met are measured at FVtPL. This includes mutual funds, for example.

The approach set out above may differ if management comes to the justified conclusion that in accordance with IFRS 9 another classification approach is more appropriate for the underlying transaction.

The decision on classification of equity instruments, including participations, considers the expectations about the future price returns, the possible impacts on the income statement, and the business model. Measurement at FVtOCI is not applicable for trading portfolios. The classification of equity instruments can be done on an instrument-by-instrument basis. The classification is irrevocable, and the decision is taken by each Group company itself. The classification is based on the investment strategy which correlates to the respective insurance portfolio risk.

The differences resulting from the application of IFRS 9 compared to IAS 39 have been recognised in retained earnings.

Changes to classification and measurement

To determine the classification and measurement category, IFRS 9 requires all financial assets to be assessed based on a combination of the entity's business model for managing the assets and the respective instrument's contractual cash flow characteristics. In contrast to that, the classification of financial liabilities does not follow this approach and does not differ significantly from that under IAS 39.

When IFRS 9 is applied, the previous classification for "Financial instruments available for sale" is no longer allowed. In this category, fair value changes were recognised directly in equity in other comprehensive income (reserves for unrealised gains and losses). In the case of disposals, unrealised gains and losses were reclassified to profit and loss (Recycling). IFRS 9 makes a distinction between equity and debt instruments in the fair value measurement. Equity instruments held for trading are classified through measurement at FVtPL. For equity instruments that are not held for trading, the irrevocable FVtOCI option (designated measured at FVtOCI) can be used upon initial application. For these financial instruments, the unrealised gains and losses recognised under other comprehensive income (OCI) will no longer be transferred to the result of the period, but must instead be transferred to the retained earnings as part of shareholders' equity (no recycling allowed). In the case of debt instruments such as bonds or loans, similar provisions such as those under IAS 39 "Financial instruments available for sale" apply.

VIG uses a central subledger (tool) for the measurement of financial instruments. The classification of financial assets based on the SPPI criteria has been almost entirely automated. Most investments relevant to IFRS 9 are currently managed in this tool. This makes it possible Group-wide to consistently apply IFRS 9, including the calculation of ECL. The implementation of IFRS 9 is governed in the VIG Group Guidelines, which are used for uniform implementation of IFRS 9. Under IFRS 9, financial assets that have been identified as "SPPI fail" (SPPI criterion not met) must be classified as measured at FVtPL. Illiquid portfolios for which the hold strategy is used are normally classified as measured at AC. This applies to loans in particular. Financial assets that both satisfy the SPPI criterion (SPPI pass) and are subject to the "hold to collect and sell" business model are to be categorised as measured at FVtOCI. Financial assets that are not compliant with SPPI (SPPI fail) or do not meet any of the above-mentioned business models are recognised as measured at FVtPL.

The remaining financial assets (e.g. debt instruments) are mainly categorised to measured at FVtOCI under IFRS 9.

Changes to the impairment calculation

The adoption of IFRS 9 has fundamentally changed the accounting for impairment losses for debt instruments measured at FVtOCI or at AC by replacing IAS 39's incurred loss with a forward-looking expected loss approach.

An expected credit loss allowance has to be recognised for all debt instruments that are not measured at FVtPL. For debt instruments without a significant increase in the credit risk since acquisition, the ECL is based on the portion of lifetime ECLs that would result from default events on a financial instrument that are possible within 12 months after the reporting date. However, when there has been a significant increase in credit risk since issuance or purchase of the assets, the allowance is based on the full lifetime ECL.

The debt instruments measured at FVtOCI or at AC are primarily made up of investment-grade bonds, so have a low credit risk. Under IFRS 9, such instruments can be measured on a 12-month ECL basis.

VIG's definition of default covers at least two dimensions, namely one rating-based dimension (C, D) as well as one days past due (90 days past due) based criterion. However, in certain cases, financial assets can be considered to be in default when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Such events are especially the war in Ukraine and the resulting sanctions imposed on numerous Russian issuers in the financial years 2022 and 2023.

The adoption of the ECL requirements and the associated new system resulted in an increase in the credit loss allowances related to debt instruments. With the initial application of IFRS 9, these effects were recognised under shareholders' equity in retained earnings, taking into consideration the associated deferred taxes.

The simplified approach is used for trade receivables and receivables from leases in accordance with IFRS 9.5.5.15. As a result, country-specific loss rates have been calculated based on historical probabilities of default and future parameters for determining the corresponding risk provisions. Furthermore, receivables whose contractually agreed payments are 90 days past due are classified as being in default.

Changes to disclosures required under IFRS 7

To reflect the differences between IFRS 9 and IAS 39, IFRS 7 Financial Instruments: Disclosures has also been amended. VIG applied the amended disclosure requirements, together with IFRS 9, for the year beginning 1 January 2023. The changes include transition disclosures as shown in the Transition section below.

Reconciliations for the ECL value adjustments of the IAS 39 closing balance sheet to the IFRS 9 opening balance sheet are presented in the Notes starting on page 74.

Transition

VIG has applied the Classification Overlay Approach for classifying financial instruments, and publishes the comparative information as if the IFRS 9 regulations had already been applied in the first comparative period 2022. There is no obligation to apply the impairment provisions when taking this approach, however VIG has decided to apply this approach already in the comparison period 2022, too. Any difference between the previous carrying amount of a financial asset and the amount resulting from the application of the approach have been recognised in equity under retained earnings.

As a rule, financial assets according to IFRS 9 are to be sub-divided into debt instruments and equity instruments. The following table shows the classification of debt instruments according to both IAS 39 and IFRS 9 as of the transition date 1 January 2022:

Debt instruments

IAS 39	IFRS 9			
	SPPI-pass			SPPI-fail
	Business model			
	Hold to collect*	Hold to collect and sell*	Neither	
Loans and other investments	measured at AC	measured at FVtOCI	measured at FVtPL	measured at FVtPL
Held to maturity (incl. reclassified)	measured at AC	measured at FVtOCI	measured at FVtPL	measured at FVtPL
Available for sale	measured at AC	measured at FVtOCI	measured at FVtPL	measured at FVtPL
Recognised at fair value through profit and loss	measured at AC	measured at FVtOCI	measured at FVtPL	measured at FVtPL

*Expected credit loss (ECL) must be calculated for SPPI-pass debt instruments.

Consolidated financial statements

VIG has chosen to irrevocably measure strategically held equity instruments as measured at FVtOCI. Any instruments intended for non-strategic purposes are measured at FVtPL.

Equity instrumensts

IAS 39	IFRS 9	
	Held for trading	FVtOCI-Option
Available for sale	measured at FVtPL	measured at FVtOCI
Recognised at fair value through profit and loss	measured at FVtPL	measured at FVtOCI

The initial application of IFRS 9 results in changes to IFRS 7 – Financial instruments: Disclosures, as a result of which VIG has adjusted the comparative balances as of 1 January 2022. With regard to additional adjustments, please refer to the chapter “Changes in accounting policies” starting on page 81.

Categories and reconciliation book values	31/12/2021	Adjustments			01/01/2022
	IAS 39-Book value	Reclassification IFRS 17	Reclassification	Valuation	IFRS 9-Book value
in EUR '000					
Measured at Amortised Cost	8,605,672	-105,507	-3,027,957	-25,704	5,446,504
Additions					
From loans and other investments as well as financial assets held to maturity - IFRS 9: Risk provision recognition				-25,704	-25,704
From cash and cash equivalents – IAS 39: Financial instruments for unit- and index-linked life insurance			271,074		271,074
Disposals					
To bonds measured at FVtOCI – IAS 39: Financial assets held to maturity			-1,762,412		-1,762,412
To bonds measured at FVtOCI – IAS 39: Loans and other investments			-1,464,385		-1,464,385
To loans mandatorily measured at FVtPL – IAS 39: Loans and other investments			-3,500		-3,500
To policy loans under IFRS 17 insurance contracts – IAS 39: Loans and other investments		-17,027			-17,027
To deposits retained under IFRS 17 insurance contracts – IAS 39: Loans and other investments		-88,480			-88,480
Within assets measured at AC			-68,734		-68,734
Measured at FVtOCI	25,849,069	0	-1,248,763	56,466	24,656,772
Mandatorily measured at FVtOCI	25,078,136	0	-720,326	49,666	24,407,476
Additions					
From bonds held to maturity			1,762,412	49,666	1,812,078
From loans and other investments			1,464,385		1,464,385
From bonds recognised at fair value through profit and loss*			40,804		40,804
Disposals					
To bonds designated measured at FVtPL – IAS 39: Financial assets available for sale			-294,032		-294,032
To bonds mandatorily measured at FVtPL – IAS 39: Financial assets available for sale			-920,971		-920,971
To funds mandatorily measured at FVtPL – IAS 39: Financial assets available for sale			-2,772,924		-2,772,924
Designated measured at FVtOCI	770,933	0	-528,437	6,800	249,296
Additions					
From bonds recognised at fair value through profit and loss*			388	102	490
Disposals					
To shares mandatorily measured at FVtPL – IAS 39: Financial assets available for sale			-455,448		-455,448
To shares in participating companies mandatorily measured at FVtPL – IAS 39: Financial assets available for sale			-45,299		-45,299

Categories and reconciliation book values	31/12/2021	Adjustments			01/01/2022
	IAS 39-Book value	Reclassification IFRS 17	Reclassification	Valuation	IFRS 9-Book value
in EUR '000					
To shares in affiliated non-consolidated companies mandatorily measured at FVtPL – IAS 39: Financial assets available for sale			-28,078	6,698	-21,380
Measured at FVtPL	8,772,540	-10,589	4,300,395	216,330	13,278,676
Mandatorily measured at FVtPL	8,645,446	-10,589	4,006,363	164,093	12,805,313
Additions					
From loans and other investments			3,500	251	3,751
From bonds available for sale			920,971	163,617	1,084,588
From shares available for sale			455,448		455,448
From shares in participating companies available for sale			45,299	91	45,390
From shares in affiliated non-consolidated companies available for sale			28,078	1,211	29,289
From funds available for sale			2,772,924	-3,192	2,769,732
From derivatives recognised at fair value through profit and loss*				2,115	2,115
Disposals					
To bonds measured at FVtOCI – IAS 39: Financial assets recognised at fair value through profit and loss*			-40,804		-40,804
To cash and cash equivalents measured at AC - IAS 39: Financial instruments for unit- and index-linked life insurance			-179,053		-179,053
To deposits retained under IFRS 17 insurance contracts – IAS 39: Financial instruments for unit- and index-linked life insurance		-10,589			-10,589
Designated measured at FVtPL	127,094	0	294,032	52,237	473,363
Additions					
From bonds available for sale			294,032	52,237	346,269
Total financial assets acc. to IFRS 9	43,227,281	-116,096	23,675	247,092	43,381,952

*Including held for trading

Categories and reconciliation book values	31/12/2021	Adjustments			01/01/2022
	IAS 39-Book value	Re-classification IFRS 17	Re-classification	Valuation	IFRS 9-Book value
in EUR '000					
Measured at fair value	2,705	0	643	524	3,872
Financial liabilities mandatorily measured at FVtPL	2,705			524	3,229
Financial liabilities designated at FVtPL			643		643
At amortised cost	2,939,987	0	219,046	0	3,159,033
Financial liabilities	2,620,347		222		2,620,569
IFRS 9 measured liabilities	319,640		218,824		538,464
Total	2,942,692	0	219,689	524	3,162,905

The following table shows the reconciliation of the consolidated opening loan loss provision allowances under IAS 39 to the ECL allowances under IFRS 9.

Reconciliation impairment provision	IAS 39-Book value as of 31/12/2021	Adjustments	IFRS 9-Book value as of 01/01/2022
in EUR '000			
Financial assets measured at FV	12,968	48,164	61,132
Financial assets recognised at fair value through profit and loss*	0	2	2
Reclassification to category: Financial assets measured at FVtOCI	0	2	2
Financial assets available for sale	12,968	48,162	61,130
Reclassification to category: Financial assets measured at FVtOCI	12,968	48,162	61,130
Financial assets measured at AC (loans and receivables, held to maturity, AC)	15,508	10,196	25,704
Reclassification to category: Financial assets measured at AC	15,508	10,196	25,704

*Including held for trading

The following compares the categories of financial instruments under IAS 39 and under IFRS 9 on the basis of their carrying amounts: The stated book values in the category of financial instruments measured at AC differ according to the two valuation standards because a risk provision must be considered at book value according to IFRS 9. It should also be noted that the Group has switched to "dirty value" accounting under IFRS 9. In those categories in which financial instruments are measured at fair value, the difference in the book values is likewise attributable to dirty value accounting. Further information on the changed accounting method can be found starting on page 81.

Categories and book values	IAS 39-category	IFRS 9-category	IAS 39-Book value as of 31/12/2021	IFRS 9-Book value as of 01/01/2022
in EUR '000				
Cash and cash equivalents			2,635,386	2,727,407
	Cash and cash equivalents	Cash and cash equivalents	2,456,333	2,558,994
	Financial instruments for unit- and index-linked life insurance	Cash and cash equivalents	179,053	168,413
Financial assets			40,017,977	40,397,019
Loans			2,156,064	691,930
	Loans	Measured at AC	2,152,564	688,179
	Loans	Measured at FVtPL	3,500	3,751
Bonds			25,926,034	28,260,837
	Financial assets held to maturity	Measured at AC	529,794	1,063,824
	Financial assets held to maturity	Measured at FVtOCI	2,027,926	2,137,447
	Financial assets available for sale	Measured at FVtOCI	21,090,210	22,229,224
	Financial assets available for sale	Measured at FVtPL	1,215,003	1,449,641
	Financial instruments for unit- and index-linked life insurance	Measured at FVtPL	929,771	1,247,371
	Financial assets recognised at fair value through profit and loss*	Measured at FVtOCI	40,804	40,804
	Financial assets recognised at fair value through profit and loss*	Measured at FVtPL	92,526	92,526

Categories and book values	IAS 39-category	IFRS 9-category	IAS 39-Book value as of 31/12/2021	IFRS 9-Book value as of 01/01/2022
in EUR '000				
Term deposits	Measured at AC	Measured at AC	872,227	709,568
Funds			10,255,045	9,831,028
	Financial assets available for sale	Measured at FVtPL	2,772,923	2,769,732
	Financial instruments for unit- and index-linked life insurance	Measured at FVtPL	7,404,978	6,984,152
	Financial assets recognised at fair value through profit and loss*	Measured at FVtPL	77,144	77,144
Derivatives	Financial assets recognised at fair value through profit and loss*	Measured at FVtPL	30,066	32,181
Shares and shares in companies			778,541	871,475
Shares			499,025	583,857
	Financial assets available for sale	Measured at FVtOCI	35,968	35,968
	Financial assets available for sale	Measured at FVtPL	455,449	541,221
	Financial instruments for unit- and index-linked life insurance	Measured at FVtPL	940	0
	Financial assets recognised at fair value through profit and loss*	Measured at FVtOCI	388	388
	Financial assets recognised at fair value through profit and loss*	Measured at FVtPL	6,280	6,280
Shares in participating companies			96,163	96,356
	Financial assets available for sale	Measured at FVtOCI	50,864	50,966
	Financial assets available for sale	Measured at FVtPL	45,299	45,390
Shares in affiliated non-consolidated companies			183,353	191,262
	Financial assets available for sale	Measured at FVtOCI	155,275	161,973
	Financial assets available for sale	Measured at FVtPL	28,078	29,289
IFRS 9 measured receivables	Loans, receivables and measured at AC	Measured at AC	574,276	257,526
Total financial assets acc. to IFRS 9			43,227,639	43,381,952
Measured at AC			2,939,987	3,159,033
Subordinated liabilities	Measured at AC	Measured at AC	1,461,286	1,493,599
Liabilities to banks	Measured at AC	Measured at AC	351,087	351,087
Liabilities from financing activities	Measured at AC	Measured at AC	594,614	594,836
Lease liabilities	Measured at AC	Measured at AC	181,048	181,048
IFRS 9 measured liabilities	Measured at AC	Measured at AC	351,952	538,463
Measured at FVtPL			2,705	3,872
Liabilities for derivatives	Measured at fair value	Measured at FVtPL	2,705	3,229
Liabilities designated measured at FVtPL	Measured at fair value	Measured at FVtPL		643
Total financial liabilities acc. to IFRS 9			2,942,692	3,162,905

*Including held for trading

In the case of debt instruments that have thus far been designated as measured at fair value through profit and loss under IAS 39 (IAS 39 category: financial instruments measured at fair value through profit and loss), a check must be performed

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as to whether the criterion for recognition as measured at AC or at FVtOCI has been met. If this has not been met and, due to the business model, these instruments were managed on a fair value basis, they are categorised as FVtPL on a mandatory basis.

Reconciliation Designated measured at FVtPL	Mandatorily measured at FVtOCI	Designated measured at FVtOCI	Mandatorily measured at FVtPL	Designated measured at FVtPL
in EUR '000				
Financial assets	40,804	388	206,017	
Bonds	40,804		92,526	
Funds			77,144	
Derivatives			30,066	
Shares		388	6,281	
Financial liabilities			3,229	643
Liabilities for derivatives			3,229	
Liabilities designated measured at FVtPL				643

Material estimates and discretionary decisions

The material estimates and discretionary decisions made in connection with the financial instruments are presented in Note 24.2. Impairment losses on financial assets starting on page 175.

IFRS 17 INSURANCE CONTRACTS

General information

The IASB issued the accounting standard for insurance contracts (IFRS 17) on 25 June 2020. As a result, IFRS 17 supersedes the previous standard, IFRS 4, in the EU for annual periods beginning on or after 1 January 2023. IFRS 4 did not prescribe the measurement of insurance contracts and instead allowed companies to largely use local accounting requirements for the measurement of insurance contracts. VIG applied that accounting choice. The IASB imposes uniform accounting policies for insurance contracts for the first time in IFRS 17.

VIG has restated comparative information for 2022 applying the transitional provisions in Appendix C to IFRS 17. The nature of the changes in accounting policies can be summarised, as follows:

Changes to classification and measurement

The adoption of IFRS 17 did not change the principal classification of insurance contracts. This standard establishes specific principles for the recognition and measurement of insurance contracts issued and reinsurance contracts.

The steps for determining whether a contract qualifies as an IFRS 17 insurance contract are:

- Identification of whether the contract includes a significant insurance risk of another party (policyholder). Furthermore, a check is performed as to whether an obligation to compensate the policyholder is included if a determined, uncertain, future insured event disadvantages the policyholder;
- Specified embedded derivatives, distinct investment components and distinct goods or services need to be separated from insurance contracts. These specified components have to be accounted in accordance with other standards, such as IFRS 9 or IFRS 15.

The default measurement approach for contracts in scope of IFRS 17 is the general measurement model (GMM). To measure a group of insurance contracts with this approach, the following principles should be observed:

- A risk-adjusted present value of the future fulfilment cash flows will be recognised. Future cash flows take into account all available information that is consistent with observable market information.

- Additionally, an amount representing the unearned profit at inception (Contractual Service Margin (CSM)) in the group of insurance contracts is recognised.
- The profit from a group of insurance contracts is recognised for the period of time for which insurance services are made. If a group of contracts is expected to be onerous for the remaining coverage period, the loss will be recognised immediately as an expense.
- If insurance acquisition costs are paid or incurred before the underlying contract has been allocated to a group of insurance contracts, an asset is recognised in the balance sheet. After the contract has been assigned to a group, the insurance acquisition costs are included in the corresponding valuation and the directly attributable asset that was originally recognised is derecognised.

For all contracts in the life business that are eligible for direct profit participation, the Variable Fee Approach (VFA) measurement model is applied. Initial recognition takes place in accordance with the GMM. In subsequent measurement, however, the VFA differs from the GMM in that the CSM must be adjusted by the profit participation.

Compared to GMM, the Premium Allocation Approach (PAA) simplifies the calculation of the mathematical reserve (Liability for Remaining Coverage (LRC)). This model can be used for short-term insurance contracts and insurance contracts with similar measurement results compared to the GMM. In its primary non-life business, VIG applies the PAA for all contracts with a coverage period of 12 months or less. Furthermore, if the relevant eligibility criteria in accordance with IFRS 17 are fulfilled, the PAA is also applied for multi-year contracts.

The PAA measurement principles differ from the unearned premium approach in accordance with IFRS 4 in the following key areas:

- The LRC corresponds to the premiums received less deferred acquisition costs less any amounts already recognised as income in the insurance service result.
- Measurement of the LIC includes an adjustment for the time value of money. It also reflects the effect of financial risk where the premium due date and the related period of services are more than 12 months apart.
- To calculate a loss component, when measuring the LRC for onerous contracts an explicit evaluation of risk adjustment is included for non-financial risks. A provision for expected losses would have been recognised under the same conditions in accordance with IFRS 4.
- Measurement of the liability for incurred claims (LIC) is determined on a discounted probability-weighted expected value basis and includes a risk adjustment for non-financial risk. The liability therefore includes the obligation to pay other incurred insurance service expenses (acc. to IFRS 4 incurred but not reported claims (IBNR)), outstanding claims and claims handling costs.

VIG allocates insurance acquisition costs to groups of insurance contracts issued or expected to be issued on a systematic and rational basis. Insurance acquisition costs include those that are directly attributable to a group and to future groups that are expected to arise from renewals of contracts in that group. Where such insurance acquisition costs are paid or a liability has been recognised before the related group of insurance contracts is recognised, an asset for insurance acquisition costs is accounted for. Once the insurance contracts are measured, the attributable portion of this asset is derecognised and subsumed into the measurement at initial recognition of the related group's LRC. The acquisition costs recognised in the LRC are subject to regular impairment testing.

Changes to presentation and disclosure

With regard to presentation in the consolidated balance sheet, VIG summarises (re-) insurance contracts issued and reinsurance contracts held as follows:

- Portfolios of (re-) insurance contracts issued that are assets,
- Portfolios of reinsurance contracts held that are assets,
- Portfolios of (re-) insurance contracts issued that are liabilities, and
- Portfolios of reinsurance contracts held that are liabilities.

Portfolios of insurance contracts and reinsurance contracts in an asset position are presented separately from those in a liability position. Netting is not permitted in accordance with IFRS 17, this is a key difference in presentation in the balance sheet compared with IFRS 4, where netting was possible.

As with the new presentation of insurance contracts in the balance sheet, there is also a change in items in the income statement. These differ from those shown under IFRS 4 with regard to both their name and their content. The items are now presented as follows under IFRS 17:

- Insurance service revenue – issued business,
- Insurance service expenses – issued business,
- Insurance financial result and
- Insurance service result – reinsurance held.

Discount rate

The interest rate applied for discounting of cash flows is as follows for the first-time application:

Spot rates*	1 year	3 years	5 years	10 years	20 years	30 years
in %						
ALL	-0.58	-0.25	-0.08	0.21	0.46	1.05
BAM	-0.64	-0.30	-0.13	0.15	0.40	1.01
BGN	-0.64	-0.30	-0.13	0.15	0.40	1.01
CHF	-0.80	-0.48	-0.33	-0.01	-0.01	0.32
CZK	4.63	4.13	3.71	3.09	2.96	3.06
EUR	-0.58	-0.25	-0.08	0.21	0.46	1.05
GBP	0.78	1.20	1.20	1.11	1.05	1.00
GEL	7.78	8.13	8.13	8.07	7.87	7.34
HRK	-0.18	0.01	0.19	0.82	1.72	2.21
HUF	3.49	4.13	4.29	4.43	4.66	4.69
MDL	-0.58	-0.25	-0.08	0.21	0.46	1.05
MKD	-0.58	-0.25	-0.08	0.21	0.46	1.05
PLN	2.66	3.60	3.73	3.57	3.49	3.47
RON	3.93	4.52	4.68	5.07	5.01	4.68
RSD	2.21	2.76	3.29	4.01	4.17	4.06
TRY	21.64	24.35	25.35	24.27	20.71	16.92
UAH	11.43	12.73	12.68	10.14	7.58	6.82
USD	0.44	1.08	1.28	1.50	1.67	1.64

*Without illiquidity adjustment

Illiquidity adjustment	31/12/2021
in basis points	
Bosnia-Herzegovina	100
Bulgaria	45
Germany	15
Croatia (HRK)	9
Liechtenstein	15
Austria	15
Poland	63
Serbia	200
Slovakia	8
Czech Republic	29
Türkiye	26
Hungary	19

Transition

To apply IFRS 17, at the transition date, 1 January 2022, VIG has:

- identified, recognised and measured each group of insurance contracts as if IFRS 17 had always been applied (unless impracticable);
- identified, recognised and measured assets for insurance acquisition costs as if IFRS 17 had always been applied. However, no recoverability assessment was performed before the transition date. At transition date, a recoverability assessment was performed, and no impairment loss was identified;
- derecognised any existing balances that would not exist if IFRS 17 had always been applied; and
- recognised any resulting net difference in equity.

The discount rates used for groups of insurance contracts were determined at the transition date. Therefore, the locked-in discount rates, for the measurement of fulfilment cash flows of a group of insurance contracts at the date of transition, are the weighted average rates applicable at the date of initial recognition of the underlying contracts. The discount rate used for the accretion of interest on the CSM was determined using the bottom-up approach at inception.

Full retrospective approach (FRA)

VIG applied IFRS 17 retrospectively and used alternative transition methods only where the FRA was impracticable or would have involved disproportionate costs and effort. This approach was used primarily for non-life insurance contracts and for reinsurance contracts issued and held that in principle fall under the application of the PAA.

The approach requires historical data since initial recognition of the insurance contract to be obtained for all groups of contracts. VIG has used all reasonable and supportable information from its existing reporting systems to obtain the closest outcome to the full retrospective approach. However, insufficient availability of historical data is the main reason why the FRA is impracticable for VIG's long-term business, particularly for:

- most of its life portfolio as well as its health similar-to-life portfolios and
- non-life insurance portfolios that are measured in accordance with the GMM.

For each group of contracts for which the full retrospective approach was impracticable, the fair value approach has been applied.

Fair value approach (FVA)
The fair value approach is a simplified method of determining the CSM and/or loss components for groups of insurance contracts at the transition date. The CSM or loss component of the LRC at the transition date is determined as the difference between the fair value of the group of insurance contracts and the fulfilment cash flows measured at that date. In determining the fair value, the requirements of IFRS 13 Fair Value Measurement were applied; except for the application of IFRS 13.47 regarding the characteristic of short-term retrievability.

When applying the fair value approach at the transition date, it is permissible to aggregate contracts issued more than one year apart.

Reasonable and supportable information that was available at the transition date was used for the following:

- identify groups of insurance contracts,
- determine whether any contracts are direct participating insurance contracts,
- identify any discretionary cash flows for insurance contracts without direct participation features,
- determine whether an investment contract meets the definition of an investment contract with discretionary participation features as defined in IFRS 17.

VIG divides insurance finance effects into amounts recognised through profit and loss and amounts recognised directly in equity.

The cost of capital approach to determine the fair value was used to calculate the insurance contract liabilities at the transition date. This was calculated as follows:

- the economically calculated best-estimate liability without taking into account reporting requirements; plus
- a profit margin in line with the market.

Material estimates and discretionary decisions
The material estimates and discretionary decisions made in connection with the (re-) insurance contracts are presented in Note 24.1. (Re-) insurance contracts starting on page 171.

IAS 29 FINANCIAL REPORTING IN HYPERINFLATIONARY ECONOMIES
In the present consolidated financial statements, VIG has fully consolidated two Turkish companies that prepare their financial statements in the functional currency TRY. The effect of applying IAS 29 in the preceding financial year was assessed, but it was found that it would not have had any material effects on the Group's net assets, financial position and results of operations.

Despite continuously rising inflation, the analysis for the current financial year did not show any material cumulative effects on the consolidated balance sheet, but it did show a material effect on the consolidated income statement, caused mainly by the full-year inclusion of Viennalife (Türkiye). Furthermore, the future development cannot be predicted. For these reasons, VIG applied IAS 29 Financial Reporting in Hyperinflationary Economies for the first time in the present consolidated financial statements.

The necessary adjustment to account for the change in purchasing power of the functional currency was made as of the reporting date in the applicable measuring unit before conversion to the Group currency. The inflation effects resulting both from initial recognition and from measurement in subsequent periods are calculated on the basis of historical cost using the Consumer Price Index published by the Central Bank of the Republic of Türkiye (CBRT).

The first-time application effect in the amount of around EUR 2,717,000 was recognised in the currency reserve of the statement of comprehensive income. Monetary items were not adjusted in accordance with IAS 29. In accordance with IAS 21.42 lit. b, the previous year's figures remained unaffected by the IAS 29 effects in the Group.

The gain or loss in the net monetary position upon measurement in subsequent periods is recognised in the item of Other income and expenses in the consolidated income statement.

The two Turkish subsidiaries are translated into the Group currency at the end-of-period exchange rate. The same applies for the income statement values.

Additional disclosures can be found under Note 17. Hyperinflation on page 155.

Changes in accounting policies

DEFINITION OF CASH AND CASH EQUIVALENTS

Before the application of IFRS 17, IFRS 4 made it possible to account for underwriting items in accordance with local legislation. Under consideration of the regulations applicable for example in Austria (Versicherungsaufsichtsgesetz (VAG)), investments that serve to cover underwriting provisions for unit-linked and index-linked life insurance were also subject to these reporting regulations.

As a result, VIG Insurance Group decided under IFRS 4 to report the term and the definition of cash and cash equivalents in accordance with supervisory regulations. Accordingly, the regulatory investments for unit-linked and index-linked life insurance were not included in the item cash and cash equivalents in accordance with IFRS.

IFRS 9 and IFRS 17 have now been applied for the first time in these consolidated financial statements. The regulations also lead to a look-through of assets in unit-linked and index-linked life insurance. As local regulations no longer have any weight under IFRS, VIG Insurance Group has a different assessment of the reporting and therefore the definition of cash and cash equivalents in comparison to the past, which is accompanied by an IAS 8 change in accounting policy. Consequently, the previous year's figures in the consolidated cash flow statement and the balance sheet item 'cash and cash equivalents' have been adjusted in accordance with IAS 8.

CHANGE FROM CLEAN VALUE TO DIRTY VALUE ACCOUNTING

In addition to the changes in connection with the initial application of IFRS 9, financial instruments are now recognised at the dirty value. This means that – in contrast to IAS 39 accounting – the accrued interest is no longer recognised as a separate item in the balance sheet, but is listed as part of the book value.

ALLOCATING INTEREST, TAXES AND DIVIDENDS

Due to the amended accounting principles from clean to dirty value, interest, taxes and dividends can now be split in the consolidated cash flow statement according to their origins (operating, investment and finance).

Identification of errors
As part of an audit of the OePR in accordance with § 2 (1) RL-KG, it was established that the consolidated financial (interim) statements 2022 of the VIENNA INSURANCE GROUP AG Wiener Versicherung Gruppe were faulty for the following reasons:

- In the consolidated cash flow statement for the financial year 2022, payments in connection with intangible assets from company acquisitions were counted twice; and
- In the consolidated financial statements as of 31/12/2022 as well as in the consolidated interim financial statements as of 30/06/2022, the disclosure of the purchase price for acquiring Aegon Hungary and Aegon Türkiye was omitted.

CONSOLIDATED CASH FLOW STATEMENT
On the one hand, the acquisition was taken into account in the item "Payments for the acquisition of subsidiaries" and, on the other hand, in the item "Payments for the acquisition of intangible assets". As both items are included in the cash flow from investment activities, the cash outflow from investment activities was overstated by EUR 320.2 million. By contrast, the cash flow from operating activities included this figure. After the correction, the cash flow from operating activities compared to the financial year 2021 shows a decline of EUR 217.4 million instead of an increase of EUR 102.8 million.

DISCLOSURE OF THE PURCHASE PRICE OF THE AEGON COMPANIES IN HUNGARY AND TÜRKIYE
A purchase price of around EUR 830 million was originally published on page 91 of the 2022 Group Annual Report for the entire transaction, including 100% of shares in all Aegon companies. As well as the Hungarian and Turkish companies, this included the acquisitions of companies in Poland and Romania, which were not yet closed by the editorial deadline for the 2022 Group Annual Report.

In the Group Annual Report on page 90, the outflow of cash and cash equivalents published with the acquired companies was stated as EUR 407,433,000. This mainly comprised the purchase price for 55% of shares in the Hungarian Aegon companies (EUR 332,456,000) and 100% of shares in the Turkish company Viennalife (formerly Aegon) (EUR 60,013,000). The compensation received from the Hungarian state-owned holding company Corvinus for 45% of shares in the Hungarian companies had already been deducted from the purchase price for the Hungarian companies cited previously.

In November 2023, further shares were acquired in the Hungarian companies. In this regard, reference is made to the statements in Note 21.3 Change in significant shares of other shareholders starting on page 162.

ADDITIONAL DISCLOSURES

Taxes
CHANGES IN TAX RATES
As a result of the 2022 tax reform, the corporate income tax rate in Austria will be reduced in stages from 25% to 24% in 2023 and then to 23% in 2024. The reduction in the corporate income tax rate in Austria resulted in a reduction of around EUR 1.5 million in current taxes for the reporting period.

The corporate income tax in Türkiye was raised from 25% to 30% in 2023. This change of tax rate increased current taxes by around EUR 3.0 million and increased deferred tax liabilities by around EUR 4.4 million.

Furthermore, the corporate tax rate in the Czech Republic was raised by 19% to 21% as of 1 January 2024. This led to an increase in deferred tax assets in this reporting period of around EUR 15.5 million.

ADDITIONAL TAX ON INSURANCE PREMIUMS IN HUNGARY

An additional tax on insurance was introduced for insurance companies operating in Hungary (Government Decree on Extra-Profit Taxes from June 2022, amended in December 2022 and May 2023). This additional tax is a progressive tax based on gross insurance premiums for both life and non-life insurance lines of business for the period of 1 July 2022 to 31 December 2024.

This decree has resulted in a significant increase in the tax burden for Hungarian VIG insurance companies. Based on the current values of Union Biztosító and Alfa (formerly Aegon), an amount of EUR 26.5 million was to be paid for the period from 1 July 2022 to 31 December 2022 and EUR 48.4 million for the period from 1 January 2023 to 31 December 2023. According to the available budgeted figures, VIG can expect an additional tax burden amounting to approximately EUR 55.1 million for the 2024 financial year.

Originally, the additional tax on insurance was effective for the period of 1 July 2022 through 31 December 2023. In May 2023, this was extended for a further year until 31 December 2024. VIG classified this extension of the insurance tax as a triggering event and performed an impairment test for the Hungary cash-generating unit as of 30 June 2023, which did not result in any necessary impairment of goodwill.

The war in Ukraine

The invasion of the Russian Federation armed forces in Ukraine marked the outbreak of war between these two countries on 24 February 2022. In doing so, the dangers associated with the well-being of the employees and the operational business (e.g. office infrastructure, energy, communications, IT security) represent significant, direct risks for the Ukraine insurance companies of VIG. For VIG Insurance Group, this could cause a range of risks to materialise which will be addressed and handled using a sustained risk management.

BUSINESS OPERATIONS IN UKRAINE

VIG Insurance Group is represented in the Ukrainian market by three insurance companies that held around EUR 123.7 million in assets as of 31 December 2023. In view of expected investment costs, particularly in the country's infrastructure and economy, an allowance for expected credit losses on sovereign bonds and bank deposits in the amount of EUR 53.2 million was recognised as of 31 December 2023. Even in the case of a complete loss on the Ukrainian activities, no negative effect on profit or loss would arise. This step creates the best possible starting position for the reconstruction after the end of the war for the VIG Insurance Group. The Ukraine CGU does not hold any intangible assets that are subject to an impairment test in accordance with IAS 36.

The VIG insurance companies in Ukraine are mainly active in the western regions of the country, so business operations have thus far only been directly impacted to a limited extent. Indirectly affected, however, are the lines of business outside the motor vehicle lines of business. This is due to the fact that, at the present time, certain property insurance lines (such as for certain regions of the country) can be underwritten only to a very limited extent. The activities of the Ukrainian insurance companies have not demonstrated any significant impact that can be attributed to the sanctions against Russia. As of the editorial deadline, the Ukrainian insurance companies have been able to maintain operations with occasional limitations despite the current conditions. Due to the current difficult situation in Ukraine, VIG is regularly examining whether the Ukrainian companies continue to satisfy the requirements as a going concern.

RUSSIAN BONDS
At the balance sheet date, the VIG Insurance Group held Russian government and corporate bonds with a book value of EUR 19.2 million (nominal value: EUR 62.1 million), on its books, for which no active market is basically available. Nevertheless, bonds with a nominal value of EUR 100.9 million were sold during the course of 2023. Due to the impairment losses recognised in the 2022 financial year in connection with Russian government and corporate bonds, a gain of approximately EUR 21.2 million from the sale was posted in the consolidated income statement.

Risks related to the geopolitical situation and the current macroeconomic environment
Despite the ongoing war of aggression against Ukraine, the macroeconomic situation improved in the reporting year. However, the conflict in Taiwan represented a potential latent threat to the global economy and the terror attack on Israel in October 2023 followed by the escalation in the Middle East represented an acute threat to the global economy.

Although the inflation dynamic weakened considerably in nearly all markets in which VIG operates, it remained at a high level. The future development of financial markets and the economy in general is still fraught with considerable uncertainty and so this represents one of the most critical risks for VIG.

Financial markets can be impacted by further geopolitical tensions such as the war in Israel and Gaza, the Taiwan conflict and the war in Ukraine. These risks are also being addressed within the scope of sustained risk management.

As of the balance sheet date, VIG held Israeli government and corporate bonds with a book value of around EUR 78.5 million (nominal value: EUR 86.1 million).

SEGMENT REPORTING

OPERATING SEGMENTS

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

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

REPORTABLE SEGMENTS

The reportable segments are established taking into consideration the aggregation criteria in accordance with IFRS 8.12 and 8.14 as well as the compliance with the defined quantitative thresholds in accordance with IFRS 8.13. As a result, the following segments are defined as reportable segments:

- Austria (including the branch offices of Wiener Städtische in Slovenia and Italy),
- Czech Republic,
- Poland,
- Extended CEE,
- Special Markets and
- Group Functions (including the branch offices of VIG Holding in Sweden, Norway and Denmark as well as those of the VIG Re in Germany and France).

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

Special Markets
The Special Markets reportable segment corresponds to the all other segments category in accordance with IFRS 8.16 and includes the countries of Germany, Georgia, Liechtenstein and Türkiye.

Group Functions
VIG Insurance Group is an internationally operating insurance group in Central and Eastern Europe. Accordingly, the Managing Board controls the insurance business separately from the coordination functions in the individual countries. That's why the individual operating segments include only those companies which are related to the insurance business. This means that companies that do not distribute or assist in the distribution of insurance products (with the exception of the pension scheme/fund business), perform loss assessments or claims settlements, or are a service company working for the Group are presented in the Group Functions segment rather than in the country in which they have their registered head office.

More specifically, this means that the Group Functions segment includes, among others, VIG Holding, VIG Re, Wiener Re, VIG Fund, corporate IT service providers, an asset management company and intermediate holding companies.

BASIS OF REVENUES

The scope of business operations includes the insurance business with private and corporate customers. The product range includes, among others, motor third party liability and motor own damage insurance, accident insurance, liability insurance, fire and natural hazards insurance as well as travel insurance.

Also a variety of life and health insurance products are offered to individuals or groups. These include, for example, supplementary health insurance, nursing care insurance as well as endowment insurance, term life insurance and investment-oriented products. In accordance with the cornerstones of VIG Insurance Group, the products are sold through all distribution channels in all markets. This means that, among other things, that insurance products are distributed by sales employees, banks, brokers or agents.

VIG Holding concentrates mainly on the control tasks of VIG Insurance Group. It also acts as a reinsurer within VIG Insurance Group as well as in the international corporate business. The Group’s own reinsurance, VIG Re, is a successful provider of reinsurance products both for insurance companies of VIG Insurance Group as well as for external partners.

Information on major customers
VIG Insurance Group does not depend to a great extent on individual customers, as per the definition of IFRS 8.34. The 10 largest customer groups account for 2.0% of the Group's gross written premiums based on IFRS 17. Companies who, according to VIG Insurance Group’s knowledge, are under common control are combined into customer groups.

GENERAL DISCLOSURES

Transfer prices between reportable segments are determined on the basis of market prices – in the same manner as transactions with third parties. Intragroup cross-segment transactions are eliminated in the consolidation column. The only exception are dividends and intercompany profits which are eliminated in the respective reportable segment.

VALUATION BASIS FOR PERFORMANCE

The financial performance of the reportable segments is assessed using different control parameters. The IFRS business operating result is used as a standardised basis. Accordingly, for reasons of comparability, the income statement by reportable segments is reconciled with the consolidated income statement and only the main items are presented. The same applies in equal measure to the balance sheet by reportable segments and consolidated balance sheet.

CONSOLIDATED INCOME STATEMENT BY REPORTABLE SEGMENT

	Austria		Czech Republic		Poland		Extended CEE	
	2023	2022 adjusted	2023	2022 adjusted	2023	2022 adjusted	2023	2022 adjusted
in EUR '000								
Insurance service result	419,575	485,053	246,148	297,571	49,330	82,082	215,909	117,479
Insurance service revenue – issued business	3,307,356	3,163,357	2,040,071	1,860,775	1,224,497	1,070,881	3,148,077	2,673,605
Insurance service expenses – issued business	-2,654,265	-2,790,420	-1,615,623	-1,456,220	-1,096,197	-950,528	-2,730,702	-2,382,596
Insurance service result – reinsurance held	-233,516	112,116	-178,300	-106,984	-78,970	-38,271	-201,466	-173,530
Total capital investment result	144,478	-57,853	46,706	18,527	28,443	29,154	71,530	29,502
Investment result	1,010,854	-740,632	183,108	-15,720	130,074	-14,845	293,611	-13,887
Income and expenses from investment property	26,252	18,701	-1,040	105	339	25	226	2,918
Insurance finance result	-908,340	646,350	-135,362	34,142	-101,970	43,974	-222,307	40,471
Result from associated consolidated companies	15,712	17,728	0	0	0	0	0	0
Finance result	-47,424	-38,910	-2,920	-1,902	-1,012	-1,134	-8,270	-1,307
Other income and expenses	-130,752	-115,272	-71,958	-73,472	-44,003	-37,611	-96,418	-52,424
Business operating result	385,877	273,018	217,976	240,724	32,758	72,491	182,751	93,250
Impairments of goodwill	0	0	0	0	-159	-184	-75,480	-26,177
Impairments of intangible assets	-1	0	0	0	-3,231	0	-6,264	-18,666
Result before taxes	385,876	273,018	217,976	240,724	29,368	72,307	101,007	48,407
Taxes	-79,355	-27,737	-24,311	-47,031	-13,381	-14,399	-48,462	-35,102
Result for the period	306,521	245,281	193,665	193,693	15,987	57,908	52,545	13,305

	Special Markets		Group Functions		Consolidation		Total	
	2023	2022 adjusted	2023	2022 adjusted	2023	2022 adjusted	2023	2022 adjusted
in EUR '000								
Insurance service result	65,705	36,923	198,873	128,465	12,559	-8,771	1,208,099	1,138,802
Insurance service revenue – issued business	617,638	483,181	1,652,249	1,399,716	-1,068,063	-913,868	10,921,825	9,737,647
Insurance service expenses – issued business	-560,300	-412,503	-1,327,773	-1,197,568	719,561	664,009	-9,265,299	-8,525,826
Insurance service result – reinsurance held	8,367	-33,755	-125,603	-73,683	361,061	241,088	-448,427	-73,019
Total capital investment result	42,833	23,600	12,435	-11,231	-62,170	-43,913	284,255	-12,214
Investment result	274,198	30,784	50,780	-8,756	-49,557	-46,640	1,893,068	-809,696
Income and expenses from investment property	543	379	5,579	15,728	-55	-54	31,844	37,802
Insurance finance result	-231,908	-7,563	-44,678	-18,762	-12,558	2,781	-1,657,123	741,393
Result from associated consolidated companies	0	0	754	559	0	0	16,466	18,287
Finance result	-577	-316	-86,233	-89,131	47,944	46,554	-98,492	-86,146
Other income and expenses	-33,945	-18,688	-142,463	-115,340	1,667	6,130	-517,872	-406,677
Business operating result	74,016	41,519	-17,388	-87,237	0	0	875,990	633,765
Impairments of goodwill	0	0	0	0	0	0	-75,639	-26,361
Impairments of intangible assets	-9,778	-3,041	-8,388	0	0	0	-27,662	-21,707
Result before taxes	64,238	38,478	-25,776	-87,237	0	0	772,689	585,697
Taxes	-26,603	-23,251	-4,331	25,826	0	0	-196,443	-121,694
Result for the period	37,635	15,227	-30,107	-61,411	0	0	576,246	464,003

CONSOLIDATED BALANCE SHEET BY REPORTABLE SEGMENTS

Assets	Austria		Czech Republic		Poland		Extended CEE	
	31/12/2023	31/12/2022 adjusted	31/12/2023	31/12/2022 adjusted	31/12/2023	31/12/2022 adjusted	31/12/2023	31/12/2022 adjusted
in EUR '000								
Cash and cash equivalents	443,840	615,018	22,870	44,017	23,271	34,859	222,730	232,504
Financial assets	21,799,897	21,469,096	3,472,630	3,270,565	2,257,297	1,960,368	6,427,772	5,703,644
Receivables	250,590	239,486	61,220	63,431	14,713	22,011	95,852	87,917
Current tax assets	9,448	7,453	32,420	19,482	4,321	6,854	10,686	4,251
Investments in associates	178,073	180,998	0	0	150	139	0	0
Insurance contracts assets issued	-1,607	10,670	178,842	86,250	6,369	668	51,420	33,095
Reinsurance contracts assets held	413,522	670,515	167,070	166,729	89,127	74,611	169,046	127,894
Investment property	2,058,031	1,904,935	35,864	16,405	20,842	18,488	191,011	160,350
Owner-occupied property and equipment	194,660	196,120	178,014	178,299	19,814	18,046	171,861	164,202
Other assets	56,593	39,848	21,529	19,824	3,674	4,137	29,426	22,665
Goodwill	301,716	301,716	456,516	468,097	151,450	140,561	451,156	497,850
Intangible assets	273,171	261,753	55,587	42,547	32,810	30,451	181,019	181,187
Deferred tax asset	219,364	241,695	174,166	197,703	0	1,953	46,963	59,298
Right-of-use assets	80,720	69,033	57,669	62,838	7,624	6,564	37,867	32,876
Total	26,278,018	26,208,336	4,914,397	4,636,187	2,631,462	2,319,710	8,086,809	7,307,733

Assets	Special Markets		Group Functions		Total	
	31/12/2023	31/12/2022 adjusted	31/12/2023	31/12/2022 adjusted	31/12/2023	31/12/2022 adjusted
In EUR '000						
Cash and cash equivalents	174,812	147,393	670,584	1,241,428	1,558,107	2,315,219
Financial assets	2,420,502	2,153,009	1,612,141	1,257,303	37,990,239	35,813,985
Receivables	26,464	30,580	46,833	47,261	495,672	490,686
Current tax assets	13,126	4,860	165,717	132,959	235,718	175,859
Investments in associates	0	0	7,399	106,824	185,622	287,961
Insurance contracts assets issued	9,243	1,600	-14,776	8,491	229,491	140,774
Reinsurance contracts assets held	141,159	80,644	828,374	754,115	1,808,298	1,874,508
Investment property	10,902	10,928	535,440	533,909	2,852,090	2,645,015
Owner-occupied property and equipment	12,913	10,341	41,897	41,684	619,159	608,692
Other assets	9,355	225	20,998	33,850	141,575	120,549
Goodwill	0	0	10,527	30,497	1,371,365	1,438,721
Intangible assets	11,726	19,491	36,048	50,371	590,361	585,800
Deferred tax asset	381	3,093	42,413	37,483	483,287	541,225
Right-of-use assets	6,583	4,641	2,353	2,711	192,816	178,663
Total	2,837,166	2,466,805	4,005,948	4,278,886	48,753,800	47,217,657

Liabilities and consolidated shareholders' equity	Austria		Czech Republic		Poland		Extended CEE	
	31/12/2023	31/12/2022 adjusted	31/12/2023	31/12/2022 adjusted	31/12/2023	31/12/2022 adjusted	31/12/2023	31/12/2022 adjusted
in EUR '000								
Liabilities and other payables	339,693	215,998	321,904	327,495	92,420	80,641	195,104	155,126
Current tax liabilities	105,856	77,699	428	346	0	0	6,151	3,049
Financial liabilities	526,805	547,618	81,637	86,878	8,660	7,901	39,669	35,016
Other liabilities	35,931	36,943	5,131	4,152	1,673	2,483	21,595	17,077
Insurance contracts liabilities issued	23,370,578	23,248,325	2,851,071	2,686,728	2,004,101	1,650,616	5,993,171	5,282,935
Reinsurance contracts liabilities held	15,359	14,970	-13,647	-245	1,091	1,850	-1,811	1,505
Provisions	384,499	341,264	35,977	25,987	22,582	15,293	118,158	99,999
Deferred tax liabilities	232,433	230,160	32,887	20,698	39,658	20,290	47,476	42,913
Subtotal	25,011,154	24,712,977	3,315,388	3,152,039	2,170,185	1,779,074	6,419,513	5,637,620

Liabilities and consolidated shareholders' equity	Special Markets		Group Functions		Total	
	31/12/2023	31/12/2022 adjusted	31/12/2023	31/12/2022 adjusted	31/12/2023	31/12/2022 adjusted
in EUR '000						
Liabilities and other payables	63,003	49,395	100,551	121,173	1,112,675	949,828
Current tax liabilities	14,342	14,890	30,239	19,630	157,016	115,614
Financial liabilities	6,862	4,705	1,732,688	2,230,496	2,396,321	2,912,614
Other liabilities	1,192	1,363	13,435	16,363	78,957	78,381
Insurance contracts liabilities issued	2,464,887	2,204,987	1,120,284	1,296,783	37,804,092	36,370,374
Reinsurance contracts liabilities held	18,349	12,341	4,840	7,321	24,181	37,742
Provisions	15,795	29,344	171,609	157,992	748,620	669,879
Deferred tax liabilities	32,781	26,073	16,973	29,218	402,208	369,352
Subtotal	2,617,211	2,343,098	3,190,619	3,878,976	42,724,070	41,503,784
Consolidated shareholders' equity					6,029,730	5,713,873
Total					48,753,800	47,217,657

The amounts disclosed for each reportable segment have been adjusted to exclude amounts resulting from intrasegment transactions. As a result, the segment assets and liabilities cannot be netted to determine the segment shareholders' equity.

EXPLANATORY NOTES TO THE NET ASSETS, FINANCIAL POSITION AND OPERATING RESULTS

1. INSURANCE CONTRACTS

The accounting policies used are presented in Note 25.3. (Re-) insurance contracts starting on page 179.

For better readability, the short versions of IFRS 17 descriptions are used.

Short description	Long description
AIC	Assets for Incurred Claims
ARC	Assets for Remaining Coverage
CSM	Contractual Service Margin
FCF	Fulfilment Cash Flows
FRA	Full Retrospective Approach
FVA	Fair Value Approach
GMM	General Measurement Model
LIC	Liability for Incurred Claims
LoReCo	Loss Recovery Component
LRC	Liability for Remaining Coverage
PAA	Premium Allocation Approach
PVFCF	Present Value of Future Cash Flows
RA	Risk Adjustment
VFA	Variable Fee Approach

1.1. Overview

The portfolio status is valued prior to any consolidation steps and is decisive for whether a portfolio of insurance contracts is recognised as an asset or a liability. After excluding intercompany transactions, a valuation is not carried out again. The same applies to determining the loss component and the accompanying allocation of to “onerous” or “non-onerous”.

Composition	31/12/2023			
	PAA	GMM	VFA	Total
in EUR '000				
Insurance contracts assets issued	-5,597	229,916	1,384	229,491
Assets for Remaining Coverage (ARC)	17,945	314,238	1,404	333,587
Estimates of the PVFCF		824,480	6,599	
Risk Adjustment		-240,463	-1,542	
Contractual Service Margin		-269,779	-3,653	
Assets for Incurred Claims	-23,542	-84,322	-20	-107,884
As an asset recognised insurance acquisition costs				3,788
Reinsurance contracts assets held	1,257,432	550,866		1,808,298
Assets for Remaining Coverage (ARC)	67,558	-102,806		-35,248
Estimates of the PVFCF		-169,030		
Risk Adjustment		5,889		
Contractual Service Margin		60,335		
Assets for Incurred Claims	1,189,874	653,672		1,843,546
Insurance contracts liabilities issued	-7,841,483	-3,014,823	-26,896,421	-37,804,092
Liability for Remaining Coverage (LRC)	-1,845,696	-2,368,596	-26,072,494	-30,286,786
Estimates of the PVFCF		-1,725,833	-19,974,708	
Risk Adjustment		-148,464	-981,722	
Contractual Service Margin		-494,299	-5,116,064	
Liability for Incurred Claims	-5,995,787	-646,227	-823,927	-7,465,941
As a liability recognised insurance acquisition costs				-51,365
Reinsurance contracts liabilities held	8,924	-33,105		-24,181
Liability for Remaining Coverage (LRC)	-3,630	-31,587		-35,217
Estimates of the PVFCF		-59,851		
Risk Adjustment		2,053		
Contractual Service Margin		26,211		
Liability for Incurred Claims	12,554	-1,518		11,036

Composition	31/12/2022			
	PAA	GMM	VFA	Total
in EUR '000				
Insurance contracts assets issued	6,069	121,696	2,525	140,774
Assets for Remaining Coverage (ARC)	8,502	189,354	2,527	200,383
Estimates of the PVFCF		637,932	3,905	
Risk Adjustment		-175,722	-693	
Contractual Service Margin		-272,856	-685	
Assets for Incurred Claims	-2,433	-67,658	-2	-70,093
As an asset recognised insurance acquisition costs				10,484
Reinsurance contracts assets held	1,332,013	542,495		1,874,508
Assets for Remaining Coverage (ARC)	46,405	-66,050		-19,645
Estimates of the PVFCF		-138,757		
Risk Adjustment		3,364		
Contractual Service Margin		69,343		
Assets for Incurred Claims	1,285,608	608,545		1,894,153
Insurance contracts liabilities issued	-7,280,414	-2,738,574	-26,291,427	-36,370,374
Liability for Remaining Coverage (LRC)	-1,688,614	-2,187,162	-25,486,127	-29,361,903
Estimates of the PVFCF		-1,525,364	-19,354,171	
Risk Adjustment		-167,595	-963,615	
Contractual Service Margin		-494,203	-5,168,341	
Liability for Incurred Claims	-5,591,800	-551,412	-805,300	-6,948,512
As a liability recognised insurance acquisition costs				-59,959
Reinsurance contracts liabilities held	-5,837	-31,905		-37,742
Liability for Remaining Coverage (LRC)	-22,244	-30,586		-52,830
Estimates of the PVFCF		-61,026		
Risk Adjustment		1,830		
Contractual Service Margin		28,610		
Liability for Incurred Claims	16,407	-1,319		15,088

Development – (Re-) insurance contracts	2023			2022		
All measurement models	issued	held	Total	issued	held	Total
in EUR '000						
Contractual Service Margin as of 01/01	-5,936,082	97,951	-5,838,131	-5,165,945	62,616	-5,103,329
Insurance service result	62,250	-12,397	49,853	-534,030	31,377	-502,653
Changes that relate to current services	612,587	-12,051	600,536	589,749	4,398	594,147
Amount of CSM recognised in profit or loss	612,587	-12,051	600,536	589,749	4,398	594,147
Changes that relate to future services	-550,337	-346	-550,683	-1,123,779	26,979	-1,096,800
Changes in estimates that adjust the CSM	-136,282	-55,856	-192,138	-851,581	5,794	-845,787
Contracts initially recognised in the period	-414,055	55,510	-358,545	-272,198	21,185	-251,013
Insurance finance result	-59,032	5,481	-53,551	-38,509	2,458	-36,051
Total changes in the statement of comprehensive income	3,218	-6,916	-3,698	-572,539	33,835	-538,704
Exchange rate differences	49,072	-4,492	44,580	19,783	-721	19,062
Changes in scope of consolidation	0	0	0	-217,381	2,221	-215,160
Contractual Service Margin as of 31/12	-5,883,792	86,543	-5,797,249	-5,936,082	97,951	-5,838,131

1.2. Assumptions used

Cost of capital and confidence level
The VIG Insurance Group's cost of capital rate used for risk adjustment in the financial year 2023 amounts to 6.0% (2022: 6.0%).

The Group's risk adjustment for life, health, non-life insurance contracts corresponds to an average confidence level of 79.5% (2022: 79.3%).

Discount rate

Spot rates*	31/12/2023						31/12/2022					
	1 year	3 years	5 years	10 years	20 years	30 years	1 year	3 years	5 years	10 years	20 years	30 years
in %												
ALL	3.36	2.44	2.32	2.39	2.41	2.52	3.18	3.20	3.13	3.09	2.76	2.73
BAM	3.31	2.39	2.27	2.34	2.36	2.48	3.13	3.15	3.08	3.04	2.72	2.69
BGN	3.31	2.39	2.27	2.34	2.36	2.48	3.13	3.15	3.08	3.04	2.72	2.69
CHF	1.17	1.10	1.05	1.16	1.49	1.71	1.06	1.23	1.34	1.49	1.58	1.76
CZK	5.18	3.68	3.41	3.38	3.44	3.45	6.51	5.78	5.05	4.60	4.38	4.17
EUR	3.36	2.44	2.32	2.39	2.41	2.52	3.18	3.20	3.13	3.09	2.76	2.73
EUR (Croatia)	3.36	2.63	2.61	2.83	3.07	3.17	-	-	-	-	-	-
GBP	4.74	3.67	3.35	3.28	3.43	3.35	4.46	4.33	4.06	3.71	3.53	3.35
GEL	14.85	13.14	12.33	12.07	11.47	10.03	10.19	8.72	9.35	10.56	10.10	8.99
HRK	-	-	-	-	-	-	2.49	3.04	3.35	4.15	4.36	4.19
HUF	6.30	5.93	5.71	5.78	6.00	5.70	13.65	11.34	9.66	8.61	8.03	7.15
MDL	3.36	2.44	2.32	2.39	2.41	2.52	3.18	3.20	3.13	3.09	2.76	2.73
MKD	3.36	2.44	2.32	2.39	2.41	2.52	3.18	3.20	3.13	3.09	2.76	2.73
PLN	4.95	4.83	4.84	5.10	4.94	4.59	6.40	6.72	6.74	6.65	6.01	5.38
RON	6.03	5.99	6.05	6.14	5.67	5.12	6.98	7.25	7.64	8.56	8.01	6.91
RSD	5.09	5.22	5.45	6.84	7.00	6.20	4.73	6.21	6.51	7.34	7.09	6.24
TRY	39.34	31.17	24.78	21.36	19.14	15.84	12.32	8.79	8.46	10.21	10.41	9.29
UAH	17.16	19.14	17.47	11.18	7.28	6.46	18.36	22.12	21.32	13.78	8.14	6.99
USD	4.76	3.72	3.50	3.45	3.46	3.23	5.07	4.26	3.95	3.75	3.63	3.27

*Without illiquidity adjustment

Under certain conditions, the Croatian Insurance Bureau permits the use of a specially calculated interest rate generated on the basis of the EUR bonds of the Croatian National Bank. That is why two different EUR interest rates are presented in the table above.

Illiquidity adjustment	31/12/2023	31/12/2022
in basis points		
Albania	41	40
Bosnia-Herzegovina	56	43
Bulgaria	59	61
Germany	56	45
Estonia	41	37
Georgia	40	194
Kosovo	41	40
Croatia	28	11
Latvia	41	40
Liechtenstein	39	25
Lithuania	41	40
North Macedonia	41	40
Moldova	41	40
Austria	40	37
Poland	69	89
Romania	35	37
Serbia	200	200
Slovakia	40	34
Czech Republic	32	31
Türkiye	54	39
Ukraine	229	151
Hungary	52	73

1.3. Insurance contracts issued

Development	2023			2022		
All measurement models	LRC / ARC		LIC / AIC	LRC / ARC		LIC / AIC
	Excl. loss component	Loss component		Excl. loss component	Loss component	
in EUR '000						
Assets as of 01/01	208,090	-7,707	-70,093	113,336	0	-25,119
Liabilities as of 01/01	-29,288,729	-73,174	-6,948,512	-34,410,922	-12,418	-6,448,414
Net book value as at 01/01	**-29,080,639**	**-80,881**	**-7,018,605**	-34,297,586	-12,418	-6,473,533
Insurance service result	11,195,729	13,517	-9,552,720	10,807,468	-68,852	-9,526,794
Insurance finance result	-992,748	-1,652	-704,351	971,796	-186	-246,939
Unrealised gains and losses acc. to IFRS 17	-928,606	0	-139,005	3,620,545	0	369,925
Total changes in the statement of comprehensive income	**9,274,375**	**11,865**	**-10,396,076**	15,399,809	-69,038	-9,403,808
Exchange rate differences	173,163	293	34,317	-80,480	577	115,927
Changes in scope of consolidation	0	0	0	-662,516	0	-87,242
Total fulfilment cash flows	-10,251,377	0	9,806,538	-9,439,864	0	8,830,051
Net book value as at 31/12	**-29,884,478**	**-68,723**	**-7,573,826**	-29,080,637	-80,879	-7,018,605
Assets as of 31/12	342,579	-8,993	-107,884	208,090	-7,707	-70,093
Liabilities as of 31/12	-30,227,056	-59,730	-7,465,941	-29,288,729	-73,174	-6,948,512

Development Premium Allocation Approach	2023					
	LRC / ARC			LIC / AIC		
	Excl. loss component	Loss component	Total	PVFCF	RA	Total
in EUR '000						
Assets as of 01/01	8,502	0	8,502	-2,383	-50	-2,433
Liabilities as of 01/01	-1,683,360	-5,254	-1,688,614	-5,345,181	-246,619	-5,591,800
Net book value as at 01/01	**-1,674,858**	**-5,254**	**-1,680,112**	**-5,347,564**	**-246,669**	**-5,594,233**
Insurance service result	6,191,529	-3,644	6,187,885	-5,194,441	696	-5,193,745
Insurance service revenue – issued business	8,531,488	0	8,531,488	0	0	0
Other insurance contracts	8,531,488		8,531,488			0
Insurance service expenses	-2,350,065	-3,644	-2,353,709	-5,184,335	696	-5,183,639
Incurred claims and other insurance service expenses	-603,987		-603,987	-5,053,578		-5,053,578
Losses of onerous contracts and reversals of those losses		-3,644	-3,644			0
Changes fulfilment cash flows relating to LIC			0	-130,757	696	-130,061
Amortisation of insurance acquisition costs	-1,746,078		-1,746,078			0
Investment components	10,106		10,106	-10,106		-10,106
Insurance finance result	213		213	-191,574	-15,129	-206,703
Unrealised gains and losses acc. to IFRS 17			0	-129,383		-129,383
Total changes in the statement of comprehensive income	**6,191,742**	**-3,644**	**6,188,098**	**-5,515,398**	**-14,433**	**-5,529,831**
Exchange rate differences	126,470	-103	126,367	21,046	-7,247	13,799
Total fulfilment cash flows	**-6,462,103**	**0**	**-6,462,103**	**5,090,936**	**0**	**5,090,936**
Received premiums	-8,872,233		-8,872,233			0
Claims and other insurance service expenses paid			0	5,090,936		5,090,936
Insurance acquisition costs	2,410,130		2,410,130			0
Net book value as at 31/12	**-1,818,749**	**-9,001**	**-1,827,750**	**-5,750,980**	**-268,349**	**-6,019,329**
Assets as of 31/12	17,945	0	17,945	-23,172	-370	-23,542
Liabilities as of 31/12	-1,836,695	-9,001	-1,845,696	-5,727,808	-267,979	-5,995,787

Development Premium Allocation Approach	2022					
	LRC / ARC			LIC / AIC		
	Excl. loss component	Loss component	Total	PVFCF	RA	Total
in EUR '000						
Assets as of 01/01	2,735	0	2,735	-1,412	-12	-1,424
Liabilities as of 01/01	-1,422,338	-8,626	-1,430,964	-4,887,461	-257,705	-5,145,166
Net book value as at 01/01	-1,419,603	-8,626	-1,428,229	-4,888,873	-257,717	-5,146,590
Insurance service result	5,444,447	3,361	5,447,808	-4,888,472	-8,240	-4,896,712
Insurance service revenue – issued business	7,516,801	0	7,516,801	0	0	0
Other insurance contracts	7,516,801		7,516,801			0
Insurance service expenses	-2,075,381	3,361	-2,072,020	-4,885,445	-8,240	-4,893,685
Incurred claims and other insurance service expenses	-474,570		-474,570	-4,188,957		-4,188,957
Losses of onerous contracts and reversals of those losses		3,361	3,361			0
Changes fulfilment cash flows relating to LIC			0	-696,488	-8,240	-704,728
Amortisation of insurance acquisition costs	-1,600,811		-1,600,811			0
Investment components	3,027		3,027	-3,027		-3,027
Insurance finance result	35		35	-28,872	1,457	-27,415
Unrealised gains and losses acc. to IFRS 17	0		0	311,989	19,765	331,754
Total changes in the statement of comprehensive income	5,444,482	3,361	5,447,843	-4,605,355	12,982	-4,592,373
Exchange rate differences	-29,616	12	-29,604	82,199	-155	82,044
Changes in scope of consolidation	-40,087	0	-40,087	-66,080	-1,779	-67,859
Total fulfilment cash flows	-5,630,033	0	-5,630,033	4,130,545	0	4,130,545
Received premiums	-7,747,331		-7,747,331			0
Claims and other insurance service expenses paid			0	4,130,545		4,130,545
Insurance acquisition costs	2,117,298		2,117,298			0
Net book value as at 31/12	-1,674,857	-5,253	-1,680,110	-5,347,564	-246,669	-5,594,233
Assets as of 31/12	8,502	0	8,502	-2,383	-50	-2,433
Liabilities as of 31/12	-1,683,360	-5,254	-1,688,614	-5,345,181	-246,619	-5,591,800

Development General Measurement Model	2023			2022		
	LRC / ARC		LIC / AIC	LRC / ARC		LIC / AIC
	Excl. loss component	Loss component		Excl. loss component	Loss component	
in EUR '000						
Assets as of 01/01	197,061	-7,707	-67,658	110,527	0	-23,695
Liabilities as of 01/01	-2,142,191	-44,971	-551,412	-2,367,175	-967	-573,091
Net book value as at 01/01	**-1,945,130**	**-52,678**	**-619,070**	**-2,256,648**	**-967**	**-596,786**
Insurance service result	1,320,060	18,970	-1,149,384	1,147,640	-52,668	-970,068
Insurance service revenue – issued business	1,006,668	0	0	842,397	0	0
Insurance contracts under FVA	225,762			305,085		
Other insurance contracts	780,906			537,312		
Insurance service expenses	-157,893	18,970	-678,099	-144,392	-52,668	-520,433
Incurred claims and other insurance service expenses	-46,659		-504,389	-62,465		-404,609
Losses of onerous contracts and reversals of those losses		18,970			-52,668	0
Changes fulfilment cash flows relating to LIC			-173,710			-115,824
Amortisation of insurance acquisition costs	-111,234			-81,927		0
Investment components	471,285		-471,285	449,635		-449,635
Insurance finance result	-126,196	-1,801	-139	-65,577	-186	-2,421
Unrealised gains and losses acc. to IFRS 17	-141,989		-9,622	508,124		38,171
Total changes in the statement of comprehensive income	**1,051,875**	**17,169**	**-1,159,145**	**1,590,187**	**-52,854**	**-934,318**
Exchange rate differences	76,176	-330	-486	16,235	1,143	30,426
Changes in scope of consolidation	0	0	0	-165,140	0	-6,582
Total fulfilment cash flows	**-1,201,442**	**0**	**1,048,151**	**-1,129,763**	**0**	**888,191**
Received premiums	-1,669,613			-1,549,057		
Claims and other insurance service expenses paid			1,048,151			888,191
Insurance acquisition costs	468,171			419,294		
Net book value as at 31/12	**-2,018,521**	**-35,839**	**-730,550**	**-1,945,129**	**-52,678**	**-619,069**
Assets as of 31/12	323,230	-8,993	-84,322	197,061	-7,707	-67,658
Liabilities as of 31/12	-2,341,749	-26,847	-646,227	-2,142,191	-44,971	-551,412

Development	2023			2022		
Variable Fee Approach	LRC / ARC		LIC / AIC	LRC / ARC		LIC / AIC
	Excl. loss component	Loss component		Excl. loss component	Loss component	
in EUR '000						
Assets as of 01/01	2,527	0	-2	74	0	0
Liabilities as of 01/01	-25,463,178	-22,949	-805,300	-30,621,409	-2,825	-730,157
Net book value as at 01/01	**-25,460,651**	**-22,949**	**-805,302**	**-30,621,335**	**-2,825**	**-730,157**
Insurance service result	3,684,140	-1,809	-3,209,591	4,215,381	-19,545	-3,660,014
Insurance service revenue – issued business	1,383,670	0	0	1,378,450	0	0
Insurance contracts under FVA	1,211,339			1,252,515		
Other insurance contracts	172,331			125,935		
Insurance service expenses	-178,344	-1,809	-730,777	-178,948	-19,545	-644,135
Incurred claims and other insurance service expenses	-131,041	0	-740,131	-140,303	0	-651,459
Losses of onerous contracts and reversals of those losses	0	-1,809	0	0	-19,545	0
Changes fulfilment cash flows relating to LIC	0	0	9,354	0	0	7,324
Amortisation of insurance acquisition costs	-47,303	0	0	-38,645	0	0
Investment components	2,478,814	0	-2,478,814	3,015,879	0	-3,015,879
Insurance finance result	-866,765	149	-497,509	1,037,338	0	-217,103
Unrealised gains and losses acc. to IFRS 17	-786,617	0	0	3,112,421	0	0
Total changes in the statement of comprehensive income	**2,030,758**	**-1,660**	**-3,707,100**	**8,365,140**	**-19,545**	**-3,877,117**
Exchange rate differences	-29,483	726	21,004	-67,099	-578	3,457
Changes in scope of consolidation	0	0	0	-457,289	0	-12,801
Total fulfilment cash flows	**-2,587,832**	**0**	**3,667,451**	**-2,680,068**	**0**	**3,811,315**
Received premiums	-3,086,382			-3,148,767		
Claims and other insurance service expenses paid			3,667,451			3,811,315
Insurance acquisition costs	498,550			468,699		
Net book value as at 31/12	**-26,047,208**	**-23,883**	**-823,947**	**-25,460,651**	**-22,948**	**-805,303**
Assets as of 31/12	1,404	0	-20	2,527	0	-2
Liabilities as of 31/12	-26,048,612	-23,882	-823,927	-25,463,178	-22,949	-805,300

Developments of LRC / ARC and LIC / AIC by measurement components	2023			
General Measurement Model	PVFCF	RA	CSM	Total
in EUR '000				
Assets as of 01/01	576,413	-181,860	-272,856	121,697
Liabilities as of 01/01	-2,071,808	-172,563	-494,203	-2,738,574
Net book value as at 01/01	**-1,495,395**	**-354,423**	**-767,059**	**-2,616,877**
Insurance service result	188,431	-17,295	18,510	189,646
Changes that relate to current services	-254,149	57,960	204,484	8,295
Amount of CSM recognised in profit or loss			204,484	204,484
Amount of RA for the risk expired recognised in profit or loss		65,370		65,370
Experience adjustments	-254,149	-7,410		-261,559
Changes that relate to future services	280,695	-76,197	-185,974	18,524
Contracts initially recognised in the period	318,262	-95,045	-233,453	-10,236
Changes in estimates that adjust the CSM	-65,615	17,374	47,479	-762
Changes in estimates that do not adjust the CSM	28,048	1,474		29,522
Changes that relate to past services	161,885	942	0	162,827
Changes in fulfilment cash flows relating to incurred claims	161,885	942	0	162,827
Insurance finance result	-58,618	-9,210	-60,308	-128,136
Unrealised gains and losses acc. to IFRS 17	-120,568	-31,043	0	-151,611
Total changes in the statement of comprehensive income	**9,245**	**-57,548**	**-41,798**	**-90,101**
Exchange rate differences	24,578	6,004	44,779	75,361
Total fulfilment cash flows	**-153,291**	**0**	**0**	**-153,291**
Received premiums	-1,669,613			-1,669,613
Claims and other insurance service expenses paid as well as investment components	1,048,151			1,048,151
Insurance acquisition costs	468,171			468,171
Net book value as at 31/12	**-1,614,863**	**-405,967**	**-764,078**	**-2,784,908**
Assets as of 31/12	745,643	-245,949	-269,779	229,915
Liabilities as of 31/12	-2,360,506	-160,018	-494,299	-3,014,823

Developments of LRC / ARC and LIC / AIC by measurement components	2022			
General Measurement Model	PVFCF	RA	CSM	Total
in EUR '000				
Assets as of 01/01	233,411	-52,716	-93,862	86,833
Liabilities as of 01/01	-2,097,427	-294,443	-549,363	-2,941,233
Net book value as at 01/01	-1,864,016	-347,159	-643,225	-2,854,400
Insurance service result	199,692	-38,243	-36,545	124,904
Changes that relate to current services	-193,769	47,067	166,793	20,091
Amount of CSM recognised in profit or loss			166,793	166,793
Amount of RA for the risk expired recognised in profit or loss		53,448		53,448
Experience adjustments	-193,769	-6,381		-200,150
Changes that relate to future services	237,945	-89,938	-203,338	-55,331
Contracts initially recognised in the period	221,434	-112,299	-144,485	-35,350
Changes in estimates that adjust the CSM	32,793	21,444	-58,853	-4,616
Changes in estimates that do not adjust the CSM	-16,282	917		-15,365
Changes that relate to past services	155,516	4,628	0	160,144
Changes in fulfilment cash flows relating to incurred claims	155,516	4,628	0	160,144
Insurance finance result	-29,763	-3,370	-35,051	-68,184
Unrealised gains and losses acc. to IFRS 17	499,478	46,817	0	546,295
Total changes in the statement of comprehensive income	669,407	5,204	-71,596	603,015
Exchange rate differences	35,140	-3,526	16,188	47,802
Changes in scope of consolidation	-94,354	-8,942	-68,426	-171,722
Total fulfilment cash flows	-241,572	0	0	-241,572
Received premiums	-1,549,057			-1,549,057
Claims and other insurance service expenses paid as well as investment components	888,191			888,191
Insurance acquisition costs	419,294			419,294
Net book value as at 31/12	-1,495,395	-354,423	-767,059	-2,616,877
Assets as of 31/12	576,413	-181,860	-272,856	121,697
Liabilities as of 31/12	-2,071,808	-172,563	-494,203	-2,738,574

Developments of LRC / ARC and LIC / AIC by measurement components	2023			
Variable Fee Approach	PVFCF	RA	CSM	Total
in EUR '000				
Assets as of 01/01	3,902	-693	-685	2,524
Liabilities as of 01/01	-20,141,490	-981,596	-5,168,341	-26,291,427
Net book value as at 01/01	-20,137,588	-982,289	-5,169,026	-26,288,903
Insurance service result	381,332	47,669	43,740	472,741
Changes that relate to current services	-294,353	91,776	408,102	205,525
Amount of CSM recognised in profit or loss			408,102	408,102
Amount of RA for the risk expired recognised in profit or loss		95,720		95,720
Experience adjustments	-294,353	-3,944		-298,297
Changes that relate to future services	259,602	-55,722	-364,362	-160,482
Contracts initially recognised in the period	237,171	-58,620	-180,602	-2,051
Changes in estimates that adjust the CSM	8,618	0	-183,760	-175,142
Changes in estimates that do not adjust the CSM	13,813	2,898		16,711
Changes that relate to past services	416,083	11,615	0	427,698
Changes in fulfilment cash flows relating to incurred claims	416,083	11,615		427,698
Insurance finance result	-1,302,115	-63,284	1,275	-1,364,124
Unrealised gains and losses acc. to IFRS 17	-786,617	0	0	-786,617
Total changes in the statement of comprehensive income	-1,707,400	-15,615	45,015	-1,678,000
Exchange rate differences	15,833	-27,882	4,294	-7,755
Total fulfilment cash flows	1,079,619	0	0	1,079,619
Received premiums	-3,086,382			-3,086,382
Claims and other insurance service expenses paid as well as investment components	3,667,451			3,667,451
Insurance acquisition costs	498,550			498,550
Net book value as at 31/12	-20,749,536	-1,025,786	-5,119,717	-26,895,039
Assets as of 31/12	6,578	-1,542	-3,653	1,383
Liabilities as of 31/12	-20,756,114	-1,024,244	-5,116,064	-26,896,422

Developments of LRC / ARC and LIC / AIC by measurement components	2022			
Variable Fee Approach	PVFCF	RA	CSM	Total
in EUR '000				
Assets as of 01/01	178	-16	-88	74
Liabilities as of 01/01	-25,577,919	-1,253,840	-4,522,632	-31,354,391
Net book value as at 01/01	**-25,577,741**	**-1,253,856**	**-4,522,720**	**-31,354,317**
Insurance service result	993,882	39,425	-497,486	535,821
Changes that relate to current services	-544,966	104,328	422,955	-17,683
Amount of CSM recognised in profit or loss			422,955	422,955
Amount of RA for the risk expired recognised in profit or loss		104,328		104,328
Experience adjustments	-544,966			-544,966
Changes that relate to future services	967,764	-64,903	-920,441	-17,580
Contracts initially recognised in the period	189,061	-62,957	-127,713	-1,609
Changes in estimates that adjust the CSM	794,049	0	-792,728	1,321
Changes in estimates that do not adjust the CSM	-15,346	-1,946		-17,292
Changes that relate to past services	571,084	0	0	571,084
Changes in fulfilment cash flows relating to incurred claims	571,084			571,084
Insurance finance result	556,890	266,804	-3,459	820,235
Unrealised gains and losses acc. to IFRS 17	3,112,421	0	0	3,112,421
Total changes in the statement of comprehensive income	**4,663,193**	**306,229**	**-500,945**	**4,468,477**
Exchange rate differences	-58,404	-9,410	3,594	-64,220
Changes in scope of consolidation	-295,883	-25,252	-148,955	-470,090
Total fulfilment cash flows	**1,131,247**	**0**	**0**	**1,131,247**
Received premiums	-3,148,767			-3,148,767
Claims and other insurance service expenses paid as well as investment components	3,811,315			3,811,315
Insurance acquisition costs	468,699			468,699
Net book value as at 31/12	**-20,137,588**	**-982,289**	**-5,169,026**	**-26,288,903**
Assets as of 31/12	3,902	-693	-685	2,524
Liabilities as of 31/12	-20,141,490	-981,596	-5,168,341	-26,291,427

As an asset recognised insurance acquisition costs

Development	2023	2022
in EUR '000		
As of 01/01	10,484	25,939
Allocation	4,538	2,945
Release	-10,509	-19,312
Exchange rate differences	-725	489
Changes in scope of consolidation	0	423
As of 31/12	3,788	10,484

No facts or circumstances were identified either in the current year or in the previous year that would have indicated that the item as an asset recognised insurance acquisition should have been impaired.

In the current and previous year, no insurance acquisition costs are allocated to future groups of insurance contracts, as it is not expected any renewal contracts to arise from new contracts issued in the period.

The expected derecognition of acquisition costs recognised as assets takes place within one year and amounts to EUR 3,788,000 (EUR 10,484,000).

Insurance service revenue	31/12/2023			31/12/2022		
	GMM	VFA	Total	GMM	VFA	Total
in EUR '000						
Amounts relating to the changes in the LRC incl. ARC	582,357	699,890	1,282,247	481,392	721,763	1,203,155
Expected insurance service expenses	266,393	291,024	557,417	211,850	240,920	452,770
Change in the risk adjustment for nonfinancial risk	65,370	95,720	161,090	53,448	104,328	157,776
Amount of CSM recognised in profit or loss	204,484	408,102	612,586	166,793	422,955	589,748
Other amounts	46,110	-94,956	-48,846	49,301	-46,440	2,861
Amounts relating to recovery of insurance acquisition costs	424,311	683,780	1,108,091	361,005	656,687	1,017,692
Allocation of the portion of premiums that relate to the recovery of insurance acquisition costs	424,311	683,780	1,108,091	361,005	656,687	1,017,692
Total	1,006,668	1,383,670	2,390,338	842,397	1,378,450	2,220,847

Contracts initially recognised	31/12/2023			31/12/2022		
General Measurement Model	Non-onerous	Onerous	Total	Non-onerous	Onerous	Total
in EUR '000						
Own-written	-7,002	-3,234	-10,236	-5,900	-29,450	-35,350
Estimates of present value of future cash outflows	-1,501,615	-220,586	-1,722,201	-1,050,543	-741,022	-1,791,565
thereof estimates of insurance acquisition costs	-332,238	-24,679	-356,917	-169,408	-172,694	-342,102
Estimates of present value of future cash inflows	1,817,483	222,980	2,040,463	1,257,500	755,499	2,012,999
Risk Adjustment for nonfinancial risks	-89,417	-5,628	-95,045	-68,372	-43,927	-112,299
Contractual Service Margin	-233,453	0	-233,453	-144,485	0	-144,485
Acquired	0	0	0	-171,722	0	-171,722
Estimates of present value of future cash outflows	0	0	0	-292,526	0	-292,526
thereof estimates of insurance acquisition costs	0	0	0	-35,655	0	-35,655
Estimates of present value of future cash inflows	0	0	0	198,172	0	198,172
Risk Adjustment for nonfinancial risks	0	0	0	-8,942	0	-8,942
Contractual Service Margin	0	0	0	-68,426	0	-68,426
Total	-7,002	-3,234	-10,236	-177,622	-29,450	-207,072

Contracts initially recognised	31/12/2023			31/12/2022		
Variable Fee Approach	Non-onerous	Onerous	Total	Non-onerous	Onerous	Total
in EUR '000						
Own-written	-2,537	486	-2,051	-847	-762	-1,609
Estimates of present value of future cash outflows	-1,955,842	-71,315	-2,027,157	-2,160,130	-13,532	-2,173,662
thereof estimates of insurance acquisition costs	-269,127	-10,180	-279,307	-258,933	-2,182	-261,115
Estimates of present value of future cash inflows	2,189,650	74,678	2,264,328	2,349,181	13,542	2,362,723
Risk Adjustment for nonfinancial risks	-55,743	-2,877	-58,620	-62,185	-772	-62,957
Contractual Service Margin	-180,602		-180,602	-127,713		-127,713
Acquired	0	0	0	-470,090	0	-470,090
Estimates of present value of future cash outflows	0	0	0	-454,930	0	-454,930
thereof estimates of insurance acquisition costs	0	0	0	-18,806	0	-18,806
Estimates of present value of future cash inflows	0	0	0	159,047	0	159,047
Risk Adjustment for nonfinancial risks	0	0	0	-25,252	0	-25,252
Contractual Service Margin	0	0	0	-148,955	0	-148,955
Total	-2,537	486	-2,051	-470,937	-762	-471,699

CSM expected to be recognised in profit or loss	31/12/2023					
Insurance contracts issued	1st year	2nd year	3rd year	4th year	5th year and later	Total
in EUR '000						
GMM	-144,551	-99,742	-80,610	-66,264	-372,911	-764,078
Assets for Remaining Coverage (ARC)	-39,250	-32,224	-27,666	-23,238	-147,401	-269,779
Liability for Remaining Coverage (LRC)	-105,301	-67,518	-52,944	-43,026	-225,510	-494,299
VFA	-386,096	-348,868	-319,752	-296,568	-3,768,433	-5,119,717
Assets for Remaining Coverage (ARC)	-62	-98	-133	-163	-3,197	-3,653
Liability for Remaining Coverage (LRC)	-386,034	-348,770	-319,619	-296,405	-3,765,236	-5,116,064
Total	-530,647	-448,610	-400,362	-362,832	-4,141,344	-5,883,795

CSM expected to be recognised in profit or loss	31/12/2022					
Insurance contracts issued	1st year	2nd year	3rd year	4th year	5th year and later	Total
in EUR '000						
GMM	-156,456	-101,074	-92,879	-82,566	-334,084	-767,059
Assets for Remaining Coverage (ARC)	-42,636	-33,515	-27,872	-23,459	-145,374	-272,856
Liability for Remaining Coverage (LRC)	-113,820	-67,559	-65,007	-59,107	-188,710	-494,203
VFA	-407,638	-365,891	-337,608	-310,749	-3,747,140	-5,169,026
Assets for Remaining Coverage (ARC)	-50	-50	-47	-44	-494	-685
Liability for Remaining Coverage (LRC)	-407,588	-365,841	-337,561	-310,705	-3,746,646	-5,168,341
Total	-564,094	-466,965	-430,487	-393,315	-4,081,224	-5,936,085

1.4. Reinsurance contracts held

Development	2023			2022		
All measurement models	LRC / ARC		LIC / AIC	LRC / ARC		LIC / AIC
	Excl. LoReCo	LoReCo		Excl. LoReCo	LoReCo	
in EUR '000						
Assets as of 01/01	-37,144	17,499	1,894,154	-67,049	6	1,719,297
Liabilities as of 01/01	-53,389	559	15,089	-38,174	0	-26,412
Net book value as at 01/01	-90,533	18,058	1,909,243	-105,223	6	1,692,885
Insurance service result	-1,320,660	-13,421	885,654	-1,254,805	16,788	1,164,999
Insurance finance result	-3,174	8	44,794	9	1,261	15,453
Unrealised gains and losses acc. to IFRS 17	-5,247	-833	40,996	12,410	-720	-142,444
Total changes in the statement of comprehensive income	-1,329,081	-14,246	971,444	-1,242,386	17,329	1,038,008
Exchange rate differences	26,494	752	-14,504	20,081	723	33,154
Changes in scope of consolidation	0	0	0	-7,161	0	-1,268
Total fulfilment cash flows	1,318,092	0	-1,011,600	1,244,157	0	-853,535
Net book value as at 31/12	-75,028	4,564	1,854,583	-90,532	18,058	1,909,244
Assets as of 31/12	-39,390	4,142	1,843,546	-37,144	17,499	1,894,154
Liabilities as of 31/12	-35,639	422	11,037	-53,389	559	15,089

Development Premium Allocation Approach	2023					
	LRC / ARC			LIC / AIC		
	Excl. LoReCo	LoReCo	Total	PVFCF	RA	Total
in EUR '000						
Assets as of 01/01	46,406	-1	46,405	1,257,568	28,041	1,285,609
Liabilities as of 01/01	-22,244	0	-22,244	16,198	210	16,408
Net book value as at 01/01	24,162	-1	24,161	1,273,766	28,251	1,302,017
Insurance service result	-902,442	5	-902,437	565,108	-2,829	562,279
Insurance service revenue – issued business	-931,526	0	-931,526	0	0	0
Other insurance contracts	-931,526		-931,526			
Insurance service expenses	45,835	5	45,840	548,357	-2,829	545,528
Incurred claims and other insurance service expenses	45,835		45,835	713,535		713,535
Losses of onerous contracts and reversals of those losses		5	5			
Changes fulfilment cash flows relating to LIC			0	-165,532	-2,829	-168,361
Changes in risk of non-performance by issuer of reinsurance contracts			0	354		354
Investment components	-16,751		-16,751	16,751		16,751
Insurance finance result	-198		-198	38,559	1,673	40,232
Unrealised gains and losses acc. to IFRS 17			0	33,166		33,166
Total changes in the statement of comprehensive income	-902,640	5	-902,635	636,833	-1,156	635,677
Exchange rate differences	11,725	3	11,728	-1,549	-160	-1,709
Total fulfilment cash flows	930,675		930,675	-733,557		-733,557
Received premiums	930,675		930,675			
Claims and other insurance service expenses paid as well as investment components				-733,557		-733,557
Net book value as at 31/12	63,922	7	63,929	1,175,493	26,935	1,202,428
Assets as of 31/12	67,552	6	67,558	1,163,020	26,854	1,189,874
Liabilities as of 31/12	-3,631	1	-3,630	12,473	82	12,555

Development Premium Allocation Approach	2022					
	LRC / ARC			LIC / AIC		
	Excl. LoReCo	LoReCo	Total	PVFCF	RA	Total
in EUR '000						
Assets as of 01/01	2,720	6	2,726	969,625	28,802	998,427
Liabilities as of 01/01	-10,527	0	-10,527	-23,479	398	-23,081
Net book value as at 01/01	-7,807	6	-7,801	946,146	29,200	975,346
Insurance service result	-885,836	-7	-885,843	863,762	522	864,284
Insurance service revenue – issued business	-907,486	0	-907,486	0	0	0
Other insurance contracts	-907,486		-907,486			
Insurance service expenses	31,196	-7	31,189	854,216	522	854,738
Incurred claims and other insurance service expenses	31,196		31,196	555,987	0	555,987
Losses of onerous contracts and reversals of those losses		-7	-7	0	0	0
Changes fulfilment cash flows relating to LIC			0	299,090	522	299,612
Changes in risk of non-performance by issuer of reinsurance contracts			0	-861	0	-861
Investment components	-9,546		-9,546	9,546	0	9,546
Insurance finance result	78		78	16,342	54	16,396
Unrealised gains and losses acc. to IFRS 17	0		0	-101,524	0	-101,524
Total changes in the statement of comprehensive income	-885,758	-7	-885,765	778,580	576	779,156
Exchange rate differences	19,605	0	19,605	33,394	-1,487	31,907
Changes in scope of consolidation	-1,163	0	-1,163	-2,990	-38	-3,028
Total fulfilment cash flows	899,286	0	899,286	-481,364	0	-481,364
Received premiums	899,286		899,286			
Claims and other insurance service expenses paid as well as investment components				-481,364		-481,364
Net book value as at 31/12	24,163	-1	24,162	1,273,766	28,251	1,302,017
Assets as of 31/12	46,406	-1	46,405	1,257,568	28,041	1,285,609
Liabilities as of 31/12	-22,244	0	-22,244	16,198	210	16,408

Development General Measurement Model	2023 LRC / ARC Excl. LoReCo	 LoReCo	 LIC / AIC	2022 LRC / ARC Excl. LoReCo	 LoReCo	 LIC / AIC
in EUR '000						
Assets as of 01/01	-83,550	17,500	608,545	-69,769	0	720,870
Liabilities as of 01/01	-31,145	559	-1,319	-27,647	0	-3,331
Net book value as at 01/01	-114,695	18,059	607,226	-97,416	0	717,539
Insurance service result	-418,218	-13,426	323,375	-368,969	16,795	300,715
Insurance service revenue – issued business	-407,565	0	0	-339,610	0	0
Insurance contracts under FVA	-27,416			-69,102		
Other insurance contracts	-380,149			-270,508		
Insurance service expenses	3,859	-13,426	308,863	555	16,795	270,801
Incurred claims and other insurance service expenses	2,867	0	220,334	-160	0	297,421
Losses of onerous contracts and reversals of those losses	0	-13,426	0	0	16,795	0
Changes fulfilment cash flows relating to LIC	0	0	88,775	0	0	-26,827
Changes in risk of non-performance by issuer of reinsurance contracts	992	0	-246	715	0	207
Investment components	-14,512	0	14,512	-29,914	0	29,914
Insurance finance result	-2,976	8	4,562	-69	1,261	-943
Unrealised gains and losses acc. to IFRS 17	-5,247	-833	7,830	12,410	-720	-40,920
Total changes in the statement of comprehensive income	-426,441	-14,251	335,767	-356,628	17,336	258,852
Exchange rate differences	14,769	749	-12,795	476	723	1,247
Changes in scope of consolidation	0	0	0	-5,998	0	1,760
Total fulfilment cash flows	387,417	0	-278,043	344,871	0	-372,171
Received premiums	387,417			344,871		
Claims and other insurance service expenses paid as well as investment components			-278,043			-372,171
Net book value as at 31/12	-138,950	4,557	652,155	-114,695	18,059	607,227
Assets as of 31/12	-106,942	4,136	653,672	-83,550	17,500	608,545
Liabilities as of 31/12	-32,008	421	-1,518	-31,145	559	-1,319

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Developments of LRC / ARC and LIC / AIC by measurement components	2023			
General Measurement Model	PVFCF	RA	CSM	Total
in EUR '000				
Assets as of 01/01	465,091	8,061	69,343	542,495
Liabilities as of 01/01	-62,364	1,849	28,610	-31,905
Net book value as at 01/01	402,727	9,910	97,953	510,590
Insurance service result	-104,461	8,589	-12,397	-108,269
Changes that relate to current services	-113,928	-59,437	-12,051	-185,416
Amount of CSM recognised in profit or loss			-12,051	-12,051
Amount of RA for the risk expired recognised in profit or loss		-62,087		-62,087
Experience adjustments	-113,928	2,650		-111,278
Changes that relate to future services	-78,026	63,490	-346	-14,882
Contracts initially recognised in the period	-98,321	62,655	55,510	19,844
Changes in estimates that adjust the CSM	20,295	835	-55,856	-34,726
Changes that relate to past services	86,748	4,536	0	91,284
Changes in fulfilment cash flows relating to incurred claims	86,748	4,536		91,284
Changes in risk of non-performance by issuer of reinsurance contracts	745			745
Insurance finance result	-6,249	2,362	5,481	1,594
Unrealised gains and losses acc. to IFRS 17	2,774	-1,024		1,750
Total changes in the statement of comprehensive income	-107,936	9,927	-6,916	-104,925
Exchange rate differences	8,022	-808	-4,491	2,723
Total fulfilment cash flows	109,374	0	0	109,374
Received premiums	387,417			387,417
Claims and other insurance service expenses paid as well as investment components	-278,043			-278,043
Net book value as at 31/12	412,187	19,029	86,546	517,762
Assets as of 31/12	473,577	16,955	60,335	550,867
Liabilities as of 31/12	-61,390	2,074	26,211	-33,105

Developments of LRC / ARC and LIC / AIC by measurement components	2022			
General Measurement Model	PVFCF	RA	CSM	Total
in EUR '000				
Assets as of 01/01	603,654	10,432	37,014	651,100
Liabilities as of 01/01	-57,413	833	25,602	-30,978
Net book value as at 01/01	546,241	11,265	62,616	620,122
Insurance service result	-82,190	-646	31,377	-51,459
Changes that relate to current services	789	-45,955	4,398	-40,768
Amount of CSM recognised in profit or loss			4,398	4,398
Amount of RA for the risk expired recognised in profit or loss		-47,540		-47,540
Experience adjustments	789	1,585		2,374
Changes that relate to future services	-56,023	46,342	26,979	17,298
Contracts initially recognised in the period	-46,584	50,855	21,185	25,456
Changes in estimates that adjust the CSM	-9,439	-4,513	5,794	-8,158
Changes that relate to past services	-27,878	-1,033	0	-28,911
Changes in fulfilment cash flows relating to incurred claims	-27,878	-1,033	0	-28,911
Changes in risk of non-performance by issuer of reinsurance contracts	922			922
Insurance finance result	-2,112	-98	2,458	248
Unrealised gains and losses acc. to IFRS 17	-28,231	-999	0	-29,230
Total changes in the statement of comprehensive income	-112,533	-1,743	33,835	-80,441
Exchange rate differences	3,525	-359	-719	2,447
Changes in scope of consolidation	-7,206	747	2,221	-4,238
Total fulfilment cash flows	-27,300	0	0	-27,300
Received premiums	344,871			344,871
Claims and other insurance service expenses paid as well as investment components	-372,171			-372,171
Net book value as at 31/12	402,727	9,910	97,953	510,590
Assets as of 31/12	465,091	8,061	69,343	542,495
Liabilities as of 31/12	-62,364	1,849	28,610	-31,905

Contracts initially recognised	31/12/2023			31/12/2022		
General Measurement Model	Own-written	Acquired	Total	Own-written	Acquired	Total
in EUR '000						
Estimates of present value of future cash outflows	-460,557	0	-460,557	-318,608	-14,456	-333,064
thereof estimates of insurance acquisition costs	2,160	0	2,160	-2,498	0	-2,498
Estimates of present value of future cash inflows	362,236	0	362,236	272,024	7,250	279,274
Risk Adjustment for nonfinancial risks	62,655	0	62,655	50,855	747	51,602
Contractual Service Margin	55,510	0	55,510	21,185	2,221	23,406
Total	19,844	0	19,844	25,456	-4,238	21,218

CSM expected to be recognised in profit or loss	31/12/2023					
Reinsurance contracts held	1st year	2nd year	3rd year	4th year	5th year and later	Total
in EUR '000						
GMM	19,394	11,751	9,266	7,800	38,335	86,546
Assets for Remaining Coverage (ARC)	17,244	6,974	5,512	4,582	26,023	60,335
Liability for Remaining Coverage (LRC)	2,150	4,777	3,754	3,218	12,312	26,211

CSM expected to be recognised in profit or loss	31/12/2022					
Reinsurance contracts held	1st year	2nd year	3rd year	4th year	5th year and later	Total
in EUR '000						
GMM	16,706	7,714	7,179	7,046	59,308	97,953
Assets for Remaining Coverage (ARC)	17,959	5,780	5,003	4,235	36,366	69,343
Liability for Remaining Coverage (LRC)	-1,253	1,934	2,176	2,811	22,942	28,610

1.5. Underlying assets of direct profit participating contracts

Composition	31/12/2023		31/12/2022
	Book value	Fair value	Book value
in EUR '000			
Items shown as assets	25,119,588	25,435,326	24,793,146
Cash and cash equivalents	335,674	335,674	491,361
Loans	560,776	540,828	614,192
Bonds	16,136,549	16,119,462	15,827,878
Term deposits	107,599	108,549	135,402
Funds	6,966,366	6,960,900	6,809,790
Derivatives	1,375	1,375	2,565
Shares	395,273	395,273	352,867
Shares in participating companies	12,473	12,473	15,818
Shares in affiliated non-consolidated companies	1,264	1,264	1,420
Receivables	91,801	93,065	50,619
Investment property	432,260	682,286	414,214
Owner-occupied property	78,178	184,177	77,020
Items shown as liabilities	547	547	517
Liabilities for derivatives	547	547	517

Amounts recognised in profit or loss	2023	2022
in EUR '000		
Underlying Assets	**1,478,166**	-865,540
Interest revenues using the effective interest rate method	557,255	414,274
Realised gains and losses from financial assets measured at AC	-34	-1,862
Impairment losses incl. reversal gains on financial instruments	-4,579	-52,820
Other result from financial instruments	909,162	-1,233,741
Financial result from owner occupied properties and investment properties	16,362	8,609
Non Underlying Assets	**449,824**	101,407
Interest revenues using the effective interest rate method	338,546	300,623
Realised gains and losses from financial assets measured at AC	114	-2,380
Impairment losses incl. reversal gains on financial instruments	-51,905	-52,122
Other result from financial instruments	144,509	-181,668
Financial result from owner occupied properties and investment properties	2,094	18,667
Result from associated consolidated companies	16,466	18,287
Insurance finance result – issued business	**-1,698,751**	724,671
Interest accreted to insurance contracts using current financial assumptions	-904,897	-45,698
Interest accreted to insurance contracts using locked-in rate at initial recognition	-22,095	-9,673
Changes in interest rates and other financial assumptions	-697,235	840,156
Exchange rate differences	-74,524	-60,114
Insurance finance result – reinsurance held	**41,628**	16,722
Interest accreted to insurance contracts using current financial assumptions	38,317	19,362
Interest accreted to insurance contracts using locked-in rate at initial recognition	1,705	101
Changes in interest rates and other financial assumptions	6,517	-2,993
Exchange rate differences	-4,911	252
Total	**270,867**	-22,740

Amounts recognised directly in equity	2023	2022
in EUR '000		
Underlying Assets	899,840	-2,983,305
Non Underlying Assets	391,151	-1,132,103
IFRS 17 – Insurance contracts issued	-1,067,611	3,990,469
IFRS 17 – Reinsurance contracts held	34,915	-130,755
Total	**258,295**	-255,694

Statement of comprehensive income	2023	2022
in EUR '000		
Recognised in profit or loss	**1,478,966**	1,116,062
Insurance service result	1,208,099	1,138,802
Investment result incl. result from associated consolidated companies and properties	1,927,990	-764,133
Insurance finance result	-1,657,123	741,393
Recognised directly in equity	**258,295**	-255,694
Unrealised and realised gains and losses acc. to IFRS 9	1,290,991	-4,115,408
Unrealised gains and losses acc. to IFRS 17	-1,032,696	3,859,714
Total	**1,737,261**	860,368

1.6. Portfolio performance from IFRS 17 transition date (01/01/2022)

Insurance contracts issued, measured at fair value (GMM and VFA)

Development	2023		2022	
	GMM	VFA	GMM	VFA
in EUR '000				
Contractual Service Margin as of 01/01	-386,863	-4,817,609	-458,305	-4,412,645
Insurance service result	69,718	218,752	64,711	-422,979
Changes that relate to current services	70,129	367,148	92,409	392,774
Amount of CSM recognised in profit or loss	70,129	367,148	92,409	392,774
Changes that relate to future services	-411	-148,396	-27,698	-815,753
Changes in estimates that adjust the CSM	-411	-148,396	-27,698	-815,753
Insurance finance result	14,834	-5,796	-24,416	-2,761
Total changes in the statement of comprehensive income	84,552	212,956	40,295	-425,740
Exchange rate differences	-19,367	-14,164	31,147	20,776
Contractual Service Margin as of 31/12	-321,678	-4,618,817	-386,863	-4,817,609

Reinsurance contracts held, measured at fair value (GMM)

Development	2023	2022
in EUR '000		
Contractual Service Margin as of 01/01	63,716	62,531
Insurance service result	-12,688	-734
Changes that relate to current services	-9,387	-17,872
Amount of CSM recognised in profit or loss	-9,387	-17,872
Changes that relate to future services	-3,301	17,138
Changes in estimates that adjust the CSM	-3,301	17,138
Insurance finance result	-937	2,058
Total changes in the statement of comprehensive income	-13,625	1,324
Exchange rate differences	-402	-139
Contractual Service Margin as of 31/12	49,689	63,716

Underlying items

The following table shows the amounts recognised as Other comprehensive income in the statement of comprehensive income. These originate from underlying financial assets from insurance contracts which were measured using the FVA at initial recognition.

Development	2023	2022
in EUR '000		
As of 01/01	1,627,853	-1,289,096
Amounts recognised directly in equity	-796,005	2,802,419
Amounts recognised in profit or loss	-38,083	110,267
Exchange rate differences	28	4,263
As of 31/12	793,793	1,627,853
thereof included balance of risk provision	-121,707	-117,248

The change in risk provision is reported in the item Amounts recognised directly in equity.

1.7. Risk of concentration

Insurance contracts liabilities issued	31/12/2023	31/12/2022
in EUR '000		
Austria	23,370,578	23,248,325
Czech Republic	2,851,071	2,686,728
Poland	2,004,101	1,650,616
Albania incl. Kosovo	83,469	60,198
Baltic states	862,750	745,357
Bosnia-Herzegovina	115,348	107,065
Bulgaria	254,262	232,739
Croatia	433,592	434,314
Moldova	17,210	10,539
North Macedonia	19,778	19,079
Romania	924,606	738,917
Serbia	313,779	303,946
Slovakia	1,563,953	1,480,816
Ukraine	95,723	85,535
Hungary	1,308,700	1,064,430
Germany	766,302	709,871
Georgia	20,400	19,643
Liechtenstein	882,881	862,785
Türkiye	795,305	612,688
Group Functions	1,120,284	1,296,783
Total	37,804,092	36,370,374

Gross written premiums based on IFRS 17	2023
in EUR '000	
Motor third party liability insurance	2,214,614
Motor own damage insurance (Casco)	1,858,667
Other property and casualty insurance	6,796,547
Health insurance	898,086
Unit- and index-linked life insurance	600,375
Life insurance with profit participation	2,358,228
Life insurance without profit participation	983,620
Consolidation	-1,926,119
Total	13,784,018

Gross written premiums based on IFRS 4	2022
in EUR '000	
Motor third party liability insurance	1,936,231
Motor own damage insurance (Casco)	1,627,362
Other property and casualty insurance	6,111,691
Life insurance – regular premiums	2,980,251
Life insurance – single premiums	860,156
Health insurance	834,951
Consolidation	-1,791,400
Total	12,559,242

1.8. Insurance and market risks – sensitivity analysis

The following sensitivities are calculated as effects on the capital of the Group solvency balance sheet in accordance with Solvency II. The essential aim is to establish risk-orientated systems under Solvency II and improve the risk management process. To achieve this, both quantitative and qualitative requirements must be met. VIG Insurance Group has established management processes with this objective in mind and uses them for controlling purposes.

Differences between Solvency II and IFRS 17 calculations for the insurance contracts arise mainly because of the following:

- different scope of costs to be taken into consideration,
- contract boundaries and
- discount rates applied.

In accordance with IFRS 17, only costs which can be directly allocated to an insurance contract can be taken into consideration, whereas under the Solvency II regime the total costs approach is applied when evaluating underwriting obligations.

Both regimes take into account the period of the contracts (contract boundaries) in the modelling of the future cash flows. When deriving the period of contracts, Solvency II follows primarily the risk perspective, whereas IFRS 17 focuses on the insurance contract itself. Accordingly, the different approach is also applied to the supplementary insurance contracts in those cases in which they are equivalent to the underlying main insurance contract in accordance with IFRS 17. There is also a difference with the established term of ceded reinsurance contracts. Under Solvency II, the period of the contract follows the primary insurance contract, whereas IFRS 17 recognises the contractual period of the reinsurance contract.

In the case of discounting the cash flows established for the period, Solvency II applies strict and mandatory regulatory definitions that must be observed. By contrast, both the derivation of the interest rate and the risk margin are determined by the company itself based on the IFRS 17 principles.

Despite the differences listed, VIG Insurance Group considers the risk sensitivities established using Solvency II to be an appropriate basis for the estimates in accordance with IFRS 17.

Sensitivities Own funds		Change	
		in EUR '000	in %
Base		10,344,756	
Underwriting risk			
Life insurance			
Mortality rates	+5%	-18,251	-0.18
	-5%	15,858	0.15
Expenses / Admin costs	-10%	174,634	1.69
Lapse rates	+100%	-328,934	-3.18
	-50%	259,501	2.51
Non life insurance			
Ultimate loss ratio (LIC)	+1%	-60,947	-0.59
	-1%	58,427	0.56
Market risks			
Interest rate	+100bp	166,158	1.61
	-100bp	-399,000	-3.86
Equity prices	-25%	-321,124	-3.10
Spreads for government and corporate bonds	+50bp	-448,404	-4.33

The changes in the base value shown have to be considered isolated in each case. This means that different sensitivities can not be added together to derive a cumulative change in the base value.

1.9. Insurance risk – Claims development

Premium Allocation Approach

LIC issued	2022	2023	Total
in EUR '000			
Estimated undiscounted cash outflows excl. RA			
At the end of accident year	-5,606,957	-5,670,565	
One year later	-5,487,715		
Cumulative claims paid	4,252,381	2,682,908	
Liability – accident years from 2022	-1,235,334	-2,987,657	-4,222,991
Liability – accident year 2021			-760,712
Liability – accident years before 2021			-1,801,944
Effect of discounting			1,034,667
Risk Adjustment			-268,349
Total			-6,019,329

1.10. Credit risk

The maximum credit risk that VIG Insurance Group is exposed to corresponds to the amounts recognised in the IFRS consolidated balance sheet.

Share of the reinsurer's rating	31/12/2023	31/12/2022
in %		
AAA	4.95	20.44
AA	39.53	27.42
A	48.62	47.76
BBB	2.58	1.89
BB and lower	0.97	0.67
No rating	3.35	1.82

Due to the good credit quality of the reinsurers of VIG Insurance Group, on 31 December 2023 and 31 December 2022 no impairments for the shares of the reinsurers were required.

1.11. Liquidity risk

Undiscounted net cash-flows	31/12/2023		
Insurance contracts issued	GMM	VFA	Total
in EUR '000			
One year later	-199,964	-1,441,786	-1,641,750
Two years later	-94,897	-1,140,696	-1,235,593
Three years later	-62,586	-995,471	-1,058,057
Four years later	-95,365	-936,965	-1,032,330
Five years later	-97,123	-1,066,291	-1,163,414
Beyond five years	-2,824,914	-33,121,160	-35,946,074
Total	**-3,374,849**	**-38,702,369**	**-42,077,218**

Undiscounted net cash-flows	31/12/2023
Reinsurance contracts held	GMM
in EUR '000	
One year later	236,062
Two years later	115,894
Three years later	57,721
Four years later	35,370
Five years later	21,212
Beyond five years	77,463
Total	543,722

The liquidity risk arising from amounts payable on demand is simulated using the effect of the mass cancellation of life insurance policies. The parameters for this are applied in accordance with Article 142 (6) of EU Commission Delegated Regulation 2015/35. In the event of mass cancellation, the best estimate reserves increase by EUR 1,573.2 million. Under IFRS, the release of the Contractual Service Margin would have a significant positive countereffect on the income statement.

2. FINANCIAL ASSETS AND LIABILITIES AS WELL AS OTHER BALANCE SHEET ITEMS EVALUATED ACCORDING TO IFRS 9

The accounting policies used are presented in Note 25.4. Financial instruments starting on page 193.

Short description	Long description
Measured at AC	Measured at Amortised Cost
Measured at FVtOCI	Measured at Fair Value through Other Comprehensive Income
Measured at FVtPL	Measured at Fair Value through Profit and Loss
Designated measured at FVtOCI	Designated measured at Fair Value through Other Comprehensive Income
Designated measured at FVtPL	Designated measured at Fair Value through Profit and Loss
ECL	Expected Credit Loss
FV	Fair Value
SPPI	Solely Payments of Principal and Interest
Mandatorily measured at FVtOCI	Mandatorily measured at Fair Value through Other Comprehensive Income
Mandatorily measured at FVtPL	Mandatorily measured at Fair Value through Profit and Loss

2.1. Overview

Measurement and balance of risk provision	31/12/2023		31/12/2022	
	Book value	Risk provision gross	Book value	Risk provision gross
in EUR '000				
Measured at AC				
Assets	5,029,612	-89,228	5,475,609	-37,208
Cash and cash equivalents	1,558,107		2,315,219	
Financial assets	3,031,131	-67,811	2,748,328	-30,848
IFRS 9 measured receivables	440,374	-21,417	412,062	-6,360
Liabilities	-2,981,684		-3,467,443	
Financial liabilities	-2,394,470		-2,909,423	
IFRS 9 measured liabilities	-587,214		-558,020	
Measured at FVtOCI				
Mandatorily measured at FVtOCI	24,021,071	-172,613	22,363,774	-170,854
Financial assets	24,021,071	-172,613	22,363,774	-170,854
Designated measured at FVtOCI	399,293		237,442	
Financial assets	399,293		237,442	
Measured at FVtPL				
Mandatorily measured at FVtPL				
Financial assets	10,393,733		10,364,419	
Financial liabilities	-1,296		-2,619	
Designated measured at FVtPL				
Financial assets	212,822		130,870	
Financial liabilities	-555		-572	

2.2. Categories and measurements

Assets	31/12/2023	31/12/2022
in EUR ‘000		
Measured at AC	4,940,384	5,438,401
Cash and cash equivalents	1,558,107	2,315,219
Loans	742,306	788,952
Bonds	978,491	888,080
Term deposits	1,242,523	1,040,448
IFRS 9 measured receivables	418,957	405,702
Measured at FVtOCI	24,420,364	22,601,216
Mandatorily measured at FVtOCI	24,021,071	22,363,774
Bonds	24,021,071	22,363,774
Designated measured at FVtOCI	399,293	237,442
Shares and shares in companies	399,293	237,442
Shares	38,259	33,222
Shares in participating companies	70,088	68,930
Shares in affiliated non-consolidated companies	290,946	135,290
Measured at FVtPL	10,606,555	10,495,289
Mandatorily measured at FVtPL	10,393,733	10,364,419
Shares and shares in companies	484,219	477,686
Shares	450,075	427,950
Shares in participating companies	30,116	35,528
Shares in affiliated non-consolidated companies	4,028	14,208
Bonds	1,716,436	1,702,157
Funds	8,174,035	8,155,893
Derivatives	19,043	28,683
Designated measured at FVtPL	212,822	130,870
Bonds	212,822	130,870
Total	39,967,303	38,534,906

Liabilities	31/12/2023	31/12/2022
in EUR ‘000		
Measured at AC	2,981,684	3,467,443
Subordinated liabilities	1,309,283	1,789,281
Liabilities to banks	306,881	343,898
Liabilities from financing activities	579,908	593,118
Lease liabilities	198,398	183,126
IFRS 9 measured liabilities	587,214	558,020
Measured at FVtPL	1,851	3,191
Mandatorily measured at FVtPL	1,296	2,619
Designated measured at FVtPL	555	572
Total	2,983,535	3,470,634

Details regarding the liabilities resulting from financing activities can be found in Note 8. Financial liabilities on page 138. The conditions of subordinated liabilities are presented in Note 2.10. Subordinated liabilities starting on page 129.

2.3. Equity instruments designated measured at FVtOCI

Financial investments	31/12/2023
in EUR '000	
Fair value – in portfolio	399,293
Shares	38,259
Shares in participating companies	70,088
Wiener Börse AG	31,710
GROPYUS AG	14,003
Remaining sum	24,375
Shares in affiliated non-consolidated companies	290,946
VIG Poland/Romania Holding B.V.	97,664
Global Expert, s.r.o.	53,122
HOTELY SRNÍ, a.s.	31,609
CARPATHIA PENSII-SOCIETATE DE ADMINISTRARE A FONDURILOR DE PENSII PRIVATE S.A.	20,034
Remaining sum	88,517
Fair value at derecognition date	4,997
Shares	494
Shares in participating companies	202
Shares in affiliated non-consolidated companies	4,301

Of the shares still held in the portfolio, no single investment amounts to more than EUR 5.0 million. In the remaining amounts in the item Shares in participating companies and Shares in affiliated non-consolidated companies, no single investment with a fair value of more than EUR 10.0 million is included.

The derecognition of shares and shares in companies is due to mergers and a capital reduction and the individual values do not exceed an amount of EUR 10.0 million.

Additional Information	2023	2022
in EUR '000		
Received dividends from equity instruments designated measured at FVtOCI	6,943	7,361
In Portfolio	6,918	7,166
Sold	25	195
Within shareholders' equity derecognised cumulative gains and losses	-4,294	-4,382

2.4. Expected credit loss

Overview

Development	2023			
Measured at FVtOCI and measured at AC	Stage 1	Stage 2	Stage 3	Total
in EUR ‘000				
Credit Loss Allowance as of 31/12 of the previous year = Credit Loss Allowance as of 01/01	-44,179	-67,062	-90,461	-201,702
Exchange rate differences	6,335	133	196	6,664
Increase due to acquisitions	-29,234	-1	-4,840	-34,075
Changes due to remeasurements (net)	-4,711	1,064	-67,457	-71,104
Decrease due to derecognition	5,436	1,300	53,002	59,738
Decrease due to write-offs	0	0	8	8
Transfer to Stage 1	-8,635	8,635	0	0
Transfer to Stage 2	81	-81	0	0
Transfer to Stage 3	172	4,852	-5,024	0
Changes in scope of consolidation	47	0	0	47
Other movements	0	0	0	0
Credit Loss Allowance as of 31/12	-74,688	-51,160	-114,576	-240,424

Development	2022			
Measured at FVtOCI and measured at AC	Stage 1	Stage 2	Stage 3	Total
in EUR ‘000				
Credit Loss Allowance as of 31/12 of the previous year = Credit Loss Allowance as of 01/01	-20,107	-69,251	-15,131	-104,489
Exchange rate differences	3,129	716	16	3,861
Increase due to acquisitions	-31,937	-153	0	-32,090
Changes due to remeasurements (net)	10,393	-77,515	-14,843	-81,965
Decrease due to derecognition	2,294	9,794	0	12,088
Decrease due to write-offs	0	0	947	947
Transfer to Stage 1	-8,667	8,667	0	0
Transfer to Stage 2	848	-848	0	0
Transfer to Stage 3	0	61,449	-61,449	0
Changes in scope of consolidation	-125	79	-1	-47
Other movements	-7	0	0	-7
Credit Loss Allowance as of 31/12	-44,179	-67,062	-90,461	-201,702

Loans

Development	2023			
Measured at AC	Stage 1	Stage 2	Stage 3	Total
in EUR ‘000				
Credit Loss Allowance as of 31/12 of the previous year = Credit Loss Allowance as of 01/01	-855	-15,123	-1,900	-17,878
Exchange rate differences	2	-15	-157	-170
Increase due to acquisitions	-107	-1	-4,840	-4,948
Changes due to remeasurements (net)	0	378	-799	-421
Decrease due to derecognition	432	756	0	1,188
Decrease due to write-offs	0	0	8	8
Credit Loss Allowance as of 31/12	-528	-14,005	-7,688	-22,221

Development	2022			
Measured at AC	Stage 1	Stage 2	Stage 3	Total
in EUR '000				
Credit Loss Allowance as of 31/12 of the previous year = Credit Loss Allowance as of 01/01	-172	-15,168	-2,163	-17,503
Exchange rate differences	1	6	16	23
Increase due to acquisitions	-573	-1	0	-574
Changes due to remeasurements (net)	-142	-1,290	-700	-2,132
Decrease due to derecognition	25	1,257	0	1,282
Decrease due to write-offs	0	0	947	947
Transfer to Stage 1	-3	3	0	0
Transfer to Stage 2	9	-9	0	0
Changes in scope of consolidation	0	79	0	79
Credit Loss Allowance as of 31/12	-855	-15,123	-1,900	-17,878

Bonds

Development	2023			
Measured at FVtOCI	Stage 1	Stage 2	Stage 3	Total
in EUR '000				
Credit Loss Allowance as of 31/12 of the previous year = Credit Loss Allowance as of 01/01	-34,469	-47,824	-88,561	-170,854
Exchange rate differences	5,850	68	353	6,271
Increase due to acquisitions	-5,658	0	0	-5,658
Changes due to remeasurements (net)	11,984	-2,918	-66,658	-57,592
Decrease due to derecognition	1,730	441	53,002	55,173
Transfer to Stage 1	-8,635	8,635	0	0
Transfer to Stage 2	81	-81	0	0
Transfer to Stage 3	172	4,852	-5,024	0
Changes in scope of consolidation	47	0	0	47
Credit Loss Allowance as of 31/12	-28,898	-36,827	-106,888	-172,613

Development	2022			
Measured at FVtOCI	Stage 1	Stage 2	Stage 3	Total
in EUR '000				
Credit Loss Allowance as of 31/12 of the previous year = Credit Loss Allowance as of 01/01	-15,090	-53,922	-12,968	-81,980
Exchange rate differences	2,417	184	0	2,601
Increase due to acquisitions	-21,491	0	0	-21,491
Changes due to remeasurements (net)	7,313	-72,245	-14,143	-79,075
Decrease due to derecognition	744	8,480	0	9,224
Transfer to Stage 1	-8,664	8,664	0	0
Transfer to Stage 2	434	-434	0	0
Transfer to Stage 3	0	61,449	-61,449	0
Changes in scope of consolidation	-125	0	-1	-126
Other movements	-7	0	0	-7
Credit Loss Allowance as of 31/12	-34,469	-47,824	-88,561	-170,854

Development	2023			
Measured at AC	Stage 1	Stage 2	Stage 3	Total
in EUR '000				
Credit Loss Allowance as of 31/12 of the previous year = Credit Loss Allowance as of 01/01	-4,776	-4,115	0	-8,891
Exchange rate differences	83	80	0	163
Increase due to acquisitions	-10,479	0	0	-10,479
Changes due to remeasurements (net)	-8,708	3,604	0	-5,104
Decrease due to derecognition	332	103	0	435
Credit Loss Allowance as of 31/12	-23,548	-328	0	-23,876

Development	2022			
Measured at AC	Stage 1	Stage 2	Stage 3	Total
in EUR '000				
Credit Loss Allowance as of 31/12 of the previous year = Credit Loss Allowance as of 01/01	-1,814	-161	0	-1,975
Exchange rate differences	447	526	0	973
Increase due to acquisitions	-4,737	-152	0	-4,889
Changes due to remeasurements (net)	856	-3,980	0	-3,124
Decrease due to derecognition	67	57	0	124
Transfer to Stage 2	405	-405	0	0
Credit Loss Allowance as of 31/12	-4,776	-4,115	0	-8,891

Term deposits

Development	2023			
Measured at AC	Stage 1	Stage 2	Stage 3	Total
in EUR '000				
Credit Loss Allowance as of 31/12 of the previous year = Credit Loss Allowance as of 01/01	-4,079	0	0	-4,079
Exchange rate differences	400	0	0	400
Increase due to acquisitions	-12,990	0	0	-12,990
Changes due to remeasurements (net)	-7,987	0	0	-7,987
Decrease due to derecognition	2,942	0	0	2,942
Credit Loss Allowance as of 31/12	-21,714	0	0	-21,714

Development	2022			
Measured at AC	Stage 1	Stage 2	Stage 3	Total
in EUR '000				
Credit Loss Allowance as of 31/12 of the previous year = Credit Loss Allowance as of 01/01	-3,031	0	0	-3,031
Exchange rate differences	264	0	0	264
Increase due to acquisitions	-5,136	0	0	-5,136
Changes due to remeasurements (net)	2,366	0	0	2,366
Decrease due to derecognition	1,458	0	0	1,458
Credit Loss Allowance as of 31/12	-4,079	0	0	-4,079

Cash and cash equivalents
Cash and cash equivalents are considered to be due daily, which is why the ECL calculation over the entire term results in zero. Therefore, no risk provision is accounted.

2.5. Risk of concentration

Risk-bearing portfolio*	31/12/2023	31/12/2022
in EUR '000		
Cash and cash equivalents	1,447,034	2,180,884
Financial assets acc. to IFRS 9	30,333,002	28,783,897
Investment property	2,852,090	2,645,015
Owner-occupied property	470,950	482,841
Investments in associates	185,622	287,961
Total	35,288,698	34,380,598

*Excl. financial instruments from unit- and index-linked life insurance

Financial assets*	31/12/2023
in EUR '000	
Exposures located in	33,251,904
Austria	7,560,322
United States of America	1,716,049
Czech Republic	3,024,890
Romania	1,062,142
Hungary	766,217
Poland	2,082,591
Rest of the World	17,039,692
Exposures denominated in	33,251,904
EUR	25,463,414
USD	693,807
CZK	2,876,979
RON	922,236
HUF	665,382
PLN	1,699,163
Other currencies	930,923

*Excl. financial instruments from unit- and index-linked life insurance

Due to the structure of the financial liabilities issued in the long term on the capital market and the lesser importance of liabilities at individual credit institutions, there is no significant risk of concentration.

Government bonds* (book value)	Measured at AC		Measured at FVtOCI		Measured at FVtPL	
	31/12/2023	31/12/2022	31/12/2023	31/12/2022	31/12/2023	31/12/2022
in %						
Austria	3.79	4.18	8.93	8.52	3.11	3.58
Germany	0.00	0.00	2.58	1.61	21.59	38.65
Czech Republic	15.17	14.57	14.84	14.59	60.86	40.94
Slovakia	2.25	2.51	5.31	6.02	0.00	0.00
Poland	51.67	53.81	11.64	11.94	1.37	1.68
Romania	0.00	0.00	6.29	5.66	2.10	1.27
Other countries	27.12	24.93	50.41	51.66	10.97	13.88

*Excl. financial instruments from unit- and index-linked life insurance

2.6. Credit risk

Financial liabilities

Financial liabilities that are designated measured at FVtPL bear no own default risk, which would have to be recognised through Other comprehensive income.

Financial assets

The stated credit risk refers only to the Group's risk-bearing portfolio as described in Note 2.5. Risk of concentration starting on page 123.

Credit risk	Mandatorily measured at FVtPL			Designated measured at FVtPL
	Bonds	Funds	Shares	Bonds
in EUR '000				
Max. exposure to credit risk	899,582	1,457,527	403,289	211,078
Collaterals	161,079	0	0	5,246

The risk provision recognised in accordance with IFRS 9 is calculated on the basis of the nominal value. Consequently, the carrying amount may be lower than the cumulative risk provision, particularly in Stage 3.

Measured at FVtOCI	31/12/2023							
	AAA	AA	A	BBB	BB and lower	No rating	Book value	Risk provision
in EUR '000								
Stage 1	3,103,904	6,341,607	7,636,692	5,583,139	960,371	68,133	23,693,846	-28,898
Bonds	3,103,904	6,341,607	7,636,692	5,583,139	960,371	68,133	23,693,846	-28,898
Stage 2	0	0	0	6,391	225,916	63,820	296,127	-36,827
Bonds	0	0	0	6,391	225,916	63,820	296,127	-36,827
Stage 3	0	0	0	1,013	22,520	7,565	31,098	-106,888
Bonds	0	0	0	1,013	22,520	7,565	31,098	-106,888

Measured at FVtOCI	31/12/2022							
	AAA	AA	A	BBB	BB and lower	No rating	Book value	Risk provision
in EUR '000								
Stage 1	2,338,931	5,907,935	7,113,551	5,487,781	869,149	76,286	21,793,633	-34,469
Bonds	2,338,931	5,907,935	7,113,551	5,487,781	869,149	76,286	21,793,633	-34,469
Stage 2	4,341	3,757	3,039	19,661	373,531	91,862	496,191	-47,824
Bonds	4,341	3,757	3,039	19,661	373,531	91,862	496,191	-47,824
Stage 3	0	0	0	0	72,450	1,500	73,950	-88,561
Bonds	0	0	0	0	72,450	1,500	73,950	-88,561

Measured at AC	31/12/2023								
	AAA	AA	A	BBB	BB and lower	No rating	Gross carrying amount	Risk provision	Net carrying amount*
in EUR '000									
Stage 1	10,944	384,088	1,376,788	408,340	513,636	87,380	2,781,176	-45,790	2,735,386
Loans	5,426	135,391	111,360	212,492	9,831	68,409	542,909	-528	542,381
Bonds	511	237,512	438,375	61,277	217,384	18,971	974,030	-23,548	950,482
Term deposits	5,007	11,185	827,053	134,571	286,421	0	1,264,237	-21,714	1,242,523
Stage 2	0	0	0	0	122,700	119,439	242,139	-14,333	227,806
Loans	0	0	0	0	94,363	119,439	213,802	-14,005	199,797
Bonds	0	0	0	0	28,337	0	28,337	-328	28,009
Stage 3	0	0	0	0	0	7,816	7,816	-7,688	128
Loans	0	0	0	0	0	7,816	7,816	-7,688	128

*The net carrying amount is the maximum exposure to credit risk excluding collaterals.

Measured at AC	31/12/2022								
	AAA	AA	A	BBB	BB and lower	No rating	Gross carrying amount	Risk provision	Net carrying amount*
in EUR '000									
Stage 1	12,641	411,590	1,123,023	429,757	424,589	69,908	2,471,508	-9,710	2,461,798
Loans	5,587	138,797	166,122	201,059	9,973	50,758	572,296	-855	571,441
Bonds	0	218,822	406,318	58,106	152,622	19,150	855,018	-4,776	850,242
Term deposits	7,054	53,971	550,583	170,592	261,994	0	1,044,194	-4,079	1,040,115
Stage 2	0	0	0	0	152,162	122,324	274,486	-19,238	255,248
Loans	0	0	0	0	110,209	122,324	232,533	-15,123	217,410
Bonds	0	0	0	0	41,953	0	41,953	-4,115	37,838
Stage 3	0	0	0	333	0	2,001	2,334	-1,900	434
Loans	0	0	0	0	0	2,001	2,001	-1,900	101
Term deposits	0	0	0	333	0	0	333	0	333

*The net carrying amount is the maximum exposure to credit risk excluding collaterals.

Impairment Provision Matrix	31/12/2023				
IFRS 9 measured receivables	Due, not overdue	1–30 days overdue	31–90 days overdue	> 90 days overdue	Total
in EUR '000					
Receivables from services (IFRS 15)	38,552	645	167	15	39,379
Gross carrying amount	38,554	648	169	93	39,464
Risk provision	-2	-3	-2	-78	-85
Receivables from finance lease	55,326	0	0	0	55,326
Gross carrying amount	55,326	0	0	0	55,326
Other IFRS 9 measured receivables	301,834	3,548	2,144	16,726	324,252
Gross carrying amount	317,569	3,916	2,170	21,929	345,584
Risk provision	-15,735	-368	-26	-5,203	-21,332
Total	395,712	4,193	2,311	16,741	418,957
Loss rate – range	0.01%–100.00%	0.84%–62.00%	2.07%–100.00%	1.53%–100.00%	

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Impairment Provision Matrix	31/12/2022				
IFRS 9 measured receivables	Due, not overdue	1–30 days overdue	31–90 days overdue	> 90 days overdue	Total
in EUR '000					
Receivables from services (IFRS 15)	21,224	0	0	0	21,224
Gross carrying amount	21,347	0	0	0	21,347
Risk provision	-123	0	0	0	-123
Receivables from finance lease	55,918	0	0	0	55,918
Gross carrying amount	55,918	0	0	0	55,918
Other IFRS 9 measured receivables	308,285	5,570	2,764	11,941	328,560
Gross carrying amount	311,105	5,897	2,780	15,015	334,797
Risk provision	-2,820	-327	-16	-3,074	-6,237
Total	385,427	5,570	2,764	11,941	405,702
Loss rate – range	0.45%–25.00%	0.10%–62.00%	2.34%–50.00%	4.44%–100.00%	

In the financial year, bonds valued at FVtOCI of EUR 11,456,000 were provided as collateral for liabilities or contingent liabilities.

2.7. Liquidity risk

Maturity analysis	31/12/2023					
	<1 year	>1 year–5 years	>5–10 years	>10 years	No maturity	Book value excl. risk provision
in EUR '000						
Cash and cash equivalents	0	0	0	0	1,558,107	1,558,107
Financial assets	3,589,517	10,188,034	8,718,489	6,504,463	9,057,547	38,058,050
Measured at AC	1,490,415	619,738	276,158	644,820		3,031,131
Loans	191,999	111,953	95,146	365,429	0	764,527
Bonds	228,349	314,773	179,977	279,268	0	1,002,367
Term deposits	1,070,067	193,012	1,035	123	0	1,264,237
Measured at FVtOCI	1,929,022	8,747,438	8,017,053	5,327,558	399,293	24,420,364
Shares and shares in companies	0	0	0	0	399,293	399,293
Bonds	1,929,022	8,747,438	8,017,053	5,327,558	0	24,021,071
Measured at FVtPL	170,080	820,858	425,278	532,085	8,658,254	10,606,555
Shares and shares in companies	0	0	0	0	484,219	484,219
Bonds	168,401	804,458	424,314	532,085	0	1,929,258
Funds	0	0	0	0	8,174,035	8,174,035
Derivatives	1,679	16,400	964	0	0	19,043
Total	3,589,517	10,188,034	8,718,489	6,504,463	10,615,654	39,616,157
Financial liabilities	-149,495	-731,318	-345,761	-1,169,747	0	-2,396,321
Subordinated liabilities	-103,091	-506,192	-200,000	-500,000	0	-1,309,283
Liabilities to banks	-6,950	-158,406	-80,025	-61,500	0	-306,881
Liabilities from financing activities	-9,646	-3,625	-40,879	-525,758	0	-579,908
Lease liabilities	-29,029	-62,759	-24,121	-82,489	0	-198,398
Liabilities designated measured at FVtPL	-72	-336	-147	0	0	-555
Liabilities for derivatives	-707	0	-589	0	0	-1,296

Maturity analysis	31/12/2022					
	<1 year	>1 year–5 years	>5–10 years	>10 years	No maturity	Book value excl. risk provision
in EUR '000						
Cash and cash equivalents	0	0	0	0	2,315,219	2,315,219
Financial assets	3,009,961	9,686,319	7,901,563	6,375,969	8,871,021	35,844,833
Measured at AC	1,219,488	650,680	256,955	621,205		2,748,328
Loans	145,887	201,874	86,413	372,656	0	806,830
Bonds	109,514	371,555	167,476	248,426	0	896,971
Term deposits	964,087	77,251	3,066	123	0	1,044,527
Measured at FVtOCI	1,562,933	8,265,291	7,227,235	5,308,315	237,442	22,601,216
Shares and shares in companies	0	0	0	0	237,442	237,442
Bonds	1,562,933	8,265,291	7,227,235	5,308,315	0	22,363,774
Measured at FVtPL	227,540	770,348	417,373	446,449	8,633,579	10,495,289
Shares and shares in companies	0	0	0	0	477,686	477,686
Bonds	223,732	745,772	417,074	446,449	0	1,833,027
Funds	0	0	0	0	8,155,893	8,155,893
Derivatives	3,808	24,576	299	0	0	28,683
Total	3,009,961	9,686,319	7,901,563	6,375,969	11,186,240	38,160,052
Financial liabilities	-558,479	-772,047	-181,954	-1,400,134	0	-2,912,614
Subordinated liabilities	-512,611	-576,670	0	-700,000	0	-1,789,281
Liabilities to banks	-6,848	-132,825	-130,725	-73,500	0	-343,898
Liabilities from financing activities	-9,641	-3,624	-29,378	-550,475	0	-593,118
Lease liabilities	-26,875	-58,574	-21,518	-76,159	0	-183,126
Liabilities designated measured at FVtPL	-71	-354	-147	0	0	-572
Liabilities for derivatives	-2,433	0	-186	0	0	-2,619

2.8. Market risk

Reduction in market value	Scenario 0	Scenario 1	Scenario 2	Scenario 3	Scenario 4	Scenario 5
of shares	0%	-20%	-10%	-20%	-20%	0%
of bonds	0%	-5%	-3%	-5%	0%	-5%
of real estate	0%	-5%	-10%	0%	-10%	-10%
Market value of assets less liabilities (in EUR '000)	7,881,965	6,036,750	6,368,866	6,306,199	7,108,693	6,001,674

Depending on the intended application, VIG Holding performs Value-at-Risk calculations for different sub-portfolios on behalf of the VIG Insurance Group. The confidence levels vary between 95.0% and 99.5% and the holding periods between 20 and 250 days. In accordance with the nature of the portfolio, the largest contributions to Value-at-Risk are made by interest rate and spread components. As a way of validating the plausibility of the calculations, the Value-at-Risk of the most important sub-portfolios is calculated both according to the parametric method described above and according to the historical calculation method.

The following table shows the Value-at-Risk (with a confidence level of 99%) of financial assets measured at fair value:

Value-at-Risk	31/12/2023
in EUR million	
10-day holding period	781.9
20-day holding period	1,105.8
60-day holding period	1,915.4

2.9. Details regarding the net result

Result from financial instruments measured at FVtPL	2023	2022
in EUR '000		
Financial assets	950,981	-1,548,835
Mandatorily measured at FVtPL	935,325	-1,539,910
Loans	176	30
Bonds	164,226	-272,522
Funds	713,568	-1,187,682
Shares and shares in companies	67,422	-69,518
Derivatives	-10,067	-10,218
Designated measured at FVtPL	15,656	-8,925
Bonds	15,656	-8,925
Financial liabilities	17	-71
Designated measured at FVtPL	17	-71
Liabilities designated measured at FVtPL*	17	-71

*Financial liabilities that are designated measured at FVtPL bear no own default risk, which would have to be recognised through other comprehensive income.

Interest result	2023	2022
in EUR '000		
Interest revenues	1,110,995	948,436
Interest revenues using the effective interest rate method	895,801	715,099
Financial assets measured at AC	145,064	95,249
Financial assets measured at FVtOCI	750,737	619,850
Interest revenues other	215,194	233,337
Financial assets measured at FVtPL	169,128	205,142
Equity instruments designated measured at FVtOCI	6,943	7,362
Other income from financial instruments	39,123	20,833
Interest expenses	-126,973	-137,331
Interest expenses using the effective interest rate method	-87,869	-90,032
Financial liabilities measured at AC	-87,869	-89,830
Negative interest for financial assets measured at FVtOCI	0	-202
Interest expenses other	-39,104	-47,299
Liabilities designated measured at FVtPL	17	0
Other expenses from financial instruments	-39,121	-47,299
Total	984,022	811,105

The fee for investment management recognised in the investment result amounts to EUR 39,086,000 (EUR 34,071,000).

2.10. Subordinated liabilities

Subordinated liabilities of the Group

Issuing company	Issue date	Outstanding volume[1]	thereof accrued interest	Maturity	Yield	Fair value[2]
		in EUR '000	in EUR '000	in years	in %	in EUR '000
VIG Holding	02/03/2015	221,091	6,678	31[3]	First 11 years: 3.75% p.a.; thereafter variable	212,768
VIG Holding	13/04/2017	205,369	5,369	30[4]	First 10 years: 3.75% p.a.; thereafter variable	195,948
VIG Holding	15/06/2022	513,253	13,253	20[4]	First 10 years: 4.875% p.a.; thereafter variable	502,755
Donau Versicherung	15/04. + 21/05/2004	9,977	477	unlimited[5]	4.95% p.a.	9,560
Donau Versicherung	01/07/1999	1,537	37	unlimited[5]	4.95% p.a.	1,493
Wiener Städtische	01/03/1999	8,587	337	unlimited[6]	4.90% p.a.	8,224
Wiener Städtische	02/07/2001	16,588	488	unlimited[7]	6.10% p.a.	16,114
Wiener Städtische	15/11/2003	19,229	119	unlimited[7]	4.95% p.a.	19,040
Wiener Städtische	30/06/2006	35,529	829	unlimited[7]	4.75% p.a.	34,502
Wiener Städtische	11/05/2017	255,594	5,594	10[8]	3.50% p.a.	248,243
Kooperativa (Czech Republic)	22/12/2010	22,529	283	unlimited[9]	5.05% p.a.	21,655
Total		1,309,283	33,464			1,270,301

1 The outstanding include the respective pro rata interest according to the dirty value method.
2 The fair value is calculated on the basis of the securities' nominal value only, excluding accrued interest.
3 The right to ordinary and extraordinary cancellation by the holder is excluded. Regular cancellation by the issuer is first allowed effective 2 March 2026.
4 The right to ordinary and extraordinary cancellation by the holder is excluded. Regular cancellation by the issuer is first allowed after 10 years.
5 Due to the call, the supplementary capital will be repaid in full in 2025.
6 This can only be cancelled subject to not less than 5 years' notice, unless Austrian insurance regulators agree to repayment being made early. The bond will be fully repaid in 2025.
7 This can only be cancelled subject to not less than 5 years' notice, unless Austrian insurance regulators agree to repayment being made early. The bond will be fully repaid in 2024.
8 The right to ordinary and extraordinary cancellation by the holder is excluded. No provision has been made for regular cancellation by the issuer.
9 Due to the call, the supplementary capital will be repaid in full in 2024.

Subordinated liabilities of VIG Holding

Interest on the supplementary capital bonds is paid out only if the interest is covered by the national annual profit of the company. However, the interest is included in the expenses in any case.

Subordinated bonds with a total nominal amount of EUR 500,000,000.00 and a term of 30 years were issued on 9 October 2013. After an early partial buyback of the subordinated bonds in June 2022, the remaining outstanding volume of EUR 284.4 million was called with effect on 9 October 2023.

A subordinated bond with a total nominal amount of EUR 400,000,000.00 and a term of 31 years was issued on 2 March 2015. It can be called at 100% by VIG Holding for the first time at 2 March 2026 and at every coupon date after that. In the first 11 years of the term, the subordinated bond bears a fixed-interest rate of 3.75% per annum, after which the interest rate is variable. The subordinated bond meets the Tier 2 requirements according to Solvency II. The bond is listed on the Luxembourg Stock Exchange. An early partial buyback of subordinated bonds was effected on 21 April 2023. About 46% (EUR 185.6 million) were bought back. Thus, the still outstanding volume of these bonds is EUR 214.4 million.

A subordinated bond of EUR 200,000,000.00 was issued on 6 April 2017 as part of a private placement. The subordinated bond has a term of 30 years and can be called by VIG Holding for the first time after the expiry of 10 years. It complies with the Tier 2 requirements according to Solvency II and qualifies as capital in accordance with the requirements of rating agency S&P. In the first ten years of the term, the subordinated debt instruments bear a fixed-interest rate of 3.75% per annum, after which the interest rate is variable. The inclusion in the Third Market of the Vienna Stock Exchange took place on 13 April 2017.

A subordinated Tier 2 bond with an aggregate principal amount of EUR 500,000,000.00 was placed on 8 June 2022. The subordinated bond has a term of 20 years and can be called by VIG Holding for the first time after the expiry of 10 years. The debt instruments will initially bear a fixed-interest rate of 4.875% per annum. Provided they are not called and repurchased before this date, the debt instruments will be subject to a variable rate as of and including 15 June 2032. The debt instruments are traded on the Vienna Stock Exchange.

3. GOODWILL

The accounting policies used are presented in Note 25.5. Goodwill starting on page 201.

Development	2023	2022
in EUR '000		
Acquisition costs	2,090,712	1,886,335
Cumulative impairment as of 31/12 of the previous year	-651,991	-626,109
Book value as of 31/12 of the previous year = Book value as of 01/01	**1,438,721**	1,260,226
Exchange rate differences	8,283	-4,026
Additions	0	208,882
Impairments	-75,639	-26,361
Book value as of 31/12	**1,371,365**	1,438,721
Cumulative impairment as of 31/12	728,497	651,991
Acquisition costs	**2,099,862**	2,090,712

The additions in the previous year mainly resulted from the acquisitions of Alfa (Hungary) (formerly Aegon Hungary) (EUR 188,573,000) and the Slovakian pension company KOOPERATIVA, d.s.s., a.s. (formerly 365.life) (EUR 19,970,000).

The impairments in the financial year predominantly affect the Baltic states (EUR 75,481,000) (Extended CEE segment) CGU group. The impairments in the Baltic states are the result of far more conservative assumptions about distributions in conjunction with switching to the IFRS 17 accounting standard. The impairments in the financial year predominantly affected the Albania incl. Kosovo (EUR 13,624,000) (Extended CEE segment) and North Macedonia (EUR 12,553,000) (Extended CEE segment) CGU groups.

Goodwill of CGU units (book values)	31/12/2023	31/12/2022
in EUR '000		
Austria	301,716	301,716
Czech Republic	456,516	468,097
Poland	151,449	140,560
Baltic states	0	75,481
Bulgaria	124,354	124,354
Slovakia	131,227	111,257
Hungary	195,576	186,759
Group Functions	10,527	30,497
Total	1,371,365	1,438,721

The Slovakian pension company KOOPERATIVA, d.s.s., a.s. (formerly 365.life) was reclassified from the CGU Group Group Functions to the CGU Group Slovakia in the financial year.

Impairment and recoverable amounts for CGU groups	Reportable segment	2023		2022	
		Impairments	Recoverable amount	Impairments	Recoverable amount
in EUR '000					
Albania incl. Kosovo	Extended CEE			13,624	22,037
Baltic states	Extended CEE	75,481	231,883		
North Macedonia	Extended CEE			12,553	27,172

Impairments are recognised in the income statement as a separate item between the subtotal, business operating result and the result before taxes.

The base rate before inflation differentials was 2.22% (2.36%). The market risk of 7.53% (7.14%) was multiplied by a beta factor of 0.90 (0.87) that was calculated based on a specified peer group. The calculation of the discount rates is based on pre-tax parameters.

Key calculation parameters	Discount rates		Country risks		Long-term growth rate	
	2023	2022	2023	2022	2023	2022
in %						
Austria	9.54	9.25	0.58	0.69	1.50	1.50
Czech Republic	9.64	9.11	0.88	1.03	3.67–4.87	3.60–5.46
Poland	11.52	11.22	1.24	1.46	5.87–7.43	5.79–7.29
Albania incl. Kosovo	15.98	16.02	6.58	7.77	6.60	6.41
Baltic states	10.30	10.15	1.34	1.58	5.00–7.51	5.20–6.69
Bosnia-Herzegovina	18.29	19.65	9.51	11.22	5.49–7.32	5.55–7.47
Bulgaria	11.09	10.52	2.34	2.76	5.75–6.37	5.64–6.18
Croatia	11.74	12.00	2.78	3.29	5.07–7.34	5.12–7.54
Moldova	21.23	22.50	9.51	11.22	8.33	8.78
North Macedonia	14.02	14.28	5.26	6.21	5.85	5.75
Romania	13.06	13.22	3.21	3.79	5.38–7.82	5.60–7.91
Serbia	14.46	14.75	4.40	5.19	5.69–7.51	5.78–7.57
Slovakia	10.20	10.02	1.24	1.46	5.07–5.33	5.77–6.03
Ukraine	30.97	40.82	17.55	17.26	10.06–13.08	15.03–18.36
Hungary	13.29	13.34	2.78	3.29	6.68–6.71	6.55–6.59
Germany	8.96	8.56	0.00	0.00	1.50	1.50
Georgia	14.12	14.00	4.40	5.19	6.53	6.12
Liechtenstein	8.96	8.56	0.00	0.00	1.50	1.50
Türkiye	61.41	37.79	9.51	11.22	26.35–29.20	14.55–17.00
Group Functions	9.54–14.46	9.25–14.75	0.58–4.40	0.69–5.19	1.50–7.51	1.50–7.57

The average increase of the discount rate is primarily the result of the higher market risk.

Sensitivities Additional impairment needed	Cash flows	Growth rate	Discount rate	Cash flows and discount rate
	-10%	-1%p	+1%p	-10% and +1%p
in EUR '000				
Czech Republic	0	0	0	-39,977
Slovakia	-37,005	0	-34,617	-91,740

4. INVESTMENT PROPERTY

The accounting policies used are presented in Note 25.7. Investment property starting on page 203. The fair values can be found in Note 16. Calculation of fair value starting on page 149.

Development	2023	2022 adjusted
in EUR '000		
Acquisition costs	3,613,686	3,256,769
Cumulative valuation as of 31/12 of the previous year	-968,671	-879,079
Book value as of 31/12 of the previous year = Book value as of 01/01	**2,645,015**	2,377,690
Exchange rate differences	10,445	-801
Reclassifications	7,180	22,646
Additions	247,823	255,577
Disposals	-9,974	-3,021
Changes in scope of consolidation	47,941	65,647
Appreciation	0	275
Scheduled depreciation	-69,647	-60,762
Impairments	-26,693	-12,236
Book value as of 31/12	**2,852,090**	2,645,015
Cumulative valuation as of 31/12	1,062,031	968,671
Acquisition costs	**3,914,121**	3,613,686

The changes in the scope of consolidation result from the first-time consolidation of KOPUS Nordbahnhof Wohnungserrichtungs GmbH (EUR 15,363,000), Wohnquartier 12b Immobilienbesitz GmbH (EUR 13,077,000), Wohnquartier 11b Immobilienbesitz GmbH (EUR 9,154,000), VIG ZP, s.r.o. (EUR 6,105,000) and Chrášťany komerční areál a.s. (EUR 4,242,000). The impairment losses are mainly attributable to buildings of VIG FUND (EUR 14,675,000) and Pereca 11 Sp.z.o.o. (EUR 3,150,000).

Amounts recognised in profit or loss	2023	2022 adjusted
in EUR '000		
Rental income	194,758	171,164
Operating expenses	**-70,045**	-61,616
Operating expenses for rented investment property	-65,496	-57,054
Operating expenses for vacant investment property	-4,549	-4,562
Disposal result	**3,470**	2,870
Gain from disposal	3,798	2,965
Losses from disposal	-328	-95
Total	**128,183**	112,418

Type of usage	31/12/2023	31/12/2022 adjusted
in EUR '000		
Self-used	8,513	8,037
Rented (operating lease)	2,843,577	2,636,978
Total	**2,852,090**	2,645,015

Contractual obligations for investment property	31/12/2023	31/12/2022
in EUR '000		
To purchase, construct or develop	0	7,450
To repairs, maintenance or improvements	493	0
Total	**493**	7,450

Use of properties in % of the property portfolio	31/12/2023	31/12/2022 adjusted
in EUR '000		
Austria	66.86	66.29
Owner-occupied property	4.93	5.39
Investment property	61.93	60.90
Group Functions	17.20	18.19
Owner-occupied property	1.09	1.12
Investment property	16.11	17.07
Other segments	15.94	15.52
Owner-occupied property	8.16	8.93
Investment property	7.78	6.59

5. OWNER-OCCUPIED PROPERTY AND EQUIPMENT

The accounting policies used are presented in Note 25.8. Owner-occupied property and equipment starting on page 203.

Composition	31/12/2023	31/12/2022 adjusted
in EUR '000		
Owner-occupied property	470,950	482,841
Tangible assets	148,209	125,851
Total	619,159	608,692

There are no material restrictions on control of the asset or material contractual obligations for acquiring the items under "Owner-occupied property and equipment".

5.1. Owner-occupied property

Development	2023	2022 adjusted
in EUR '000		
Acquisition costs	772,481	763,957
Cumulative valuation as of 31/12 of the previous year	-289,640	-291,936
Book value as of 31/12 of the previous year = Book value as of 01/01	482,841	472,021
Exchange rate differences	-524	3,568
Reclassifications	-8,453	-22,065
Additions	16,970	12,369
Disposals	-954	-1,788
Changes in scope of consolidation	0	36,132
Scheduled depreciation	-17,704	-17,355
Impairments	-1,226	-41
Book value as of 31/12	470,950	482,841
Cumulative valuation as of 31/12	301,182	289,640
Acquisition costs	772,132	772,481
thereof reportable segment Austria	163,344	168,523
thereof reportable segment Czech Republic	118,123	126,263
thereof reportable segment Poland	11,667	11,215
thereof reportable segment Group Functions	36,378	34,925

5.2. Type of usage

Type of usage	31/12/2023	31/12/2022 adjusted
in EUR '000		
Owner-occupied property	**470,950**	**482,841**
Self-used	449,558	461,378
Rented (operating lease)	21,392	21,463
Tangible assets	**148,209**	**125,851**
Self-used	137,651	118,501
Rented (operating lease)	10,558	7,350
Total	**619,159**	**608,692**

6. INVESTMENTS IN ASSOCIATES

The investments in associated companies balance sheet item consists only of shares in at equity consolidated companies. The list of associated companies is presented in Note 22. Affiliated companies and participations starting on page 163.

Development	2023	2022
in EUR '000		
Book value as of 31/12 of the previous year = Book value as of 01/01	**287,961**	**276,913**
Exchange rate differences	11	-2
Additions	1	0
Changes in scope of consolidation	-99,836	0
Share of changes in OCI	-11,393	-683
Pro rata result for the period	19,216	20,757
Dividend payments	-10,338	-9,024
Book value as of 31/12	**185,622**	**287,961**
thereof reportable segment Austria	178,073	180,999
thereof reportable segment Poland	150	139
thereof reportable segment Group Functions	7,399	106,823

On 3 March 2023, all shares in WWG Beteiligungen GmbH, Vienna, were sold outside the Group. Consequently, the shares in non-profit residential developers held by WWG Beteiligungen GmbH, Vienna, were deconsolidated.

Material shares	2023			
	Beteiligungs- und Wohnungs-anlagen GmbH	Gewista-Werbe-gesellschaft m.b.H.	Österreichisches Verkehrsbüro AG	VBV - Betriebliche Altersvorsorge AG
in EUR '000				
Income	0	97,253	500,850	115,017
Expenses	-192	-83,872	-524,500	-52,602
Financial result	18,252	21,838	-7,312	7,430
Taxes	1,044	-3,946	706	-10,890
Result for the period	**19,104**	**31,273**	**-30,256**	**58,955**
Parent company minority interest	0	0	313	0
Result for the period less non-controlling interests	**19,104**	**31,273**	**-29,943**	**58,955**
Non-controlling interests	430	9,874	-681	1,326
shares of at equity consolidated companies held by shareholders	18,674	21,399	-29,575	57,629

Material shares	2023			
	Beteiligungs- und Wohnungs-anlagen GmbH	Gewista-Werbe-gesellschaft m.b.H.	Österreichisches Verkehrsbüro AG	VBV - Betriebliche Altersvorsorge AG
Group interest in %	**25.00%**	**33.00%**	**36.58%**	**25.32%**
Share of result	4,776	10,320	-10,953	14,927
Fixed assets	340,261	156,445	321,154	378,991
Current assets (incl. other assets)	20,227	22,676	129,826	14,677,469
Borrowings	-201,697	-33,617	-427,981	-14,738,270
Net assets	158,791	145,504	22,999	318,190
Non-controlling interests	3,573	45,943	517	7,159
shares of at equity consolidated companies held by shareholders	155,218	99,561	22,482	311,031
Attributable of net assets	**39,698**	**48,016**	**8,411**	**80,566**
Cumulative impairments	0	0	-4,540	0
Book value of shares in at equity consolidated companies	**39,698**	**48,016**	**3,871**	**80,566**

Materiality is generally determined based on the amount of the at equity book value.

Beteiligungs- und Immobilien GmbH and Beteiligungs- und Wohnungsanlagen GmbH were included in the consolidated financial statements with a different balance sheet date (30 September). Including these companies as of the balance sheet date on 31 December 2023 would have no material impact on the present consolidated financial statements.

Development	2023			
	Beteiligungs- und Wohnungs-anlagen GmbH	Gewista-Werbe-gesellschaft m.b.H.	Österreichisches Verkehrsbüro AG	VBV - Betriebliche Altersvorsorge AG
in EUR ‘000				
Book value as of 31/12 of the previous year = Book value as of 01/01	**37,672**	**42,542**	**14,955**	**78,950**
Share of changes in OCI	0	0	-131	-11,273
Pro rata result for the period	4,776	10,320	-10,953	14,927
Dividend payments	-2,750	-4,846	0	-2,038
Book value as of 31/12	**39,698**	**48,016**	**3,871**	**80,566**

Shares in at equity consolidated companies had a book value of EUR 185,6 million as of 31 December 2023 and a book value of EUR 288,0 million as of 31 December 2022. Shares in at equity consolidated companies therefore represented 0,53% (0,84%) of the book value of the total investment portfolio as of 31 December 2023.

Composition of the result	2023	2022
in EUR ‘000		
Income	**16,466**	18,287
Current result	16,466	18,287

7. RECEIVABLES AND LIABILITIES

The accounting policies used are presented in Note 25.12. Receivables and Liabilities starting on page 209.

7.1. Receivables

Composition	31/12/2023			31/12/2022 adjusted		
	Gross carrying amount	Risk provision	Net carrying amount	Gross carrying amount	Risk provision	Net carrying amount
in EUR '000						
IFRS 9 measured receivables	440,374	-21,417	418,957	412,062	-6,360	405,702
Other receivables	76,715		76,715	84,984		84,984
Total	517,089	-21,417	495,672	497,046	-6,360	490,686

For detailed information on the development of risk provisions, please refer to the statements in Note 2.4. Expected credit loss starting on page 120.

Maturity structure	31/12/2023	31/12/2022 adjusted
in EUR '000		
Up to 1 year	359,471	357,254
More than one year up to five years	60,655	54,096
More than five years up to ten years	19,570	18,379
More than ten years	55,976	60,957
Total	495,672	490,686

7.2. Liabilities

Composition	31/12/2023	31/12/2022 adjusted
in EUR '000		
IFRS 9 measured liabilities	587,214	558,020
Other liabilities	525,461	391,808
Total	1,112,675	949,828

For detailed information on the tax liabilities, please refer to the statements in Note 11. Taxes starting on page 142.

For detailed information on the lease liabilities, please refer to the statements in Note 8. Financial liabilities starting on page 138.

Maturity structure	31/12/2023	31/12/2022 adjusted
in EUR '000		
Up to 1 year	798,211	622,773
More than one year up to five years	51,987	41,817
More than five years up to ten years	28,203	38,549
More than ten years	234,274	246,689
Total	1,112,675	949,828

8. FINANCIAL LIABILITIES

Composition	31/12/2023	31/12/2022 adjusted
in EUR '000		
Subordinated liabilities	1,309,283	1,789,281
Liabilities to banks	306,881	343,898
Liabilities from financing activities	579,908	593,118
Lease liabilities	198,398	183,126
Liabilities for derivatives	1,296	2,619
Liabilities designated measured at FVtPL	555	572
Total	2,396,321	2,912,614

Development	31/12/2023		
	Subordinated liabilities (incl. interest)	Liabilities to banks	Other financial liabilities*
in EUR '000			
Book value as of 31/12 of the previous year	1,789,281	343,898	777,111
Cash changes	-546,812	-42,113	-40,215
Cash inflows	0	23	509
Payments	-469,987	-37,719	-35,094
Paid interest	-76,825	-4,417	-5,630
Non-cash changes	66,814	5,096	42,159
Additions	67,382	5,096	60,980
Disposals	0	0	-2,621
Changes in scope of consolidation	0	0	-21,760
Reclassifications	0	0	8,643
Measurement changes	0	0	-442
Exchange rate differences	-568	0	-2,641
Book value as of 31/12	1,309,283	306,881	779,055

*It contains derivative liabilities from financing liabilities, other financing liabilities and lease liabilities.

Development	31/12/2022		
	Subordinated liabilities (incl. interest)	Liabilities to banks	Other financial liabilities*
in EUR '000			
Book value as of 31/12 of the previous year	1,493,599	351,087	776,708
Cash changes	223,666	-12,599	-40,116
Cash inflows	500,000	55,007	13,000
Payments	-215,600	-63,117	-46,930
Paid interest	-60,734	-4,489	-6,186
Non-cash changes	72,016	5,410	40,519
Additions	71,327	5,410	38,324
Disposals	0	0	-607
Changes in scope of consolidation	0	0	3,160
Reclassifications	0	0	-1,823
Measurement changes	0	0	62
Exchange rate differences	689	0	1,403
Book value as of 31/12	1,789,281	343,898	777,111

*It contains derivative liabilities from financing liabilities, other financing liabilities and lease liabilities.

9. NOTES TO THE CONSOLIDATED INCOME STATEMENT

Composition	Austria		Czech Republic		Poland		Extended CEE	
	2023	2022 adjusted	2023	2022 adjusted	2023	2022 adjusted	2023	2022 adjusted
in EUR '000								
Investment result	1,010,854	-740,632	183,108	-15,720	130,074	-14,845	293,611	-13,887
Interest revenues using the effective interest rate method	450,204	422,286	91,970	81,789	61,016	43,256	186,751	144,147
Realised gains and losses from financial assets measured at AC	-36	-3,953	0	-87	-1	1	158	420
Impairment losses incl. reversal gains on financial instruments	-1,697	-59,305	-12,345	-1,016	-1,058	-502	-41,948	-20,357
Other result from financial instruments	562,383	-1,099,660	103,483	-96,406	70,117	-57,600	148,650	-138,097
thereof result from the valuation of financial assets measured at FVtPL	450,961	-1,166,373	85,029	-100,775	46,694	-23,533	139,636	-164,139
thereof result from sale of financial instruments measured at FVtPL	13,106	-120,577	7,726	-5,807	37,271	-35,587	14,103	-23,075
Income and expenses from investment property	26,252	18,701	-1,040	105	339	25	226	2,918
thereof current income	84,590	69,487	535	511	682	312	5,446	4,354
thereof depreciation	-58,338	-51,073	-1,575	-407	-344	-288	-5,302	-2,033
thereof result from sale	0	287	0	0	0	0	81	323
Finance costs	-48,237	-44,864	-2,935	-1,911	-1,012	-1,134	-8,276	-4,374
thereof interest expenses for personnel provisions	-8,637	-4,486	0	0	0	0	0	0
thereof interest expenses financing liabilities	-1,691	-1,898	0	0	0	0	-57	-4
thereof interest expenses for liabilities to financial institutions	-778	-818	0	0	0	0	-466	-350
thereof interest expenses for subordinate liabilities	-35,287	-35,989	-1,224	-1,131	-1,500	-612	-6,397	-3,097
thereof interest expenses for lease liabilities	-1,718	-1,561	-1,506	-979	-297	-174	-961	-750
Result from owner-occupied properties	325	2,768	-5,485	-6,174	-788	-679	-2,779	-2,459
thereof depreciation	-7,634	-7,286	-5,101	-3,834	-411	-398	-3,333	-3,282
thereof result from sale	154	496	-29	0	0	0	590	896

Composition	Special Markets		Group Functions		Consolidation		Total	
	2023	2022 adjusted	2023	2022 adjusted	2023	2022 adjusted	2023	2022 adjusted
in EUR '000								
Investment result	274,198	30,784	50,780	-8,756	-49,557	-46,640	1,893,068	-809,696
Interest revenues using the effective interest rate method	89,306	29,870	53,210	26,355	-36,656	-32,806	895,801	714,897
Realised gains and losses from financial assets measured at AC	-41	-123	0	-500	0	0	80	-4,242
Impairment losses incl. reversal gains on financial instruments	-2,880	-18,327	3,444	-5,435	0	0	-56,484	-104,942
Other result from financial instruments	187,813	19,364	-5,874	-29,176	-12,901	-13,834	1,053,671	-1,415,409
thereof result from the valuation of financial assets measured at FVtPL	50,994	-87,830	-1,140	-8,518	0	0	772,174	-1,551,168
thereof result from sale of financial instruments measured at FVtPL	-871	-3,747	-5,815	-21,328	0	0	65,520	-210,121
Income and expenses from investment property	543	379	5,579	15,728	-55	-54	31,844	37,802
thereof current income	661	625	32,853	32,420	-55	-54	124,712	107,655
thereof depreciation	-251	-246	-30,530	-18,951	0	0	-96,340	-72,998
thereof result from sale	133	0	3,256	0	0	0	3,470	610
Finance costs	-577	-317	-86,233	-89,223	47,944	46,554	-99,326	-95,269
thereof interest expenses for personnel provisions	0	0	-1,829	-704	0	0	-10,466	-5,190
thereof interest expenses financing liabilities	0	0	-3,004	-3,146	0	0	-4,752	-5,048
thereof interest expenses for liabilities to financial institutions	0	0	-26,604	-26,794	21,619	21,413	-6,229	-6,549
thereof interest expenses for subordinate liabilities	0	0	-54,126	-58,294	26,305	24,296	-72,229	-74,827
thereof interest expenses for lease liabilities	-578	-316	-96	-87	479	462	-4,677	-3,405
Result from owner-occupied properties	325	436	510	104	-5,496	-4,522	-13,388	-10,526
thereof depreciation	-252	-261	-1,200	-1,098	0	0	-17,931	-16,159
thereof result from sale	0	119	0	0	0	0	715	1,511

10. CONSOLIDATED SHAREHOLDERS' EQUITY

Further information on the shareholders' equity can be found starting on page 206.

10.1. Dividend payment

Composition	31/12/2023	31/12/2022
in EUR '000		
Dividends	166,400	160,000
Interest payments on the hybrid capital	9,638	9,638
Deferred taxes directly recognised in equity	-2,082	-2,169
Total	173,956	167,469

Payout 2023 for the financial year 2022	per share	Total
in EUR		
Ordinary shares	1.30	166,400,000

10.2. Proposed appropriation of profits

VIENNA INSURANCE GROUP AG Wiener Versicherung Gruppe (VIG Holding) concluded financial year 2023 with a net retained profit of EUR 396,846,778.80. The following appropriation of profits will be proposed at the Annual General Meeting:

The 128 million shares will receive a dividend of EUR 1.40 per share. For this dividend, 29 May 2024 was agreed as the payment date, 28 May 2024 as the record date and 27 May 2024 as the ex-dividend date.

A total distribution of EUR 179,200,000.00 has therefore been approved. The remaining net retained profit of financial year 2023 of EUR 217,646,778.80 after the distribution should be carried forward to the new account.

10.3. Capital reserves – hybrid capital

Issue date	Outstanding volume	Maturity	Yield	Fair value
	in EUR '000	in years	in %	in EUR '000
10/06/2021	300,000	unlimited	First 10 years: 3.2125% p.a.; thereafter variable	236,867

As part of a private placement with the main shareholder, Wiener Städtische Versicherungsverein, VIG Holding placed a hybrid capital bond on 15 March 2021. The hybrid capital fulfils the shareholders' equity criteria in accordance with IAS 32.16C and .16D, as the issuer is free to decide about the interest payment and the term is unrestricted. It also complies with the Restricted Tier 1 requirements according to Solvency II as well as the capital qualification in accordance with the rating agency S&P.

10.4. Other reserves

Composition	31/12/2023			
	Gross	+/- Deferred taxes	+/- Non-controlling interests	Net
in EUR '000				
Unrealised gains and losses	226,014	-66,693	-4,146	155,175
IFRS 9 reserves recyclable*	-997,005	213,339	12,054	-771,612
IFRS 9 reserves non-recyclable	-1,953	-3,155	-241	-5,349
IFRS 17 reserves	1,224,972	-276,877	-15,959	932,136
Actuarial gains and losses from provisions for employee benefits	-188,664	42,936	3,022	-142,706
Share of other reserves of associated consolidated companies	-11,888	0	250	-11,638
Currency reserve	-144,572	0	4,016	-140,556
Total	-119,110	-23,757	3,142	-139,725

*Thereof reclassified to income statement in gross value: EUR 122,542,000

Composition	31/12/2022 adjusted			
	Gross	+/- Deferred taxes	+/- Non-controlling interests	Net
in EUR '000				
Unrealised gains and losses	-43,587	-8,749	1,996	-50,340
IFRS 9 reserves recyclable*	-2,292,672	485,442	53,014	-1,754,216
IFRS 9 reserves non-recyclable	-8,582	111	874	-7,597
IFRS 17 reserves	2,257,667	-494,302	-51,892	1,711,473
Actuarial gains and losses from provisions for employee benefits	-143,547	32,598	2,318	-108,631
Share of other reserves of associated consolidated companies	-494	0	29	-465
Currency reserve	-202,673	0	22,309	-180,364
Total	-390,301	23,849	26,652	-339,800

*Thereof reclassified to income statement in gross value: EUR -189,379,000

11. TAXES

The accounting policies used are presented in Note 25.13. Taxes starting on page 209.

11.1. Tax expenses

Composition	2023	2022 adjusted
in EUR '000		
Actual taxes	152,883	90,281
From the current period	143,208	80,211
From previous periods	9,675	10,070
Deferred taxes	43,560	31,413
Change of deferred taxes in the current year	55,865	34,370
Deferred taxes due to temporary differences relating to other periods	-8,948	-574
Deferred taxes due to loss carry forwards relating to other periods	-3,357	-2,383
Total	196,443	121,694

Reconciliation	2023	2022 adjusted
in EUR '000		
Expected tax rate in %	24.0%	25.0%
Result before taxes	772,689	585,697
Expected tax expenses	**185,445**	146,424
Adjusted for tax effects due to:		
Different local tax rate	-31,061	-27,651
Change of tax rates	-11,528	2,807
Non-deductible expenses	131,049	103,163
Income not subject to tax	-100,669	-129,474
Taxes from previous years	-2,630	7,113
Non-recognition/reduction of deferred tax assets due to temporary differences	6,099	6,518
Non-recognition/reduction of deferred tax assets due to loss carry forwards	6,023	6,153
Effects due to group taxation/profit transfers	-403	458
Others	14,118	6,183
Effective tax expenses	**196,443**	121,694
Effective tax rate in %	25.4%	20.8%

The income tax rate of the parent company is used as the group tax rate.

The non-deductible expenses consist primarily of depreciation and the income not subject to tax is mainly the result of appreciation, dividends and interest received.

11.2. Deferred taxes

The deferred tax assets and liabilities reported relate to temporary differences in the balance sheet items listed in the table below (the differences were measured using the applicable tax rates). It should be noted that deferred taxes, as far as permissible, are offset at the taxpayer level, and, accordingly, the different balances are shown either as assets or liabilities on the balance sheet.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that the deferred tax assets can be used. Deferred tax assets are examined each balance sheet date and reduced to the extent that it is no longer probable that the associated tax benefits can be realised.

Composition	31/12/2023		31/12/2022 adjusted	
	Assets	Liabilities	Assets	Liabilities
in EUR '000				
Cash and cash equivalents	32	42,605	4	48,371
Financial assets and Investments in associates	553,663	393,599	1,893,007	1,391,801
Receivables and Other assets	211,304	22,191	212,280	22,220
Insurance contracts assets[1]	225,921	118,421	281,262	28,531
Investment property as well as Owner-occupied property and equipment	13,627	36,711	16,278	44,348
Goodwill and Intangible assets	4,088	12,801	6,483	37,566
Right-of-use assets	0	59,319	0	39,013
Liabilities and other payables, Financial liabilities and Other liabilities	275,614	73,449	137,184	266,730
Insurance contracts liabilities[2]	665,666	1,137,070	604,987	1,096,701
Provisions	122,299	90,088	64,655	54,517
Tax-exempt reserves	0	9,162	0	9,450
Accumulated losses carried forward	46,293	0	31,551	0
Sum before valuation allowance	**2,118,507**	**1,995,416**	3,247,691	3,039,248
Valuation allowance for deferred tax assets	-42,012		-36,570	
Total before netting	**2,076,495**	**1,995,416**	3,211,121	3,039,248
Netting	-1,593,208	-1,593,208	-2,669,896	-2,669,896
Net balance	**483,287**	**402,208**	541,225	369,352

1 Incl. Insurance contracts assets issued and Reinsurance contracts assets held

2 Incl. Insurance contracts liabilities issued and Reinsurance contracts liabilities held

Deferred tax assets from seven-year amortisation of participations to going concern value were recognised in the amount of EUR 10,458,000 (EUR 15,041,000). Those amounts not recognised in 2023 amount to 3,810,000. Deferred tax liabilities and deferred tax assets of consolidated taxable entities in the tax group collected by the same tax authority were netted, resulting in a deferred tax liability of EUR 875,000 (in a deferred tax asset of EUR 23,878,000). In accordance with IAS 12.39, deferred tax liabilities were not reported for temporary differences from interests in subsidiaries and associated companies since they would not be reversed in the foreseeable future. The difference between the book value for tax purposes and the IFRS shareholders' equity is EUR 1,868,341,000 (EUR 1,650,858,000). Deferred taxes for undistributed subsidiary profits of EUR 17,252,000 (EUR 15,666,000) were also not reported, because a decision to distribute the profits had not yet been made.

Deferred tax assets on tax loss carryforwards not recognised	2023	2022
in EUR '000		
Bosnia-Herzegovina	-309	-161
Bulgaria	0	-1,519
Estonia	-340	-340
Croatia	-25	-25
Liechtenstein	-960	-904
Lithuania	-275	-44
Austria	-9,601	-8,602
Poland	-9,379	-4,186
Romania	-1,469	-4,851
Serbia	-822	-2,259
Slovakia	-577	-376
Slovenia	-40	-45
Czech Republic	-121	-195
Ukraine	-85	-117
Hungary	-3,397	-2,906
Total	**-27,400**	-26,530

11.3. Tax rates

The deferred taxes are based on the following tax rates:

Tax rates	31/12/2023	31/12/2022
in %		
Albania	15.0	15.0
Bosnia-Herzegovina	10.0	10.0
Bulgaria	10.0	10.0
Germany[1]	30.0	30.0
Estonia[2]	0.0	0.0
Georgia[3]	15.0	15.0
Kosovo	10.0	10.0
Croatia	18.0	18.0
Latvia[4]	0.0	0.0
Liechtenstein	12.5	12.5
Lithuania	15.0	15.0
Moldova	12.0	12.0
North Macedonia	10.0	10.0
Netherlands	25.8	25.8
Austria[5]	24.0	25.0
Poland	19.0	19.0
Romania	16.0	16.0
Serbia	15.0	15.0
Slovakia[7]	21.0	21.0
Czech Republic[8]	19.0	19.0
Türkiye[6]	30.0	25.0
Ukraine	18.0	18.0
Hungary	11.3	11.3

[1] The tax rate shown here is a flat tax rate. The tax rate is between 15.825% and 31.715%, depending on the registered office and activities of the company.
[2] The retained profits of locally domiciled companies are not subject to corporate income tax. Profit distributions by the companies are subject to a tax rate of 14.0% to 20.0%.
[3] As a rule, the retained profits of locally domiciled companies will not be subject to corporate income tax starting 1 January 2023. The planned implementation date was postponed from 1 January 2019 to 1 January 2023.
[4] The retained profits of locally domiciled companies are not subject to corporate income tax. Profit distributions by the companies are subject to a tax rate of 20.0%.
[5] Due to a change in the law, the corporate income tax rate will be reduced in stages from 25.0% to 24.0% in 2023, and then to 23.0% in 2024.
[6] In 2023, the corporate income tax rate was increased to 30.0% for current taxes.
[7] The corporate income tax rate is 21.0%, but insurance companies have to pay additional taxes, meaning that a tax rate of 25.36% applies to these companies.
[8] Due to a new law that was passed, the corporate income tax rate will be increased in stages from 19.0% to 21.0% in 2024.

12. PROVISIONS

The accounting policies used are presented in Note 25.11. Provisions starting on page 209.

Composition	31/12/2023	31/12/2022 adjusted
in EUR ‘000		
Provisions for pensions and similar obligations	340,708	312,929
Provision for pension obligations	236,499	213,054
Provision for severance obligations	104,209	99,875
Provisions for other employee benefits	71,853	59,550
Miscellaneous provisions	336,059	297,400
Total	748,620	669,879

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13. INTANGIBLE ASSETS

The accounting policies used are presented in Note 25.6. Intangible assets starting on page 202.

Composition	31/12/2023	31/12/2022 adjusted
in EUR '000		
Purchased software	476,139	446,118
Other intangible assets	114,222	139,682
Total	590,361	585,800

13.1. Purchased software

Development	2023	2022 adjusted
in EUR '000		
Acquisition costs	940,268	1,441,531
Cumulative valuation as of 31/12 of the previous year	-494,150	-1,053,168
Book value as of 31/12 of the previous year = Book value as of 01/01	446,118	388,363
Exchange rate differences	562	-160
Reclassifications	-361	-5,179
Additions	120,481	124,339
Disposals	-3,328	-5,953
Changes in scope of consolidation	0	23,967
Scheduled depreciation	-80,498	-79,259
Impairments	-6,835	0
Book value as of 31/12	476,139	446,118
Cumulative valuation as of 31/12	572,715	494,150
Acquisition costs	1,048,854	940,268

The impairments are due to software packages that are no longer being used in Romania and Poland.

13.2. Other intangible assets

Development	2023	2022 adjusted
in EUR '000		
Acquisition costs	319,274	221,042
Cumulative valuation as of 31/12 of the previous year	-179,592	-140,118
Book value as of 31/12 of the previous year = Book value as of 01/01	139,682	80,924
Exchange rate differences	5	1,055
Reclassifications	-656	279
Additions	16,506	93,221
Disposals	-234	-270
Changes in scope of consolidation	0	7,941
Scheduled depreciation	-20,254	-21,761
Impairments	-20,827	-21,707
Book value as of 31/12	114,222	139,682
Cumulative valuation as of 31/12	219,960	179,592
Acquisition costs	334,182	319,274

In the reporting period, the impairments of the item Other intangible assets related to the customer bases of Alfa (Hungary) (EUR 2,661,000), Asset Management Hungary (EUR 8,388,000) and Viennalife (Türkiye) (EUR 9,778,000). In the previous year, the impairments related to the customer bases of Alfa (Hungary) (EUR 14,666,000) and Viennalife (Türkiye) (EUR 3,041,000), as well as the Asirom brand (EUR 4,000,000).

14. LEASES

Lessor - operating leases

Maturity analysis of undiscounted lease payments	31/12/2023	31/12/2022
in EUR '000		
Up to 1 year	142,410	126,626
More than one up to two years	127,156	118,184
More than two up to three years	117,400	109,334
More than three up to four years	108,340	101,024
More than four up to five years	100,128	92,940
More than five years	3,071,781	2,708,095
Total	3,667,215	3,256,203

Lease income	2023	2022
in EUR '000		
Fixed lease income	146,236	129,252
Lease income of variable lease payments	27,638	28,159
Total	173,874	157,411

15. TYPE OF EXPENSES AND DETAILS OTHER INCOME AND EXPENSES

15.1. General information

Due to the accounting and valuation requirements of IFRS 17, expenses that are directly attributable to insurance contracts are included in the “Insurance service result”. General administrative expenses are not directly attributable to insurance contracts and are included in the item of Other expenses.

The expenses that are taken into account under IFRS 17 amount to EUR 3,677,783,000 in the current period. Apart from personnel expenses, a significant portion is made up of commissions paid, IT expenses, taxes related to insurance contracts and scheduled depreciation.

15.2. Personnel expenses

Number of employees	31/12/2023	31/12/2022
Number		
Sales representatives	15,047	14,797
Office staff	14,358	14,035
Total	29,405	28,832

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

Personnel expenses	2023	2022 adjusted
in EUR '000		
Wages and salaries	823,528	697,878
Expenses for severance benefits and payments to company pension plans	7,320	7,218
Expenses for retirement provisions	10,750	16,898
Mandatory social security contributions and expenses	207,656	190,633
Other social security expenses	29,344	27,893
Total	1,078,598	940,520
Sales representatives	458,997	412,233
Office staff	619,601	528,287

15.3. Other income and expenses

	2023	2022
in EUR '000		
Other income	303,932	273,780
thereof exchange rate gains	82,414	43,847
thereof other revenue from services	122,185	91,549
Other expenses	-821,804	-680,457
thereof general administrative expenses acc. to IFRS 17	-512,564	-468,706
thereof exchange rate losses	-87,797	-39,633
thereof losses from non-monetary items acc. to IAS 29	-31,547	
thereof result from owner-occupied property	-13,388	-10,526

Both the increase in general administrative expenses acc. to IFRS 17 and the increase in other revenues from services is due to a larger business volume.

ADDITIONAL DISCLOSURES

16. CALCULATION OF FAIR VALUE

The accounting policies used are presented in Note 25.9. Calculation of fair value starting on page 203.

16.1. Fair value and book values of financial instruments and investments

Book values and valuation hierarchies	31/12/2023				
	Book value	Level 1	Level 2	Level 3	Fair value
in EUR '000					
Financial assets acc. to IFRS 9	37,990,239	25,459,784	9,241,370	3,268,013	37,969,167
Financial assets mandatorily measured at FVtPL	10,393,733	6,112,598	3,135,874	1,145,261	10,393,733
Bonds	1,716,436	406,366	848,137	461,933	1,716,436
Funds	8,174,035	5,361,046	2,251,947	561,042	8,174,035
Derivatives	19,043	0	1,679	17,364	19,043
Shares	450,075	345,186	31,829	73,060	450,075
Shares in participating companies	30,116	0	0	30,116	30,116
Shares in affiliated non-consolidated companies	4,028	0	2,282	1,746	4,028
Financial assets designated measured at FVtPL	212,822	161,678	51,144	0	212,822
Bonds	212,822	161,678	51,144	0	212,822
Financial assets measured at AC	2,963,320	448,858	1,004,637	1,488,753	2,942,248
Loans	742,306	0	594,559	127,842	722,401
Bonds	978,491	448,858	410,078	97,406	956,342
Term deposits	1,242,523	0	0	1,263,505	1,263,505
Financial assets mandatorily measured at FVtOCI	24,021,071	18,706,866	5,044,560	269,645	24,021,071
Bonds	24,021,071	18,706,866	5,044,560	269,645	24,021,071
Financial assets designated measured at FVtOCI	399,293	29,784	5,155	364,354	399,293
Shares	38,259	29,784	5,155	3,320	38,259
Shares in participating companies	70,088	0	0	70,088	70,088
Shares in affiliated non-consolidated companies	290,946	0	0	290,946	290,946
Investment property	2,852,090	0	32,988	4,384,990	4,417,978
Owner-occupied property	470,949	0	39,107	792,142	831,249
Investments in associates	185,622				
Total	41,498,900	25,459,784	9,313,465	8,445,145	43,218,394

Book values and valuation hierarchies	31/12/2022 adjusted				
	Book value	Level 1	Level 2	Level 3	Fair value
in EUR '000					
Financial assets acc. to IFRS 9	35,813,985	26,588,578	7,362,754	1,730,542	35,681,874
Financial assets mandatorily measured at FVtPL	10,364,419	7,345,526	2,517,415	501,478	10,364,419
Bonds	1,702,157	543,061	1,034,016	125,080	1,702,157
Funds	8,155,893	6,431,290	1,477,149	247,454	8,155,893
Derivatives	28,683	0	1,771	26,912	28,683
Shares	427,950	371,175	4,479	52,296	427,950
Shares in participating companies	35,528	0	0	35,528	35,528
Shares in affiliated non-consolidated companies	14,208	0	0	14,208	14,208
Financial assets designated measured at FVtPL	130,870	104,527	26,343	0	130,870
Bonds	130,870	104,527	26,343	0	130,870
Financial assets measured at AC	2,717,480	886,538	953,116	745,715	2,585,369
Loans	788,952	144,483	576,739	20,747	741,969
Bonds	888,080	396,184	376,377	29,916	802,477
Term deposits	1,040,448	345,871	0	695,052	1,040,923
Financial assets mandatorily measured at FVtOCI	22,363,774	18,226,344	3,861,397	276,033	22,363,774
Bonds	22,363,774	18,226,344	3,861,397	276,033	22,363,774
Financial assets designated measured at FVtOCI	237,442	25,643	4,483	207,316	237,442
Shares	33,222	25,643	4,234	3,345	33,222
Shares in participating companies	68,930	0	0	68,930	68,930
Shares in affiliated non-consolidated companies	135,290	0	249	135,041	135,290
Investment property	2,645,015	0	44,582	4,220,362	4,264,944
Owner-occupied property	482,841	0	39,007	820,868	859,875
Investments in associates	287,961				
Total	39,229,802	26,588,578	7,446,344	6,771,772	40,806,693

Book values and valuation hierarchies	31/12/2023				
	Book value	Level 1	Level 2	Level 3	Fair value
in EUR '000					
Financial liabilities mandatorily measured at FVtPL	1,296	0	707	589	1,296
Liabilities for derivatives	1,296	0	707	589	1,296
Financial liabilities designated at FVtPL	555	0	0	555	555
Liabilities designated measured at FVtPL	555	0	0	555	555
Financial liabilities measured at AC*	2,196,072	0	1,644,863	416,711	2,061,574
Liabilities to banks	306,881	0	0	306,881	306,881
Liabilities from financing activities	579,908	0	396,217	88,175	484,392
Subordinated liabilities	1,309,283	0	1,248,646	21,655	1,270,301
Total	2,197,923	0	1,645,570	417,855	2,063,425

*Excl. lease liabilities

Book values and valuation hierarchies	31/12/2022 adjusted				
	Book value	Level 1	Level 2	Level 3	Fair value
in EUR '000					
Financial liabilities mandatorily measured at FVtPL	2,619	0	2,138	481	2,619
Liabilities for derivatives	2,619	0	2,138	481	2,619
Financial liabilities designated at FVtPL	572	0	0	572	572
Liabilities designated measured at FVtPL	572	0	0	572	572
Financial liabilities measured at AC*	2,726,297	0	2,087,123	466,896	2,554,019
Liabilities to banks	343,898	0	0	343,898	343,898
Liabilities from financing activities	593,118	0	320,939	101,339	422,278
Subordinated liabilities	1,789,281	0	1,766,184	21,659	1,787,843
Total	2,729,488	0	2,089,261	467,949	2,557,210

*Excl. lease liabilities

The unrealised effect (net profit or loss) of Level 3 financial instruments that are still held and whose fair value will be recognised through profit and loss was EUR 21,544,000 in the reporting period.

16.2. Reclassification of financial instruments

The companies in VIG Insurance Group regularly review the current validity of the last fair value classification performed on each valuation date. For example, a reclassification is performed if necessary inputs are no longer directly observable in the market.

Reclassifications	31/12/2023		
	Between Level 1 and Level 2	Level 1 to Level 3	Level 2 to Level 3
Number			
Measured at FVtOCI	87	2	5
Mandatorily measured at FVtOCI	87	2	5
Financial assets	87	2	5
Measured at FVtPL	189	9	10
Mandatorily measured at FVtPL	183	9	8
Financial assets	183	9	8
Designated measured at FVtPL	6	0	2
Financial assets	6	0	2
Total	276	11	15

The reclassifications between Level 1 and Level 2 are due to changes in liquidity, trading frequency and trading activity, as well as due to the harmonisation of valuation hierarchies. The reclassifications from Level 1 to Level 3 are primarily based on a worsening of the liquidity, for example in connection with developments on the real estate market. The reclassifications from Level 2 to Level 3 are primarily based on a worsening of the credit quality or liquidity.

Reclassifications	31/12/2022 adjusted				
	Between Level 1 and Level 2	Level 3 to Level 1	Level 1 to Level 3	Level 3 to Level 2	Level 2 to Level 3
Number					
Measured at FVtOCI	13	1	23	1	9
Mandatorily measured at FVtOCI	13	1	23	1	9
Financial assets	13	1	23	1	9
Measured at FVtPL	8	0	2	0	0
Mandatorily measured at FVtPL	8	0	2	0	0
Financial assets	8	0	2	0	0
Total	21	1	25	1	9

Reclassifications between Level 1 and 2 primarily occur if liquidity, trading frequency or trading activity of the particular financial instrument once again, or cease to allow one to conclude that an active market exists. For example, the market maker for a security frequently changes, with a corresponding impact on liquidity. A similar example is when shares are included in (or removed from) an index that acts as a benchmark for many funds. In this case, the classification can also change. As a result of the decentralised structure of VIG Insurance Group, classifications are generally reviewed by the subsidiaries at the end of the period. Any reclassifications are presented as if they had taken place at the end of the period.

Measurement method for fair value assessment

Measurement procedure for fair value assessment	31/12/2023	31/12/2022 adjusted
in EUR '000		
Owner-occupied property	831,249	859,689
Evaluated by an independent expert	378,823	394,979
Evaluated by an internal expert	452,426	464,710
Investment property	4,417,978	4,265,181
Evaluated by an independent expert*	1,010,579	1,017,714
Evaluated by an internal expert	3,407,399	3,247,467

*This corresponds to 22.87% (23.86%) of the fair value of investment property.

Measurement method	31/12/2023	31/12/2022 adjusted
in EUR '000		
Owner-occupied property	831,249	859,689
Capitalised earnings value methode	647,013	683,016
Comparative pricing method/market approach	179,883	127,271
Other method	4,353	49,402
Investment property	4,417,978	4,265,181
Capitalised earnings value methode	4,008,590	3,489,448
Comparative pricing method/market approach	354,114	123,614
Other method	55,274	652,119
Total	5,249,227	5,124,870

16.3. Reconciliation of financial instruments

For information on the effects of changes in value recognised through profit and loss, please refer to Note 9. Notes to the consolidated income statement starting on page 139.

A harmonisation of IT systems results in level reclassifications that are not attributable to changes in market value.

Development	2023			2022 adjusted		
Financial assets measured at FVtOCI	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
in EUR '000						
Fair value as of 31/12 of the previous year = Fair value as of 01/01	18,251,987	3,865,880	483,349	19,738,755	4,456,035	461,982
Exchange rate differences	21,703	-1,505	-16,257	149,066	1,917	745
Reclassification between classes of financial instruments	-25,816	15,770	127,046	-35,014	0	4,107
Reclassification to level	224,089	1,112,099	164,679	40,319	9,205	203,276
Reclassification from level	-1,131,929	-315,281	-53,658	-183,672	-65,272	-3,857
Amortisation and accrued interest	56,886	12,793	-1,884	81,356	10,829	-3,619
Additions	3,396,212	591,244	200,781	3,885,212	601,839	61,476
Disposals	-2,977,020	-522,290	-108,319	-2,849,301	-410,592	-93,211
Changes in scope of consolidation	0	-4,538	-110,758	644,983	0	-16,544
Changes in value recognised in profit and loss	0	0	0	0	0	0
Changes in value recognised directly in equity	920,538	295,543	-50,980	-3,219,717	-738,081	-131,006
Fair value as of 31/12	18,736,650	5,049,715	633,999	18,251,987	3,865,880	483,349

Development	2023			2022 adjusted		
Financial assets measured at FVtPL	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
in EUR '000						
Fair value as of 31/12 of the previous year = Fair value as of 01/01	7,450,053	2,543,758	501,478	9,554,995	3,161,445	562,236
Exchange rate differences	72,100	-1,029	-16,755	29,777	2,864	-307
Reclassification between classes of financial instruments	11,519	2,675	-14,193	33,340	-2,434	0
Reclassification to level	244,114	774,013	592,993	1,601	274	6,771
Reclassification from level	-1,230,251	-377,942	-2,928	-6,985	-1,651	-8
Amortisation and accrued interest	1,081	8,718	5,142	5,929	11,803	6,418
Additions	2,459,074	467,755	177,649	2,486,751	354,032	201,570
Disposals	-3,231,600	-483,055	-107,460	-3,563,916	-741,384	-210,800
Changes in scope of consolidation	0	0	-12,528	15,942	180,376	-42,271
Changes in value recognised in profit and loss	498,186	252,125	21,863	-1,107,381	-421,567	-22,131
Changes in value recognised directly in equity	0	0	0	0	0	0
Fair value as of 31/12	6,274,276	3,187,018	1,145,261	7,450,053	2,543,758	501,478

Development		2023			2022 adjusted	
Financial liabilities measured at FVtPL	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
in EUR '000						
Fair value as of 31/12 of the previous year = Fair value as of 01/01	0	2,138	1,053	0	3,059	813
Exchange rate differences	0	728	-2	0	1,825	0
Reclassification between classes of financial instruments	0	0	0	0	0	0
Reclassification to level	0	0	0	0	0	0
Reclassification from level	0	0	0	0	0	0
Amortisation and accrued interest	0	0	404	0	3	180
Disposals	0	-2,159	-311	0	-3,702	0
Changes in scope of consolidation	0	0	0	0	993	0
Changes in value recognised in profit and loss	0	0	0	0	-40	60
Changes in value recognised directly in equity	0	0	0	0	0	0
Fair value as of 31/12	0	707	1,144	0	2,138	1,053

16.4. Unobservable input factors

Asset class	Measurement methods	Unobservable input factors	Range	2023		2022	
				from	to	from	to
Property	Capitalised earnings value	Capitalisation rate	in %	0.30	7.47	0.30	7.47
		Rental income	in EUR '000	7	4,090	7	3,999
		Land price	in EUR '000	0	12	0	12
	Discounted Cash flow	Capitalisation rate	in EUR '000	4.11	8.92	3.56	8.26
		Rental income	in %	111	7,394	102	5,699
	Building rights – capitalised earnings value	Capitalisation rate	in %	2.50	4.00	2.50	4
		Rental income	in EUR '000	83	4,378	83	4,378
		Land prices	in EUR '000	0.30	0.73	0.30	0.73
		Construction interest actually paid	in %	0.90	3.96	0.90	5.70
Loans measured at AC	Present value method	Spreads	in %	-0.20	5.62		
Bonds measured at AC	Present value method	Spreads	in %	-0.20	5.62		
Bonds measured at FVtOCI	Present value method	Spreads	in %	-0.20	4.13		
Bonds measured at FVtPL	Present value method	Spreads	in %	-0.20	3.81		

16.5. Sensitivities

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

Investment property

The following sensitivities result for a part of the portfolio from calculations using the Solvency II partial internal model:

Property	Fair value
in EUR '000	
Fair value as of 31/12	4,619,995
Rental income -5%	4,440,131
Rental income +5%	4,805,545
Capitalisation rate -50bp	4,918,764
Capitalisation rate +50bp	4,369,458
Land prices -5%	4,583,548
Land prices +5%	4,660,968

Since property is measured at amortised cost in the balance sheet of VIG, negative sensitivities would only affect profit or loss if property value fell below book value. Other comprehensive income is therefore unaffected.

Measured at AC

As the change in the book value of loans and bonds classified as measured at AC idoes not include a fair value component, there is no impact from the sensitivity calculation on the income statement and other comprehensive income.

Measured at FVtPL

Bonds	Fair value
in EUR '000	
Fair value as of 31/12	461,933
Spread +50bp	-9,971
Effect on the income statement	-9,971
Effect on the statement of comprehensive income	0

Measured at FVtOCI

Bonds	Fair value
in EUR '000	
Fair value as of 31/12	269,645
Spread +50bp	-4,821
Effect on the income statement	0
Effect on the statement of comprehensive income	-4,821

17. HYPERINFLATION

As soon as cumulative three-year inflation exceeds 100%, that is considered to be one of the indications for the application of IAS 29 – Financial Reporting in Hyperinflationary Economies. This indication is present in the case of Türkiye. In the present consolidated financial statements, VIG Insurance Group fully consolidates two Turkish insurance companies that prepare their financial statements in the functional currency TRY. Due to changes in the general purchasing power of the functional currency, the present financial statements for the Turkish insurance companies have been adjusted. They are now stated in the current measuring unit at the balance sheet date. The approach applied for this purpose is based on historical acquisition costs.

For the reporting period, the Consumer Price Index published by the Turkish National Bank changed by 64.77% over the period under review from December 2022 to December 2023.

		2023	2022
CPI (2003 = 100%)	in %	1,859.4	1,128.5
Net loss of monetary items	in EUR '000	31,547	

18. EARNINGS PER SHARE

Earnings per share		2023	2022 adjusted
Result for the period	EUR '000	576,246	464,003
Non-controlling interests in net result for the period	EUR '000	-17,267	8,334
Result for the period less non-controlling interests	**EUR '000**	**558,979**	472,337
Interest expenses for the hybrid capital	EUR '000	7,556	7,469
Attributable result	**EUR '000**	**551,423**	464,868
Number of shares at closing date	units	128,000,000	128,000,000
Earnings per share*	**EUR**	**4.31**	3.63

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

19. RELATED PARTIES

Related parties are those affiliated companies and associated companies listed in Note 22. Affiliated companies and participations starting on page 163. Furthermore, the Managing Board and Supervisory Board members of VIG Holding are to be qualified as related persons.

Wiener Städtische Versicherungsverein holds directly and indirectly around 72.47% (around 72.47%) and therefore the majority of the voting rights of VIG Holding. Due to the given control, it is therefore also considered to be a related company and its Managing Board as well as Supervisory Board members are considered to be related persons.

19.1. Members of management in key positions

Supervisory Board	
Chairman	Günter Geyer
1st Deputy Chairman	Rudolf Ertl
2nd Deputy Chairman	Robert Lasshofer
Members	Martina Dobringer
	Zsuzsanna Eifert
	Gerhard Fabisch
	András Kozma
	Peter Mihók
	Heinz Öhler (until 30 June 2023)
	Gabriele Semmelrock-Werzer
	Katarina Slezáková
	Peter Thirring (since 1 July 2023)
	Gertrude Tumpel-Gugerell

Changes after the close of the financial year

Günter Geyer announced that he will no longer serve as Chairman of the Supervisory Board of VIG Holding after the end of his current term of office. His term of office will end on 24 May 2024 at the Annual General Meeting that will adopt resolutions on the subject of the 2023 financial year.

Managing Board	
Chairwoman	Elisabeth Stadler (until 30 June 2023)
Chairman	Hartwig Löger (since 1 July 2023)
Deputy Chairman	Hartwig Löger (until 30 June 2023)
Deputy Chairman	Peter Höfinger (since 1 July 2023)
Members	Liane Hirner
	Peter Höfinger (until 30 June 2023)
	Gerhard Lahner
	Gábor Lehel
	Harald Riener
	Peter Thirring (until 1 July 2023)

Changes after the close of the financial year

Christoph Rath was appointed as a deputy member of the Managing Board of VIG Holding with effect from 1 September 2024.

19.2. Key management personnel compensation

Composition	2023			2022		
	Supervisory Board Members	Managing Board	Total	Supervisory Board Members	Managing Board	Total
in EUR '000						
Short-term employee benefits	866	7,527	8,393	758	7,948	8,706
Post-employment benefits	0	1,077	1,077	0	1,075	1,075
Other long-term benefits	0	5,535	5,535	0	6,999	6,999
Termination benefits	0	81	81	0	0	0
Total	866	14,220	15,086	758	16,022	16,780

In the reporting periods, the members of the Managing Board and the Supervisory Board did not receive any loans and advances, nor were they liable for any loans. The members of the Managing Board and the Supervisory Board also had no liability in the reporting period.

Compensation policies for Managing Board members

The compensation of the company's Managing Board reflects the importance of the Group and the related responsibility, as well as the company's economic situation and the appropriateness of compensation in the market environment.

Sustainability is a point of emphasis for the variable compensation component; the full attainment of sustainability goals is highly dependent on taking a longer-term view of the company's performance, one that extends beyond a single financial year.

The amount of performance-dependent compensation is limited. The maximum amount of performance-dependent compensation that the Managing Board can achieve upon fulfilment of conventional targets for the 2023 finanacial year is equal to around 30% to around 36% of total compensation. In addition, special bonus compensation and compensation for over-fulfilment in certain target areas may be granted. As a result, Managing Board members can earn variable compensation components equal to no more than around 45% to 50% of their total compensation.

Significant parts of the performance-dependent compensation are only payable after a certain delay, which extends into the year 2027 in the case of the 2023 financial year. The award of the delayed parts is dependent on the consideration given to the sustainable development of the corporate group.

If certain threshold values are not met, no performance-dependent compensation is granted to the Managing Board. Even if the targets are fully met in a given finanacial year, the award of the full variable compensation granted with respect to the focus on sustainability depends whether the corporate group has experienced a sustainable development over three consecutive years.

Stock options or similar instruments are not part of the compensation of the Managing Board.

As of the reporting date 31 December 2019, defined benefit pensions funded by provisions – depending in part on the length of service with the VIG Insurance Group – are granted to active members of the company's Managing Board in a maximum amount equal to 40% of the assessment basis for members who remain on the Managing Board until their 65th birthday. The assessment basis is equal to the standard fixed salary. In individual cases, extra amounts may be granted to members who work beyond the maximum pension date given that no pension will be collected during the period of further work.

Managing Board members appointed for the first time on or after 1 January 2020 may be granted entitlements to defined benefit company pensions (or alternatively, defined contribution pensions). As a rule, such pensions will be awarded only after the member has been re-appointed to the Managing Board at least once and in stages, so that the maximum pension benefit equal to 40% of fixed compensation to be granted upon completing the 65th year of life can be awarded at the earliest only after the member has served on the Managing Board for 10 years. If a Managing Board member had already held other positions in the Group for at least 5 years, the pension may be awarded already upon commencement of his or her term of office on the Managing Board.

As a standard rule, pensions will be awarded (regardless of effective date) only if either the position of Managing Board member is not renewed by no fault of the member or if the Managing Board member resigns by reason of illness or age.

The provisions of the Employee and Self-Employment Provisions Act ("New Severance Pay Model") are applicable to Managing Board contracts.

Only contracts with Managing Board members who have already worked in the Group for a very long time provide an entitlement to severance pay, which is designed in accordance with the provisions of the Salaried Employee Act in the version from before 2003 in conjunction with the relevant sector-specific provisions. Accordingly, such Managing Board members may receive severance pay equal to two to 12 months' salary – scaled according to length of service – plus a supplement of 50% if the member retires or leaves the Managing Board after a long-term illness. No severance pay will be granted if the member leaves the Managing Board at his or her own request before the date of pension eligibility without the agreement of the company or if the member leaves the Managing Board by his or her own fault.

The Managing Board members are provided with a company car which is also for private use. For their work, the Managing Board members received EUR 7,527,000 (EUR 7,948,000) from the company in the reporting period. The Managing Board members received EUR 995,000 (EUR 978,000) from subsidiaries in the reporting period.

Former Managing Board members received EUR 1,158,000 (EUR 1,075,000).

The Managing Board was composed of eight persons in the first half of 2023 and six persons in the second half of 2023.

19.3. Transactions with related persons

Transactions	2023
in EUR '000	
Dividends for VIG Holding shares	47
Interests for issued loans from VIG Holding	16
Other transactions*	44

*Other transactions comprise for example purchases and sales of goods, rendering or receiving of services, commitments like sureties or guarantees as well as transfers under licence agreements.

In addition, there are rental and insurance contracts with related persons that do not exceed an amount of EUR 1,000,000. The members of the Supervisory Board received EUR 349,000 from affiliated companies.

19.4. Transactions with related companies

Transactions with related companies
Primarily, financing transactions and charges for services are exchanged with non-consolidated affiliated and associated companies.

Transactions between the fully consolidated companies included in the consolidated financial statements are eliminated as part of the consolidation process and are therefore not explained in these notes.

Transactions with the Wiener Städtische Versicherungsverein
The Wiener Städtische Versicherungsverein is the majority shareholder of VIG Holding. It has the legal structure of a mutual insurance association which, in accordance with the Austrian Insurance Supervision Act, has outsourced its insurance operations and is therefore not operating in the insurance business. Due to its outsourcing to the Wiener Städtische Versicherung AG, it merely has to fulfil its duties as a majority shareholder of VIG Holding, and so only services of minor importance arise with the VIG Insurance Group. These are based on service agreements between VIG Insurance Group and the Wiener Städtische Versicherungsverein for intercompany charges for internal audit services, finance and accounting and provision of personnel as well as the leasing of offices based on arm's length principles.

Related companies	2023	31/12/2023
	Transactions	Open items
in EUR '000		
Revenue from rendering of services	54,361	19,944
Parent company	1,696	634
Associated companies	4,406	158
Subsidiaries not included in the consolidated financial statements	47,746	19,116
Other related companies	513	36
Expenses from services received	182,322	-18,097
Parent company	131	-122
Associated companies	534	0
Subsidiaries not included in the consolidated financial statements	177,044	-17,376
Other related companies	4,613	-599
Received dividends/profit distribution	10,205	0
Associated companies	7,688	0
Subsidiaries not included in the consolidated financial statements	2,038	0
Other related companies	479	0
Paid dividends/profit distribution	130,337	0
Parent company	130,337	0
Loans and financial liablities and their related interests (AC, FVtPL, FVtOCI)	23,295	177,422
Parent company	4,552	542
Associated companies	7,947	26,555
Subsidiaries not included in the consolidated financial statements	3,321	20,419
Other related companies	7,475	129,906
Amounts related to group taxation	64,627	27,564
Parent company	62,904	25,840
Associated companies	1,723	1,724
Other	69,280	876
Parent company	68,546	0
Subsidiaries not included in the consolidated financial statements	734	868
Other related companies	0	8

20. CONTINGENT RECEIVABLES AND LIABILITIES

In their capacity as insurance companies, the Group companies are involved in a number of court proceedings as defendants or have been threatened with litigation. In addition, there are proceedings, in which the Group companies are not involved as parties, but may be affected by the outcome of such lawsuits due to agreements with other insurers concerning participation in claims. In the opinion of the Group, adequate provisions proportionate to the amount in dispute have been established for all claims in accordance with the law.

Composition	31/12/2023	31/12/2022
in EUR '000		
Contingent receivables	7,445	9,082

The contingent receivables represents a bank guarantee.

21. BUSINESS COMBINATIONS

21.1. Changes in the scope of consolidation

Deconsolidations	Reason for deconsolidation	Date	Reportable segment
Bulgarski Imoti Asistans EOOD, Sofia	Merger	19/05/2023	Extended CEE
CENTER Hotelbetriebs GmbH, Vienna	Liquidation	28/04/2023	Austria
VIG Hungary Holding B.V., The Hague	Merger	31/01/2023	Extended CEE
VIG Hungary Holding II B.V., The Hague	Merger	31/01/2023	Extended CEE
VIG Services Ukraine, LLC, Kyiv	Review of the scope of consolidation	31/12/2023	Extended CEE
WWG Beteiligungen GmbH, Vienna	Sale	03/03/2023	Group Functions

Expansion of the scope of consolidation*	Acquisition / formation	Interest	First-time consolidation	Method
	Date	in %	Date	
Chrášťany komerční areál a.s., Prague	2022	100.00	01/01/2023	full consolidation
KOPUS Nordbahnhof Wohnungserrichtungs GmbH, Vienna	2023	100.00	31/12/2023	full consolidation
VIG HU GmbH, Vienna	2023	100.00	01/11/2023	full consolidation
VIG IT - Digital Solutions GmbH, Vienna	2022	100.00	01/01/2023	full consolidation
VIG ZP, s. r. o., Bratislava	2020	100.00	01/01/2023	full consolidation
Wohnquartier 11b Immobilienbesitz GmbH, Vienna	2021	100.00	31/12/2023	full consolidation
Wohnquartier 12b Immobilienbesitz GmbH, Vienna	2021	100.00	31/12/2023	full consolidation

*Insofar as significant goodwill occurred, this is recognised in Note 3. Goodwill.

Companies acquired, but not yet consolidated	Interest acquired
in %	
AEGON SERVICES SPÓŁKA Z OGRANICZONĄ ODPOWIEDZIALNOŚCIĄ, Warsaw	100.00
AEGON TOWARZYSTWO UBEZPIECZEŃ NA ŻYCIE SPÓŁKA AKCYJNA, Warsaw	100.00
CARPATHIA PENSII-SOCIETATE DE ADMINISTRARE A FONDURILOR DE PENSII PRIVATE S.A., Floresti	100.00
PROFITOWI SPÓŁKA AKCYJNA, Warsaw	100.00
VIENNA POWSZECHNE TOWARZYSTWO EMERYTALNE SPÓŁKA AKCYJNA VIENNA INSURANCE GROUP, Warsaw	100.00
VIG Poland/Romania Holding B.V., Amsterdam	100.00

For the companies listed in the table, the official closings were on hand at the balance sheet date; however, not all the regulatory approvals were on hand for the mergers in Poland and the portfolio transfers in Romania. These companies were not consolidated in the present consolidated financial statements, mainly for materiality reasons.

21.2. Change in assets and liabilities due to changes in the scope of consolidation

A retrospective inclusion of the newly consolidated companies as of 1 January 2023 would not result in any significant change in the balance sheet items. The retrospective inclusion of the newly consolidated companies as of 1 January 2023 would reduce the Group profit before taxes and non-controlling interests by 0.03% (without taking into consideration any consolidation effects).

Due to the changes in the scope of consolidation, the number of employees decreased by two persons.

Balance sheet	Additions	Disposals
in EUR '000		
Cash and cash equivalents	9,118	220
Receivables	962	3
Current tax assets	140	958
Investments in associates	0	99,836
Owner-occupied property and equipment	41,474	0
Other assets	399	0
Liabilities and other payables	779	33
Current tax liabilities	30	158
Financial liabilities	4,585	21,760
Deferred tax liabilities	621	0

The figures shown in the table above reflect the actual dates of first consolidation and deconsolidation, as indicated in chapter 21.1. Changes in the scope of consolidation starting on page 161.

Contribution to result before taxes in reporting period	Additions
in EUR '000	
Total capital investment result	266
Investment result	177
Income and expenses from investment property	89
Finance result	-751
Other income and expenses	48
Result before taxes	**-437**

21.3. Change in significant shares of other shareholders

Change in significant minority interests	Date of change	Change of interest	Change in non-controlling interests
		in %	in EUR '000
Alfa Vienna Insurance Group Biztosító Zrt., Budapest	21/11/2023	35.00	-56,515
Palais Hansen Immobilienentwicklung GmbH, Vienna	07/12/2023	42.47	-13,618
SIA "LiveOn", Riga	04/10/2023	30.00	-4,820
SIA LiveOn Terbatas, Riga	04/10/2023	30.00	-1,266
UAB LiveOn Linkmenu, Vilnius	04/10/2023	30.00	-1,019
UNION Vienna Insurance Group Biztosító Zrt., Budapest	21/11/2023	34.53	-21,048
VIG Befektetési Alapkezelő Magyarország Zártkörűen Működő Részvénytársaság, Budapest	21/11/2023	35.00	-7,586
VIG Magyarország Befektetési Zártkörűen Működő Részvéntársaság, Budapest	21/11/2023	35.00	-1,610

In November 2023, the shares in the Hungarian companies were increased from 55% to 90%. Corvinus still holds 10%. It has been agreed not to disclose the purchase price.

22. AFFILIATED COMPANIES AND PARTICIPATIONS

Number of companies	Austria	Outside Austria	Total
Number			
Consolidated companies	78	91	169
Fully consolidated companies	73	88	161
At equity consolidated companies	5	3	8
Non-consolidated companies	43	96	139
Total	121	187	308

Fully consolidated companies	Country of domicile	Registered office	Interest 2023[1]	Interest 2022[1]	Equity 2023[2]	Equity 2022[2]
			in %	in %	in EUR '000	in EUR '000
"Compensa Vienna Insurance Group", ADB	Lithuania	Vilnius	100.00	100.00	63,180	53,895
"Grüner Baum" Errichtungs- und Verwaltungsges.m.b.H.	Austria	Vienna	100.00	100.00	40,004	40,043
AB Modřice, a.s.	Czech Republic	Prague	100.00	100.00	9,099	9,332
Alfa Vienna Insurance Group Biztosító Zrt.	Hungary	Budapest	100.00	100.00	102,789	100,137
Alfa VIG Pénztárszolgáltató Zrt.	Hungary	Budapest	100.00	100.00	2,266	1,959
Anděl Investment Praha s.r.o.	Czech Republic	Prague	100.00	100.00	26,044	25,465
Anif-Residenz GmbH & Co KG	Austria	Vienna	100.00	100.00	16,736	16,617
Asigurarea Românească - ASIROM Vienna Insurance Group S.A.	Romania	Bucharest	99.79	99.79	81,988	79,442
ATBIH GmbH	Austria	Vienna	100.00	100.00	179,157	158,521
ATRIUM TOWER SPÓŁKA Z OGRANICZONĄ ODPOWIEDZIALNOSCIĄ	Poland	Warsaw	100.00	100.00	19,467	17,867
Atzlergasse 13-15 GmbH	Austria	Vienna	100.00	100.00	30	39
Atzlergasse 13-15 GmbH & Co KG	Austria	Vienna	100.00	100.00	10,471	10,199
AUTODROM SOSNOVÁ u České Lípy a.s.	Czech Republic	Prague	100.00	100.00	1,570	1,563
BCR Asigurări de Viață Vienna Insurance Group S.A.	Romania	Bucharest	93.98	93.98	47,097	51,794
Blizzard Real Sp. z o.o.	Poland	Warsaw	100.00	100.00	5,571	3,602
Brockmanngasse 32 Immobilienbesitz GmbH	Austria	Vienna	100.00	100.00	6,032	3,559
BTA Baltic Insurance Company AAS	Latvia	Riga	100.00	100.00	73,639	53,934
BULSTRAD LIFE VIENNA INSURANCE GROUP JOINT STOCK COMPANY	Bulgaria	Sofia	100.00	100.00	22,894	12,018
Businesspark Brunn Entwicklungs GmbH	Austria	Vienna	100.00	100.00	34,045	33,456
CAPITOL, akciová spoločnosť	Slovakia	Bratislava	100.00	100.00	2,187	1,681
Central Point Insurance IT-Solutions GmbH in Liquidation	Austria	Vienna	100.00	100.00	22,182	21,634
Česká podnikatelská pojišťovna, a.s., Vienna Insurance Group	Czech Republic	Prague	100.00	100.00	131,472	108,073
Chrášťany komerční areál a.s.	Czech Republic	Prague	100.00	97.28	2,781	
Compania de Asigurări "DONARIS VIENNA INSURANCE GROUP" Societate pe Actiuni	Moldova	Chișinău	99.99	99.99	8,323	6,251
Compensa Life Vienna Insurance Group SE	Estonia	Tallinn	100.00	100.00	83,678	17,151
Compensa Towarzystwo Ubezpieczeń Na Życie S.A. Vienna Insurance Group	Poland	Warsaw	99.97	99.97	64,152	58,860
Compensa Towarzystwo Ubezpieczeń S.A. Vienna Insurance Group	Poland	Warsaw	99.95	99.95	80,760	82,233
CP Solutions a.s.	Czech Republic	Prague	100.00	100.00	7,528	13,514
DBLV Immobesitz GmbH & Co KG	Austria	Vienna	100.00	100.00	3,996	3,544
DBR-Liegenschaften GmbH & Co KG	Germany	Stuttgart	100.00	100.00	10,569	9,477
Deutschmeisterplatz 2 Objektverwaltung GmbH	Austria	Vienna	100.00	100.00	2,311	2,343

Consolidated financial statements

Fully consolidated companies	Country of domicile	Registered office	Interest 2023[1]	Interest 2022[1]	Equity 2023[2]	Equity 2022[2]
			in %	in %	in EUR '000	in EUR '000
Donau Brokerline Versicherungs-Service GmbH	Austria	Vienna	100.00	100.00	107,300	101,394
DONAU Versicherung AG Vienna Insurance Group	Austria	Vienna	100.00	100.00	125,323	111,462
DV Immoholding GmbH	Austria	Vienna	100.00	100.00	50,986	44,200
DVIB alpha GmbH	Austria	Vienna	100.00	100.00	18,713	18,506
DVIB GmbH	Austria	Vienna	100.00	100.00	106,710	101,186
ELVP Beteiligungen GmbH	Austria	Vienna	100.00	100.00	63,218	23,276
EUROPEUM Business Center s.r.o.	Slovakia	Bratislava	100.00	100.00	10,262	10,301
Floridsdorf am Spitz 4 Immobilienverwertungs GmbH	Austria	Vienna	100.00	100.00	15,533	18,819
Gesundheitspark Wien-Oberlaa Gesellschaft m.b.H.	Austria	Vienna	100.00	100.00	28,768	29,199
GLOBAL ASSISTANCE, a.s.	Czech Republic	Prague	100.00	100.00	5,986	6,754
Hansenstraße 3-5 Immobilienbesitz GmbH	Austria	Vienna	100.00	100.00	30,768	31,121
HUN BM Korlátolt Felelősségű Társaság	Hungary	Budapest	100.00	100.00	5,797	4,416
Insurance Company Vienna osiguranje d.d., Vienna Insurance Group	Bosnia-Herzegovina	Sarajevo	100.00	100.00	10,703	9,735
INSURANCE ONE-SHAREHOLDER JOINT-STOCK COMPANY BULSTRAD VIENNA INSURANCE GROUP EAD	Bulgaria	Sofia	100.00	100.00	92,416	70,096
InterRisk Lebensversicherungs-AG Vienna Insurance Group	Germany	Wiesbaden	100.00	100.00	23,518	23,518
InterRisk Towarzystwo Ubezpieczeń S.A. Vienna Insurance Group	Poland	Warsaw	100.00	100.00	69,928	43,675
InterRisk Versicherungs-AG Vienna Insurance Group	Germany	Wiesbaden	100.00	100.00	64,320	53,670
INTERSIG VIENNA INSURANCE GROUP Sh.A.	Albania	Tirana	89.98	89.98	8,399	7,295
Joint Stock Company Insurance Company GPI Holding	Georgia	Tbilisi	90.00	90.00	15,150	20,461
Joint Stock Company International Insurance Company IRAO	Georgia	Tbilisi	100.00	100.00	4,334	6,249
Joint Stock Insurance Company WINNER-Vienna Insurance Group	North Macedonia	Skopje	100.00	100.00	6,812	7,097
Kaiserstraße 113 GmbH	Austria	Vienna	100.00	100.00	3,137	2,979
KÁLVIN TOWER Ingatlanfejlesztési és Beruházási Korlátolt Felelősségű Társaság	Hungary	Budapest	100.00	100.00	2,400	2,231
KAPITOL, a.s.	Czech Republic	Brno	100.00	100.00	1,573	1,600
KKB Real Estate SIA	Latvia	Riga	100.00	100.00	20,280	20,766
KOMUNÁLNA poisťovňa, a.s. Vienna Insurance Group	Slovakia	Bratislava	100.00	100.00	57,800	52,644
KOOPERATIVA poisťovňa, a.s. Vienna Insurance Group	Slovakia	Bratislava	98.47	98.47	407,689	231,548
Kooperativa pojišťovna, a.s., Vienna Insurance Group	Czech Republic	Prague	97.28	97.28	679,414	596,911
KOOPERATIVA, d.s.s., a.s.	Slovakia	Bratislava	100.00	100.00	14,628	13,820
KOPUS Nordbahnhof Wohnungserrichtungs GmbH	Austria	Vienna	100.00		11,807	
LVP Holding GmbH	Austria	Vienna	100.00	100.00	642,210	626,967
MAP-WSV Beteiligungen GmbH	Austria	Vienna	100.00	100.00	368,527	368,793
MC EINS Investment GmbH	Austria	Vienna	100.00	100.00	30,758	19,630
MH 54 Immobilienanlage GmbH	Austria	Vienna	100.00	100.00	26,041	25,819
NNC REAL ESTATE SPÓŁKA Z OGRANICZONĄ ODPOWIEDZIALNOŚCIĄ	Poland	Warsaw	100.00	100.00	23,998	20,099
Nordbahnhof Projekt EPW8 GmbH & Co KG	Austria	Vienna	100.00	100.00	23,164	19,187
Nordbahnhof Projekt EPW8 Komplementär GmbH	Austria	Vienna	100.00	100.00	34	34

Fully consolidated companies	Country of domicile	Registered office	Interest 2023[1]	Interest 2022[1]	Equity 2023[2]	Equity 2022[2]
			in %	in %	in EUR '000	in EUR '000
Nordbahnhof Projekt Taborstraße 123 GmbH & Co KG	Austria	Vienna	100.00	100.00	27,708	21,142
Nordbahnhof Projekt Taborstraße 123 Komplementär GmbH	Austria	Vienna	100.00	100.00	35	36
Nußdorfer Straße 90-92 Projektentwicklung GmbH & Co KG	Austria	Vienna	100.00	100.00	39,682	38,364
OMNIASIG VIENNA INSURANCE GROUP S.A.	Romania	Bucharest	99.54	99.54	154,385	149,548
OÜ LiveOn Paevalille	Estonia	Tallinn	100.00	100.00	1,280	86
Palais Hansen Immobilienentwicklung GmbH	Austria	Vienna	100.00	56.55	35,663	35,859
Passat Real Sp. z o.o.	Poland	Warsaw	100.00	100.00	27	-1,361
Pension Assurance Company Doverie AD	Bulgaria	Sofia	82.59	82.59	39,766	32,890
PERECA 11 SPÓŁKA Z OGRANICZONĄ ODPOWIEDZIALNOŚCIĄ	Poland	Warsaw	100.00	100.00	32,375	31,881
PFG Holding GmbH	Austria	Vienna	89.23	89.23	71,876	77,992
PFG Liegenschaftsbewirtschaftungs GmbH & Co KG	Austria	Vienna	92.88	92.88	12,940	12,663
Porzellangasse 4 Liegenschaftsverwaltung GmbH & Co KG	Austria	Vienna	100.00	100.00	13,707	13,576
PRIVATE JOINT-STOCK COMPANY "INSURANCE COMPANY "KNIAZHA LIFE VIENNA INSURANCE GROUP"	Ukraine	Kyiv	99.81	99.81	6,515	2,922
Private Joint-Stock Company " Insurance Company "USG "	Ukraine	Kyiv	100.00	100.00	14,158	16,528
PRIVATE JOINT-STOCK COMPANY "UKRAINIAN INSURANCE COMPANY "KNIAZHA VIENNA INSURANCE GROUP"	Ukraine	Kyiv	100.00	100.00	10,922	10,219
PROGRESS Beteiligungsges.m.b.H.	Austria	Vienna	70.00	70.00	18,813	17,769
Projektbau GesmbH	Austria	Vienna	100.00	100.00	24,377	14,106
Projektbau Holding GmbH	Austria	Vienna	100.00	100.00	25,181	14,183
Rathstraße 8 Liegenschaftsverwertungs GmbH	Austria	Vienna	100.00	100.00	1,125	1,087
Ray Sigorta A.Ş.	Türkiye	Istanbul	94.96	94.96	59,722	44,622
Rößlergasse Bauteil Drei GmbH	Austria	Vienna	100.00	100.00	11,885	11,841
Rößlergasse Bauteil Zwei GmbH	Austria	Vienna	100.00	100.00	30,413	30,241
S - budovy, a.s.	Czech Republic	Prague	100.00	100.00	3,040	3,189
Schulring 21 Bürohaus Errichtungs- und Vermietungs GmbH & Co KG	Austria	Vienna	100.00	100.00	5,756	5,737
SECURIA majetkovosprávna a podielová s.r.o.	Slovakia	Bratislava	100.00	100.00	7,444	7,505
Senioren Residenz Fultererpark Errichtungs- und Verwaltungs GmbH	Austria	Vienna	100.00	100.00	-7,293	-6,998
Senioren Residenz Veldidenapark Errichtungs- und Verwaltungs GmbH	Austria	Vienna	66.70	66.70	8,343	8,146
SIA "Alauksta 13/15"	Latvia	Riga	100.00	100.00	933	937
SIA "Artilērijas 35"	Latvia	Riga	100.00	100.00	1,111	1,146
SIA "Ģertrūdes 121"	Latvia	Riga	100.00	100.00	3,118	3,414
SIA "Global Assistance Baltic"	Latvia	Riga	100.00	100.00	250	287
SIA "LiveOn"	Latvia	Riga	100.00	70.00	27,445	26,699
SIA "LiveOn Stirnu"	Latvia	Riga	100.00	100.00	2,093	1,696
SIA LiveOn Terbatas	Latvia	Riga	100.00	100.00	5,017	5,191
SIA "Urban Space"	Latvia	Riga	100.00	100.00	360	481
SIGMA VIENNA INSURANCE GROUP Shoqëri Aksionare	Albania	Tirana	89.05	89.05	18,095	17,077
SK BM s.r.o.	Slovakia	Bratislava	100.00	100.00	13,562	13,345
SMARDAN 5 DEVELOPMENT S.R.L.	Romania	Bucharest	100.00	100.00	2,960	5,022

Fully consolidated companies	Country of domicile	Registered office	Interest 2023[1]	Interest 2022[1]	Equity 2023[2]	Equity 2022[2]
			in %	in %	in EUR '000	in EUR '000
Stock Company for Insurance and Reinsurance MAKEDONIJA Skopje - Vienna Insurance Group	North Macedonia	Skopje	94.50	94.36	25,410	25,898
SVZ GmbH	Austria	Vienna	100.00	100.00	230,374	203,598
SVZD GmbH	Austria	Vienna	100.00	100.00	63,227	62,031
SVZI GmbH	Austria	Vienna	100.00	100.00	221,098	200,314
T 125 GmbH	Austria	Vienna	100.00	100.00	9,256	9,179
TECHBASE Science Park Vienna GmbH	Austria	Vienna	100.00	100.00	13,993	13,649
twinformatics GmbH	Austria	Vienna	100.00	100.00	3,797	3,403
UAB LiveOn Linkmenu	Lithuania	Vilnius	100.00	100.00	6,446	3,660
UNION Vienna Insurance Group Biztosító Zrt.	Hungary	Budapest	98.64	98.64	28,738	36,082
Untere Donaulände 40 GmbH & Co KG	Austria	Vienna	100.00	100.00	11,453	11,383
Vienibas Gatve Investments OÜ	Estonia	Tallinn	100.00	100.00	131	44
Vienibas Gatve Properties SIA	Latvia	Riga	100.00	100.00	1,576	1,624
Vienna Life Towarzystwo Ubezpieczeń na Życie S.A. Vienna Insurance Group	Poland	Warsaw	100.00	100.00	10,608	5,971
VİENNALİFE EMEKLİLİK VE HAYAT ANONİM ŞİRKETİ	Türkiye	Istanbul	100.00	100.00	46,117	38,063
Vienna-Life Lebensversicherung AG Vienna Insurance Group	Liechtenstein	Bendern	100.00	100.00	15,484	9,313
VIG-AT Beteiligungen GmbH	Austria	Vienna	100.00	100.00	309,593	354,694
VIG-CZ Real Estate GmbH	Austria	Vienna	100.00	100.00	147,640	147,548
V.I.G. ND, a.s.	Czech Republic	Prague	100.00	100.00	96,211	99,386
Vienna Insurance Group Polska Spółka z organiczoną odpowiedzialnością	Poland	Warsaw	100.00	100.00	13,935	18,256
VIG Befektetési Alapkezelő Magyarország Zártkörűen Működő Részvénytársaság	Hungary	Budapest	100.00	100.00	13,940	8,415
VIG FUND, a.s.	Czech Republic	Prague	100.00	100.00	273,607	276,262
VIG Home, s.r.o.	Slovakia	Bratislava	100.00	100.00	21,990	21,905
VIG HU GmbH	Austria	Vienna	100.00		99,800	
VIG IT - Digital Solutions GmbH	Austria	Vienna	100.00	100.00	6,916	
VIG Magyarország Befektetési Zártkörűen Működő Részvéntársaság	Hungary	Budapest	90.00	55.00	728,742	197,606
VIG Offices, s.r.o.	Slovakia	Bratislava	100.00	100.00	10,950	15,945
VIG Properties Bulgaria AD in Liquidation	Bulgaria	Sofia	99.97	99.97	948	1,084
VIG RE zajišťovna, a.s.	Czech Republic	Prague	100.00	100.00	294,932	140,255
VIG REAL ESTATE DOO	Serbia	Belgrade	100.00	100.00	2,205	10,672
VIG Türkiye Holding B.V.	Netherlands	Amsterdam	100.00	100.00	32,288	32,288
VIG ZP, s. r. o.	Slovakia	Bratislava	100.00	99.22	21,228	
VIVECA Beteiligungen GmbH	Austria	Vienna	100.00	100.00	36,649	31,175
WGPV Holding GmbH	Austria	Vienna	100.00	100.00	106,537	105,287
WIBG Holding GmbH & Co KG	Austria	Vienna	100.00	100.00	80,193	80,258
WIBG Projektentwicklungs GmbH & Co KG	Austria	Vienna	100.00	100.00	80,557	80,191
Wiener Osiguranje Vienna Insurance Group ad	Bosnia-Herzegovina	Banja Luka	100.00	100.00	9,055	8,898
Wiener osiguranje Vienna Insurance Group dioničko društvo za osiguranje	Croatia	Zagreb	97.82	97.82	68,322	39,009
WIENER RE akcionarsko društvo za reosiguranje	Serbia	Belgrade	100.00	100.00	8,640	7,305
WIENER STÄDTISCHE OSIGURANJE akcionarsko drustvo za osiguranje	Serbia	Belgrade	100.00	100.00	43,591	39,289
WIENER STÄDTISCHE VERSICHERUNG AG Vienna Insurance Group	Austria	Vienna	97.75	97.75	670,369	633,264

Fully consolidated companies	Country of domicile	Registered office	Interest 2023[1]	Interest 2022[1]	Equity 2023[2]	Equity 2022[2]
			in %	in %	in EUR '000	in EUR '000
WIENER TOWARZYSTWO UBEZPIECZEŃ SPÓŁKA AKCYJNA VIENNA INSURANCE GROUP	Poland	Warsaw	100.00	100.00	77,282	43,631
WIENER VEREIN BESTATTUNGS- UND VERSICHERUNGSSERVICE-GESELLSCHAFT M.B.H.	Austria	Vienna	100.00	100.00	2,594	2,116
WILA GmbH	Austria	Vienna	100.00	100.00	37,473	37,119
WINO GmbH	Austria	Vienna	100.00	100.00	69,227	64,713
WNH Liegenschaftsbesitz GmbH	Austria	Vienna	100.00	100.00	6,791	6,187
Wohnquartier 11b Immobilienbesitz GmbH	Austria	Vienna	100.00	100.00	8,773	
Wohnquartier 12b Immobilienbesitz GmbH	Austria	Vienna	100.00	97.75	13,641	
WSBV Beteiligungsverwaltung GmbH & Co KG	Austria	Vienna	100.00	100.00	50,192	25,371
WSV Beta Immoholding GmbH	Austria	Vienna	100.00	100.00	97,800	93,136
WSVA Liegenschaftbesitz GmbH	Austria	Vienna	100.00	100.00	56,160	55,423
WSVB Liegenschaftbesitz GmbH	Austria	Vienna	100.00	100.00	41,738	41,611
WSVC Liegenschaftbesitz GmbH	Austria	Vienna	100.00	100.00	21,352	21,327
WSV Immoholding GmbH	Austria	Vienna	100.00	100.00	623,271	582,027
WSV Triesterstraße 91 Besitz GmbH & Co KG	Austria	Vienna	100.00	100.00	81,453	80,979
WSV Vermögensverwaltung GmbH	Austria	Vienna	100.00	100.00	10,367	10,695

1 The share in equity equals the share in voting rights before non-controlling interests.

2 The capital value shown corresponds to the latest local annual financial statements available.

At equity consolidated companies	Country of domicile	Registered office	Interest 2023[1]	Interest 2022[1]	Equity 2023[2]	Equity 2022[2]
			in %	in %	in EUR '000	in EUR '000
Beteiligungs- und Immobilien GmbH	Austria	Linz	25.00	25.00	21,515	20,405
Beteiligungs- und Wohnungsanlagen GmbH	Austria	Linz	25.00	25.00	245,881	237,778
CROWN-WSF spol. s.r.o.	Czech Republic	Prague	30.00	30.00	3,553	7,740
ERSTE d.o.o. - za upravljanje obveznim i dobrovljnim mirovinskim fondovima	Croatia	Zagreb	25.30	25.30	17,757	16,131
Gewista-Werbegesellschaft m.b.H.	Austria	Vienna	33.00	33.00	145,504	128,915
Österreichisches Verkehrsbüro Aktiengesellschaft	Austria	Vienna	36.58	36.58	22,998	53,300
Towarzystwo Ubezpieczeń Wzajemnych „TUW"	Poland	Warsaw	52.16	52.16	68,580	49,703
VBV - Betriebliche Altersvorsorge AG	Austria	Vienna	25.32	25.32	318,191	311,808

1 The share in equity equals the share in voting rights before non-controlling interests.

2 The capital value shown corresponds to the latest local annual financial statements available.

Non-consolidated companies	Country of domicile	Registered office	Interest 2023[1]
			in %
"Assistance Company" Ukrainian Assistance Service" LLC	Ukraine	Kyiv	100.00
"LIFETRUST" Ltd	Bulgaria	Sofia	100.00
"WIENER AUTO CENTAR" d.o.o.	Bosnia-Herzegovina	Banja Luka	100.00
AEGON SERVICES SPÓŁKA Z OGRANICZONĄ ODPOWIEDZIALNOŚCIĄ	Poland	Warsaw	100.00
AEGON TOWARZYSTWO UBEZPIECZEŃ NA ŻYCIE SPÓŁKA AKCYJNA	Poland	Warsaw	100.00
AIS Servis, s.r.o.	Czech Republic	Brno	98.10
Akcionarsko društvo za životno osiguranje Wiener Städtische Podgorica, Vienna Insurance Group	Montenegro	Podgorica	100.00
Alfa VIG Közvetítő Zrt.	Hungary	Budapest	90.00
Amadi GmbH	Germany	Wiesbaden	100.00
AQUILA Hausmanagement GmbH	Austria	Vienna	97.75
AREALIS Liegenschaftsmanagement GmbH	Austria	Vienna	48.87
arithmetica Consulting GmbH	Austria	Vienna	98.31

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Non-consolidated companies	Country of domicile	Registered office	Interest 2023[1]
			in %
Auto - Poly spol. s r.o.	Czech Republic	Prague	98.10
Autocentrum Lukáš s.r.o.	Czech Republic	Wallachian Meseritsch	98.10
AUTONOVA BRNO s.r.o.	Czech Republic	Brno	98.10
Autosig SRL	Romania	Bucharest	99.54
B&A Insurance Consulting s.r.o.	Czech Republic	Moravská Ostrava	48.45
BEESAFE SPÓŁKA Z OGRANICZONA ODPOWIEDZIALNOSCIA	Poland	Warsaw	99.99
Benefia Ubezpieczenia Spolka z ograniczona odpowiedzialnoscia	Poland	Warsaw	99.95
Bohemika a.s.	Czech Republic	Žatec	100.00
Bohemika HYPO s.r.o.	Czech Republic	Žatec	100.00
BSA + OFK Germany Real Estate Immobilien 4 GmbH	Germany	Frankfurt am Main	97.75
Bulstrad Trudova Meditzina EOOD	Bulgaria	Sofia	100.00
Camelot Informatik und Consulting Gesellschaft m.b.H.	Austria	Vienna	92.86
CARPATHIA PENSII-SOCIETATE DE ADMINISTRARE A FONDURILOR DE PENSII PRIVATE S.A.	Romania	Floresti	100.00
CARPLUS Versicherungsvermittlungsagentur GmbH	Austria	Vienna	97.75
CLAIM EXPERT SERVICES S.R.L.	Romania	Bucharest	99.16
Color Car, společnost s ručením omezeným (s.r.o.)	Czech Republic	Königgrätz (Hradec Králové)	98.10
Compensa Dystrybucja Sp. z o. o.	Poland	Warsaw	99.97
ČPP Servis, s.r.o.	Czech Republic	Prague	100.00
DBLV Immobesitz GmbH	Austria	Vienna	100.00
DBR-Liegenschaften Verwaltungs GmbH	Germany	Stuttgart	97.75
DELOIS s. r. o.	Slovakia	Bratislava	98.47
Domácí péče Haná s.r.o.	Czech Republic	Prerau	63.23
DV Asset Management EAD	Bulgaria	Sofia	100.00
DV CONSULTING EOOD	Bulgaria	Sofia	100.00
DV Invest EAD	Bulgaria	Sofia	100.00
EBV-Leasing Gesellschaft m.b.H.	Austria	Vienna	47.90
EKG UW Nord GmbH	Austria	Klagenfurt	24.46
Elsö Maganegeszsegügyi Halozat Zrt.	Hungary	Budapest	43.50
ERSTE Biztosítási Alkusz Kft	Hungary	Budapest	88.78
European Insurance & Reinsurance Brokers Ltd.	United Kingdom	London	100.00
EXPERTA Schadenregulierungs-Gesellschaft mbH	Austria	Vienna	99.44
Finanzpartner GmbH	Austria	Vienna	48.87
FinServis Plus, s.r.o.	Czech Republic	Prague	100.00
Foreign limited liability company "InterInvestUchastie"	Belarus	Minsk	100.00
FRANCE CAR, s.r.o.	Czech Republic	Königgrätz (Hradec Králové)	98.10
GELUP GmbH	Austria	Vienna	32.58
GGVier Projekt-GmbH	Austria	Vienna	53.76
Glamas Beteiligungsverwaltungs GmbH & Co "Beta" KG	Austria	Vienna	42.76
GLOBAL ASSISTANCE Croatia društvo s ograničenom odgovornošću za usluge	Croatia	Zagreb	49.46
GLOBAL ASSISTANCE D.O.O. BEOGRAD	Serbia	Belgrade	100.00
Global Assistance Georgia LLC	Georgia	Tbilisi	95.00
Global Assistance Polska Sp.z.o.o.	Poland	Warsaw	99.99
GLOBAL ASSISTANCE SERVICES s.r.o.	Czech Republic	Prague	100.00
GLOBAL ASSISTANCE SERVICES SRL	Romania	Bucharest	99.23
GLOBAL ASSISTANCE SLOVAKIA s.r.o.	Slovakia	Bratislava	99.22
Global Expert, s.r.o.	Czech Republic	Pardubice	98.10
Global Partner Beskydy, s.r.o.	Czech Republic	Prague	63.23
Global Partner Péče, z.ú.	Czech Republic	Prague	63.23
Global Partner Praha s.r.o.	Czech Republic	Prague	63.23
Global Partner Zdraví, s.r.o.	Czech Republic	Prague	63.23
Global Partner, a.s.	Czech Republic	Prague	63.23

Non-consolidated companies	Country of domicile	Registered office	Interest 2023[1]
			in %
Global Repair Centres, s.r.o.	Czech Republic	Pardubitz	98.10
Global Services Bulgaria JSC	Bulgaria	Sofia	100.00
Help24 Assistance Korlátolt Felelősségű Társaság	Hungary	Budapest	90.00
Hotel Voltino in Liquidation	Croatia	Zagreb	97.82
HOTELY SRNÍ, a.s.	Czech Republic	Prague	97.28
HORIZONT Personal-, Team- und Organisationsentwicklung GmbH	Austria	Vienna	98.29
Hyundai Hradec s.r.o.	Czech Republic	Königgrätz (Hradec Králové)	98.10
insureX IT GmbH	Austria	Vienna	98.87
InterRisk Informatik GmbH	Germany	Wiesbaden	100.00
ITIS Spolka z ograniczoną odpowiedzialnoscią spolka komandytowa	Poland	Warsaw	99.99
ITIS Sp.z.o.o.	Poland	Warsaw	99.99
Joint Stock Company "Curatio"	Georgia	Tbilisi	90.00
Joint Stock Insurance Company WINNER LIFE - Vienna Insurance Group	North Macedonia	Skopje	100.00
K A P P A - P, spol. s r.o.	Czech Republic	Aussig	98.10
Kitzbüheler Bestattung WV GmbH	Austria	Kitzbühel	97.75
KUPALA Belarusian-Austrian Closed Joint Stock Insurance Company	Belarus	Minsk	98.26
KWC Campus Errichtungsgesellschaft m.b.H.	Austria	Klagenfurt	48.87
LD Vermögensverwaltung GmbH	Austria	Vienna	98.65
Lead Equities II.Private Equity Mittelstandsfinanzierungs AG	Austria	Vienna	21.59
LiSciV Muthgasse GmbH & Co KG	Austria	Vienna	42.76
Main Point Karlín II., a.s.	Czech Republic	Prague	97.28
MEDICINSKI CENTER AMERIMED OOD	Bulgaria	Sofia	51.00
Money & More Pénzügyi Tanácsadó Zártkörűen Működő Részvénytársaság	Hungary	Budapest	88.78
Nadacia poisťovne KOOPERATIVA	Slovakia	Bratislava	98.47
OC PROPERTIES OOD	Bulgaria	Sofia	51.00
Palais Hansen Hotelbetriebs GmbH	Austria	Vienna	97.75
PFG Liegenschaftsbewirtschaftungs GmbH	Austria	Vienna	73.42
POLISA - ŻYCIE Ubezpieczenia Sp.z.o.o.	Poland	Warsaw	99.97
Privat Joint-stock company "OWN SERVICE	Ukraine	Kyiv	100.00
PROFITOWI SPÓŁKA AKCYJNA	Poland	Warsaw	100.00
Renaissance Hotel Realbesitz GmbH	Austria	Vienna	40.00
Risk Consult Bulgaria EOOD	Bulgaria	Sofia	100.00
Risk Consult Polska Sp.z.o.o.	Poland	Warsaw	100.00
RISK CONSULT Sicherheits- und Risiko- Managementberatung Gesellschaft m.b.H.	Austria	Vienna	100.00
Risk Expert Risk ve Hasar Danismanlik Hizmetleri Limited Sirketi	Türkiye	Istanbul	98.49
Risk Experts s.r.o.	Slovakia	Bratislava	100.00
Risk Logics Risikoberatung GmbH	Austria	Vienna	100.00
samavu s.r.o.	Slovakia	Bratislava	98.47
Sanatorium Astoria, a.s.	Czech Republic	Karlsbad	97.28
S.C. Risk Consult & Engineering Romania S.R.L.	Romania	Bucharest	100.00
S.C. SOCIETATEA TRAINING IN ASIGURARI S.R.L.	Romania	Bucharest	99.16
Senioren Residenzen gemeinnützige Betriebsgesellschaft mbH	Austria	Vienna	97.75
serviceline contact center dienstleistungs-GmbH	Austria	Vienna	97.75
Slovexperta, s.r.o.	Slovakia	Sillein	98.70
Soleta Beteiligungsverwaltungs GmbH	Austria	Vienna	42.76
S.O.S.- EXPERT d.o.o. za poslovanje nekretninama	Croatia	Zagreb	100.00
Sparkassen-Versicherungsservice Gesellschaft m.b.H.	Austria	Vienna	97.75
Spółdzielnia Usługowa VIG EKSPERT W WARSZAWIE	Poland	Warsaw	99.97
SURPMO, a.s.	Czech Republic	Prague	97.28
TAUROS Capital Investment GmbH & Co KG	Austria	Vienna	19.55
TAUROS Capital Management GmbH	Austria	Vienna	25.30
TeleDoc Holding GmbH	Austria	Vienna	25.01

Non-consolidated companies	Country of domicile	Registered office	Interest 2023[1]
			in %
TGMZ Team Gesund Medizin Zentren GmbH	Austria	Vienna	39.10
TOGETHER CCA GmbH	Austria	Vienna	24.71
UAB "Compensa Life Distribution"	Lithuania	Vilnius	100.00
UNION-Erted Ellatasszervezö Korlatold Felelössegü Tarsasag	Hungary	Budapest	88.78
Versicherungsbüro Dr. Ignaz Fiala Gesellschaft m.b.H.	Austria	Vienna	47.90
VENPACE GmbH & Co. KG	Germany	Cologne	23.53
Vienna International Underwriters GmbH	Austria	Vienna	100.00
VIENNA POWSZECHNE TOWARZYSTWO EMERYTALNE SPÓŁKA AKCYJNA VIENNA INSURANCE GROUP	Poland	Warsaw	100.00
viesure innovation center GmbH	Austria	Vienna	98.87
VIG AM Real Estate, a.s.	Czech Republic	Prague	100.00
VIG AM Services GmbH	Austria	Vienna	100.00
VIG Management Service SRL	Romania	Bucharest	99.16
VIG platform partners GmbH	Austria	Vienna	100.00
VIG Poland/Romania Holding B.V.	Netherlands	Amsterdam	100.00
VIG POLSKA REAL ESTATE SPÓŁKA Z OGRANICZONA ODPOWIEDZIALNOSCIA	Poland	Warsaw	99.97
VIG Services Bulgaria EOOD	Bulgaria	Sofia	100.00
VIG Services Shqiperi Sh.p.K.	Albania	Tirana	89.52
VIG Services Ukraine, LLC	Ukraine	Kyiv	89.52
VIG/C-QUADRAT TOWARZYSTWO FUNDUSZY INVESTYCYJNYCH SPÓŁKA AKCYJNA	Poland	Warsaw	50.99
VÖB Direkt Versicherungsagentur GmbH	Austria	Graz	48.87
Wiener Städtische Donau Leasing GmbH	Austria	Vienna	97.75
Wiener Verein Bestattungsbetriebe GmbH	Austria	Kramsach	97.75
WSBV Beteiligungsverwaltung GmbH	Austria	Vienna	97.75
zuuri s.r.o.	Slovakia	Bratislava	98.47

[1] The share in equity equals the share in voting rights before non-controlling interests.

Merged companies	Country of domicile	Registered office	Merger date	Absorbing company
VIG Hungary Holding B.V.	Netherlands	The Hague	31/01/2023	VIG Magyarország Befektetési Zártkörűen Működő Részvéntársaság
VIG Hungary Holding II B.V.	Netherlands	The Hague	31/01/2023	VIG Magyarország Befektetési Zártkörűen Működő Részvéntársaság
Bulgarski Imoti Asistans EOOD	Bulgaria	Sofia	19/05/2023	VIG Properties Bulgaria AD

23. AUDITING FEES AND AUDITING SERVICES

The auditor of these consolidated financial statements is KPMG Austria GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft (KPMG Austria GmbH). The following expenses were recognised for services provided by KPMG Austria GmbH and the Austrian member companies (KPMG Austria wide) in the financial year:

Composition	2023			2022
	KPMG Austria wide	KPMG Austria GmbH	Total	Total
in EUR '000				
Audit of consolidated financial statements	0	1,623	1,623	745
Audit of parent company financial statements	0	75	75	62
Other audit services	214	0	214	991
Tax advisory fees	14	0	14	3
Fees for audit-related services	25	154	179	176
Total	253	1,852	2,105	1,977

24. MATERIAL ESTIMATES AND DISCRETIONARY DECISIONS

24.1. (Re-) insurance contracts

The assumptions and estimates are based on all parameters available when the consolidated financial statements were prepared. Future developments may change due to market changes or circumstances arising that are outside of the influence of VIG Insurance Group. Such changes are reflected in the assumptions when they occur. The information is disaggregated to disclose the IFRS 17 measurement models, namely GMM, VFA and PAA. This disaggregation closely follows the structure of the IFRS 17 portfolios at VIG, which can generally be described as follows:

- Unit-linked life insurance contracts, participating life insurance contracts and the Austrian health insurance business by type of life insurance are measured by the VFA method,
- Property and casualty insurance contract portfolios will primarily be measured with PAA and
- Long-duration property and casualty insurance contracts not fulfilling the PAA criteria, life insurance contracts not fulfilling the VFA criteria, and reinsurance contracts will be measured using the GMM.

The methods used to measure insurance contracts in the life and health business
The present value of future cash flows will be determined by different approaches depending on the decision of local companies. Both stochastic modelling and deterministic projection are used within the group. In contrast to deterministic projection techniques, stochastic modelling apply techniques to generate a large number of possible economic scenarios for market variables such as interest rates and equity returns to project future cash flows.

ASSUMPTIONS USED TO ESTIMATE FUTURE CASH FLOWS

Mortality, morbidity and longevity rates
Assumptions are based on standard industry and national tables, according to the type of contract written and the territory in which the insured person resides. They reflect recent historical experience and are adjusted when appropriate to reflect the local companies experiences. An appropriate, but not excessive, allowance is made for expected future improvements. The assumptions differ, for example, depending on the insurance class and type of contract.

An increase in expected mortality and morbidity rates will increase the expected claim cost which will reduce the future CSM as a consequence.

Expenses
Administrative expenses assumptions reflect the projected costs of maintaining and servicing in-force policies and associated overhead expenses. The current level of expenses is taken as an appropriate expense base for future expenses, adjusted for expected expense inflation, if appropriate.

An increase in the expected level of expenses will reduce future expected profits.

The cash flows within the contract boundary include an allocation of fixed and variable overheads directly attributable to fulfilling insurance contracts. Such overheads are allocated to groups of insurance contracts (GICs) using methods that are systematic and rational. These methods are consistently applied to all costs that have similar characteristics.

Lapse and surrender rates

Lapses relate to the termination of policies due to non-payment of premiums whereas surrenders relate to the voluntary termination of policies by policyholders. Policy termination assumptions are determined using statistical measures based on experiences and vary by product type, policy duration and sales trends.

An increase in cancellation rates would tend to reduce the future CSM.

The sensitivities are presented in Note 1.8. Insurance and market risks – sensitivity analysis starting on page 114.

THE METHODS USED TO MEASURE INSURANCE CONTRACTS IN THE NON-LIFE BUSINESS

The significant assumptions for non-life business are covered in Note Liability for Incurred Claims (LIC) starting on page 175.

DISCOUNT RATES

All insurance contract liabilities (except for the liability for remaining coverage measured under PAA) are calculated by discounting expected future cash flows at risk-free interest rates plus an illiquidity correction.

Risk-free interest rates are determined by a bottom-up approach with reference to swap rates in the currency of the insurance contract liabilities, or government bond rates where swap rates cannot be considered sufficient, liquid and transparent.

The illiquidity adjustment to the relevant risk-free interest rates is based on the risk-corrected spread between the interest rate that could be earned from a reference portfolio and the risk-free basic interest rates. Reference portfolio weights are calculated considering all of VIGs applicable investments grouped by country.

Interest rates applied for discounting of future cash flows are presented in Note 1.2. Assumptions used starting on page 93.

RISK ADJUSTMENT FOR NON-FINANCIAL RISKS

The risk adjustment for non-financial risks represents the compensation required for bearing the uncertainty about the amount and timing of the cash flows of GICs and covers insurance risk, lapse risk and expense risk. The risk adjustment therefore reflects an amount that an insurance company would pay to remove the uncertainty about whether future cash flows will exceed the best estimate.

The risk adjustment estimation was carried out using the cost of capital technique (CoC technique). The CoC technique requires estimating the probability distribution of the fulfilment cash flows and the additional capital that it requires at each future date in the cash flow projection to comply with economic capital requirements.

A CoC rate is applied to the additional capital requirement in future reporting periods. The cost of capital represents the return required by a company to compensate for exposure to the non-financial risks. The calculated risk adjustment at future terms is discounted to the reporting date at the discount rate, to be held as a part of the total life insurance contract liability.

AMORTISATION OF THE CONTRACTUAL SERVICE MARGIN (CSM)

The CSM is a component of the asset or liability for the group of insurance contracts that represents the unearned profit a company will recognise as it provides services in the future. In each period, an amount of the CSM for a group of insurance contracts is recognised in profit and loss as insurance service revenue to reflect the insurance contract services provided under the group of insurance contracts in that period. This amount is determined by:

- identifying the coverage units in the group;
- allocating the CSM at the end of the period equally to each coverage unit provided in the current period or expected to be provided in the future. Allocation takes place before amounts that reflect the insurance service expense made in the period are recognised through profit and loss;
- recognising through profit and loss the amount allocated to coverage units provided in the period.

In order to determine the number of coverage units in a group of insurance contracts, the number of benefits provided to the policyholder which combines insurance coverage services and investment services has to be measured. When weighting different services, the consolidated group generally considers the split of the present value of premium in risk and savings parts to weight the release components. However, in some cases there might also be the need to weight different insurance coverages when determining the number of coverage units. The present value of premiums of each insurance coverage is used for this.

The quantity of benefits and coverage units for its main product lines is as follows:

For portfolios for the non-life, health and non-life reinsurance issued approximate the insurance services provided with the projected earned premium. The majority of these services are the insurance coverage. The coverage unit is therefore the projected earned premium.

For groups of life annuities contracts, the quantity of benefits for both insurance coverage and investment service are mathematical reserves, thus the coverage unit is also the mathematical reserve. For term life insurance without surrender value and riders, which only provide insurance coverage, the quantity of benefits is the contractually agreed sum insured over the period of the contract. For these products, the coverage unit is therefore also the contractually agreed sum insured. For unit- and index-linked contracts the quantity of investment service is determined by fund value, therefore the fund value is used as coverage unit.

For endowment without riders and term insurance with surrender value a measure for insurance coverage is the sum at risk and a measure for investment service is the mathematical reserve. The sum assured is used as coverage unit, since it represents both components: the insurance component part (sum at risk) and the investment component part (mathematical reserve or fund value). In this case no further weighting is necessary.

For reinsurance contracts held, the number of coverage units in a group reflects the expected pattern of underwriting of the underlying contracts because the level of service provided depends on the number of underlying contracts in force.

The total coverage units of each group of (re-) insurance contracts is reassessed at the end of each reporting period. This adjusts for the reduction of remaining coverage for claims paid, expected lapses and cancellation of contracts in the period.

LIABILITY FOR REMAINING COVERAGE (LRC)

The calculation of the LRC involves many discretionary figures, including discount rates, the cash flows assumed in the calculation, acquisition costs and fulfilment cash flows for onerous contracts.

Insurance acquisition costs

Insurance acquisition costs are allocated to related groups of insurance contracts recognised in the consolidated balance sheet (including those groups that will include insurance contracts expected to arise from renewals). An asset for insurance acquisition costs is recognised for acquisition costs incurred before the related group of insurance contracts has been recognised.

Groups of onerous insurance contracts

For groups of onerous contracts, the liability for remaining coverage is determined by the fulfilment cash flows. Any loss-recovery component is determined with reference to the loss component recognised on underlying contracts and the recovery expected on such claims from reinsurance contracts held.

Time value of money

For all product lines, the book value of the liability for remaining coverage is discounted to reflect the time value of money and the effect of financial risk. Excluded are those measured under PAA and that are not onerous. For the interest rates applied, discount rates that reflect the characteristics of the cash flows of the group of insurance contracts at initial recognition are used.

The applied discount rates can be seen in Note 1.2. Assumptions used starting on page 93.

Discretionary cash flows for indirect profit participating contracts

To determine how to identify changes in discretionary cash flows for insurance contracts with discretionary features which do not meet the definition of direct profit participation, local entities specify the basis on which they expect to determine their commitment under the contract. However, the effects of market variables (e.g. investment returns) on the cash flows should still flow through P&L or be optionally recognised in OCI and should not lead to an adjustment of the CSM.

ASSETS FOR INSURANCE ACQUISITION COSTS

VIG applies discretionary decision in determining the inputs used in the methodology to systematically and rationally allocate acquisition costs to groups of insurance contracts to determine:

- whether insurance contracts are expected to arise as a result of renewals of existing insurance contracts, and
- if applicable, with respect to the amount to be allocated to groups, including future renewals,
- as well as with respect to the volume of expected renewals from new contracts issued in the period.

At the end of each reporting period, the assumptions made are adjusted to allocate acquisition costs to the contract groups. Where necessary, the amounts of assets are revised for insurance acquisition costs accordingly.

LIABILITY FOR INCURRED CLAIMS (LIC)
For the non-life business, the LIC is a major component of the recognition of insurance contracts.

Here, the ultimate cost of outstanding claims is estimated by using a range of standard actuarial claims projection techniques. The main assumption underlying these techniques is the use of past claims development experiences to project future claims development and hence ultimate claims costs. These methods extrapolate the development of paid and incurred losses, average costs per claim (including claims handling costs), and claim numbers based on the observed development of earlier years and expected loss ratios. Historical claims development is mainly analysed by claims years, but can also be further analysed by geographical area, as well as by significant business lines and claim types. Large claims are usually separately addressed, either by being reserved at the face value of loss adjuster estimates or separately projected in order to reflect their future development.

Additional qualitative discretionary decision is used to assess the extent to which past trends may not apply in the future and in order to arrive at the estimated ultimate cost of claims that present the probability weighted expected value outcome from the range of possible outcomes, taking account of all the uncertainties involved.

Such trends could be, for example, one-off occurrences, changes in external or market factors such as public attitudes to claiming, economic conditions, levels of claims inflation, judicial decisions and legislation, as well as internal factors such as portfolio mix, policy features and claims handling procedures.

The enforceability and collectability of salvage recoveries and subrogation reimbursements are considered as an allowance in the measurement of ultimate claims costs.

Other key circumstances affecting the reliability of assumptions include variation in interest rates, delays in settlement and changes in foreign currency exchange rates.

24.2. Impairment losses on financial assets

The measurement of impairment losses acc. to IFRS 9 across relevant financial assets requires discretionary decisions, in particular for the estimation of the amount and timing of future cash flows when determining impairment losses and the assessment of a significant increase in credit risk. These estimates are driven by the outcome of modelled ECL scenarios and the relevant inputs used as described in chapter Impairment of financial assets starting on page 197.

24.3. Financial instruments recognised at fair value (Level 3)

The fair value of financial instruments not traded on an active market is determined by applying appropriate valuation techniques. The assumptions used here are based on market data available on the reporting date, if available. VIG Insurance Group uses present value methods whilst taking into consideration suitable interest rate models to determine the fair value of numerous financial assets which are not actively traded on markets. Further information about the valuation process can be found in Note 16. Calculation of fair value starting on page 149. The impairment of financial assets is explained in 24.2. Impairment losses on financial assets.

24.4. Impairment of goodwill

In accordance with the methods explained in chapter 25.5. Goodwill starting on page 201, at least once a year it is determined whether an impairment of goodwill exists. Estimates in this area concern above all the calculations for the underlying planned results of the respective CGUs and specific parameters, especially growth and discount rates. Any sensitivities associated with these parameters are presented in Note 3. Goodwill starting on page 130.

24.5. Value of deferred tax assets

Income taxes must be estimated for each tax jurisdiction in which VIG operates. The current income tax expected for each taxable entity must be calculated and the temporary differences due to differences between the tax and IFRS treatment of certain balance sheet items must be assessed. If temporary differences exist, as a rule, they lead to the recognition of deferred tax assets and liabilities in the financial statements based on the tax rate for each country. The amount of the expected current and deferred tax liability or asset reflects the best estimate taking into account tax uncertainties and, consequently, the application of IFRIC 23.

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

The following factors are considered when assessing the probability of being able to utilise deferred tax assets in the future:

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

There is one tax group consisting of Austrian and some of the foreign companies. Reference is made in this regard to page 210.

If actual events diverge from the estimates or the estimates must be adjusted in future periods, this could have an adverse effect on net assets, financial position and results of operations. If the assessment of the recoverability of deferred tax assets changes, the book value must be reduced or increased and the change recognised in the income statement or charged or credited to equity, depending on the treatment used when the deferred tax asset was originally recognised. Further information can be found in chapter Accounting policies in 25.13. Taxes starting on page 209 and in Note 11. Taxes on page 142.

24.6. Method of consolidation

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

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

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

24.7. Materiality of Notes and the associated accounting policies

According to IAS 1.31, only material information should be disclosed in financial statements even when a Standard prescribes certain requirements or minimum requirements. The goal of the IASB in this paragraph in combination with an officially published Practice Statement on this subject was to create a clear and comprehensible basis for financial reporting utilising the most important information. The decision as to whether any given disclosure constitutes material or immaterial information is open to discretionary judgement. The Managing Board of VIG Holding has introduced a threshold value for assessing the materiality of disclosures and the related accounting policies. If the amount involved is less than the threshold value, the information is only published in the Annual Report if it has been deemed to be material for users of the financial statements on the basis of qualitative criteria during the release process.

25. ACCOUNTING POLICIES

25.1. Currency translation

Transactions in foreign currencies
The individual financial statements for each subsidiary are prepared in the currency that prevails in the environment of the ordinary course of business of the company (functional currency). Within VIG Insurance Group, the functional currency is usually the main local currency. Transactions which have been concluded in a currency that is not the functional currency will be recorded using the mean rate of exchange on the day of the respective transaction. Monetary assets and liabilities in foreign currency existing on the balance sheet date are translated to euros using the mean rate of exchange on the reporting date. Any resulting foreign currency gains and losses are recognised in the income statement.

Conversion of individual financial statements denominated in foreign currencies
Assets, liabilities and income and expenses are presented in euros, the reporting currency of VIG Holding. All assets and liabilities reported in the individual financial statements are translated to euros using the mean rate of exchange on the reporting date. The income statement items are converted using the average mean rate of exchange at the end of the month. In the consolidated cash flow statement, the mean rate of exchange on the reporting date is used for changes in balance sheet items, and the average mean rate of exchange at the end of the period is used for changes in income statement items. Currency translation differences, including those resulting from using the equity method of accounting, are recognised directly in equity.

In accordance with the hyperinflation accounting rules, the mean exchange rate on the balance sheet date was applied for all items of the financial statements of the Turkish insurance companies.

Currency		End-of-period exchange rate		Average exchange rate	
		31/12/2023	31/12/2022	2023	2022
1 EUR ≙					
Albanian lek	ALL	103.8800	114.2300	108.7483	118.9211
Bosnian convertible mark	BAM	1.9558	1.9558	1.9558	1.9558
Bulgarian lev	BGN	1.9558	1.9558	1.9558	1.9558
Georgian lari	GEL	2.9960	2.8844	2.8432	3.0686
Croatian kuna	HRK/EUR	1.0000	7.5365	1.0000	7.5349
Macedonian denar	MKD	61.4950	61.4932	61.5572	61.6219
Moldovan leu	MDL	19.3574	20.3792	19.6431	19.8982
New Turkish Lira	TRY	32.6531	19.9649	25.7597	17.4088
Polish zloty	PLN	4.3395	4.6808	4.5420	4.6861
Romanian leu	RON	4.9756	4.9495	4.9467	4.9313
Swiss franc	CHF	0.9260	0.9847	0.9718	1.0047
Serbian dinar	RSD	117.1737	117.3224	117.2530	117.4641
Czech koruna	CZK	24.7240	24.1160	24.0043	24.5659
Ukraine hryvnia	UAH	42,2079	38.9510	39.5619	33.9954
Hungarian forint	HUF	382.8000	400.8700	381.8527	391.2865
US Dollar	USD	1.1050	1.0666	1.0813	1.0531

25.2. Business combinations

Establishing the scope of consolidation

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

Fully controlled investment funds ("special funds") were fully consolidated in accordance with the requirements of IFRS 10. These consolidated special funds are not independent units under company law and are therefore not considered to be structured companies as defined in IFRS 12. This concerns investment funds which are not designed for the public capital markets. Due to a lack of controlling influence, public investment funds, despite holding the majority of the voting rights, are not consolidated. Company law and regulatory requirements can restrict the ability of subsidiaries to transfer financial means (in the form of dividends) to the parent company.

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

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

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

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

All company acquisitions were carried out using cash and cash equivalents. A list of fully and at equity consolidated companies can be found starting on page 163 in Note 22. Affiliated companies and participations.

25.3. (Re-) insurance contracts

Classification
Insurance contracts are defined as contracts under which one party (the insurer) accepts significant insurance risk from another party (the policyholder), by agreeing to provide compensation to the policyholder if a specified uncertain future event (the insured event) negatively affects the policyholder. Financial risk is the risk of a possible future change in e.g. specific interest rates, securities prices, price indices, interest rate indices, credit ratings and credit indices. It must be noted that in the case of a non-financial variable, the variable is not specific to one counterparty. In many cases, particularly in the life insurance area, insurance policies as defined in IFRS 17 also transfer financial risk.

Some contracts have the legal form of insurance contracts but do not transfer significant insurance risk. Such financial insurance policies exist only to a minor extent in the personal insurance area. These contracts are classified as financial liabilities and are defined as “investment contracts”. Investment contracts are generally out of the IFRS 17 scope. However, if investment contracts have discretionary participation features, these contracts are nevertheless within IFRS 17-scope.

The majority of the VIG life insurance contracts are eligible to be measured using the VFA. These are contracts for which, at inception:

- the contractual terms specify that the policyholder participates in a share of a clearly identified pool of underlying items;
- it is expected to pay to the policyholder an amount equal to a substantial share of the fair value returns on the underlying items; and
- it is expected that a substantial proportion of any change in the amounts to be paid to the policyholder will vary with the change in fair value of the underlying items.

This primarily concerns VIG's Austrian and German policies in the life insurance balance sheet unit. In the life business of virtually all other countries the policyholder participation is at the sole discretion of the company concerned. These products are measured with GMM.

In the primary P&C insurance, the PAA is applied to measure short duration insurance contracts and is the preferred measurement approach. This is also the case for long-duration P&C insurance contracts if the measurement under PAA is not substantially different to the measurement under GMM. Long-duration insurance contracts in primary insurance without direct participation features are generally measured with GMM. Neither held nor issued reinsurance contracts can be classified as direct profit participation contracts, which is why these cannot be assessed using the VFA. Reinsurance contracts are therefore assessed either with the PAA or the GMM.

Accounting treatment

SEPARATING COMPONENTS

Before VIG accounts for an insurance or reinsurance contract based on the guidance in IFRS 17, it analyses whether the contract contains components that should be separated. Meaning, those components must be accounted for under another IFRS rather than IFRS 17 (distinct non-insurance components). After separating any distinct non-insurance components, IFRS 17 is applied to all remaining components of the insurance contract.

Investment components are defined as the amounts that an insurance contract requires an insurer to repay to a policyholder in all circumstances, regardless of whether an insured event has occurred or not. Investment components (e.g. surrender options in life insurance contracts) which are highly interrelated with the insurance contract, of which they form a part, are considered non-distinct and are not separately accounted for. However, receipts and payments of the investment components are excluded from insurance service revenue and insurance servide expenses. Some insurance contracts require to repay an amount but not in all circumstances and not as a result of an insured event. These amounts represent premium refunds and reduce insurance service revenue and insurance service expenses. The group presents premium refunds as deductions within the premiums received.

Some reinsurance contracts held contain certain commission arrangements. According to their nature, commissions may be:

- deducted from premiums received,
- included within claims or
- treated as an investment component.

LEVEL OF AGGREGATION

After identifying which insurance contracts are within the scope of IFRS 17, taking into account the effects of the combination of insurance contracts, separation of distinct non-insurance components, and the separation of multiple insurance contracts contained within a single legal policy document, IFRS 17 necessitates to define the level of aggregation for applying its requirements.

The level of aggregation is determined firstly by dividing the business written into portfolios. Portfolios comprise groups of contracts with similar risks which are managed together. Based on their expected profitability at inception, portfolios are afterwards split into three categories:

- onerous contracts,
- contracts with no significant risk of becoming onerous; and
- the remainder.

For GMM and PAA, IFRS 17 also notes that no group for level of aggregation purposes may contain contracts issued more than one year apart. For its VFA business, VIG applies the optional exemption from forming groups based on underwriting year (annual cohorts) that is applicable in the European Union. This option provides an exemption from the formation of annual cohorts for intergenerationally mutualised and cash flow matched insurance contracts. This is to allow for an appropriate cost-benefit ratio at the time the contractual service margin is recognised. This exemption primarily concerns long-term life insurance with profit participation and long-term health insurance.

Once the groups of insurance contracts are determined, they become the unit of account to which the consolidated insurance companies apply requirements of IFRS 17. This means that IFRS 17 metrics such as fulfilment cash flows, the Contractual Service Margin ("CSM") and loss components should be available at this granularity. VIG has defined portfolios of insurance and reinsurance contracts issued based on the Solvency II structure for life, health and P&C insurances due to the fact that the products are subject to similar risks and managed together.

In determining groups of contracts, VIG has decided to group together those contracts that would fall into different groups only because law or regulation specifically constrains its practical ability to set a different price or level of benefits for policyholders with different characteristics.

The groups of contracts for which the fair value approach has been adopted on transition include contracts issued more than one year apart. Please refer to the transition approach applied by VIG in chapter Transition starting on page 79.

In most cases, the profitability of groups of contracts are assessed by actuarial cash flow models and profitability metrics that take into consideration existing and new business. For insurance contracts measured applying PAA, it is assumed that no contracts in the portfolio are onerous at initial recognition unless facts and circumstances indicate otherwise. For contracts that are not onerous, it has to be assessed, at initial recognition, that there is no significant possibility of becoming onerous subsequently by assessing the likelihood of changes in applicable facts and circumstances. Please refer to chapter Onerous contracts starting on page 182 for further information on onerous contracts.

Portfolios of reinsurance contracts held are divided applying the same principles set out above, except that the references to onerous contracts refer to contracts on which there is a net gain on initial recognition. It is possible that a group of reinsurance contracts held comprises a single contract.

For the consolidated insurance companies, the direct insurance and optional reinsurance were grouped into the following IFRS 17 portfolios for P&C, life and health insurance.

- Life insurance:
  - With profit participation
  - Unit- and index-linked
  - Other
  - Issued and held Treaty reinsurance
  - Facultative issued reinsurance
  - Facultative held reinsurance
- Health insurance:
  - Long-term health insurance (similar to life)
  - Issued and held Treaty reinsurance
- Property and casualty insurance:
  - Medical expense insurance
  - Income protection insurance
  - Workers' compensation insurance
  - Motor vehicle liability insurance
  - Other motor insurance
  - Marine, aviation and transport insurance
  - Fire and other damage to property insurance
  - General liability insurance
  - Credit and suretyship insurance
  - Legal expenses insurance
  - Assistance
  - Miscellaneous financial losses
  - Issued and held Treaty reinsurance
  - Facultative issued reinsurance
  - Facultative held reinsurance

ONEROUS CONTRACTS

Some contracts are issued before the coverage period starts and the initial premium becomes due. Therefore, the consolidated insurance companies determine before the beginning of the coverage period or at the time when the first payment from the policyholder in the group is due, depending on which occurs earlier, whether issued contracts constitute a group of onerous contracts. To identify whether a group of contracts is onerous, facts and circumstances are considered based on:

- pricing information,
- results of similar contracts the group has recognised and
- environmental factors, like changes in market or regulations.

Further details are discussed in chapter Presentation starting on page 190.

RECOGNITION

Groups of insurance contracts issued have to be recognised from the earliest of the following:

- The beginning of the coverage period of the group of contracts;
- The date when the initial payment from a policyholder in the group of contracts is due, or when the first payment is received if there is no due date; or
- For a group of onerous contracts, as soon as facts and circumstances indicate that the group is onerous.

Proportional and non-proportional groups of reinsurance contracts held have to be recognised at the latest of the following:

- The beginning of the coverage period of the group of reinsurance contracts held or
- The date the consolidated insurance companies recognise an onerous group of underlying insurance contracts if the consolidated insurance companies entered into the related reinsurance contract held in the group of reinsurance contracts held at or before that date.

Additionally, the recognition of proportional groups of reinsurance contracts held are delayed until the date when any underlying insurance contract is initially recognised, if that date is later than the beginning of the coverage period of the group of reinsurance contracts held.

New contracts are added to the group in the reporting period in which that contract meets one of the criteria set out above.

CONTRACT BOUNDARY

The measurement of a group of insurance contracts includes all future cash flows within the boundary of each contract in the group. Cash flows are within the boundary of an insurance contract if they arise from substantive rights and obligations that exist during the reporting period in which the policyholder can be compelled to pay the premiums, or in which a substantive obligation exists to provide the policyholder with insurance contract services. A substantive obligation to provide insurance contract services ends when:

- the practical possibility exists to reassess the risks of the particular policyholder and, as a result, a price or level of benefits can be set that fully reflects those risks; or both of the following criteria are satisfied:
  - the practical ability exists to reassess the risks of the portfolio of insurance contracts that contain the contract and, as a result, a price or level of benefits can be set that fully reflects the risk of that portfolio; as well as
  - the pricing of the premiums up to the date when the risks are reassessed does not take into account the risks that relate to periods after the reassessment date.

A liability or asset relating to expected premiums or claims outside the boundary of the insurance contract are not recognised as these amounts relate to future insurance contracts.

For contracts with renewal periods, it is assessed whether premiums and related cash flows that arise from the renewed contract are within the contract boundary. The pricing of the renewals on which IFRS 17 is applied, is established by considering all the risks covered for the policyholder that would be considered when underwriting equivalent contracts on the renewal dates for the remaining service. The contract boundary of each group of contracts is reassessed at the end of each reporting period.

INITIAL MEASUREMENT

Insurance contracts not measured under PAA

The GMM measures a group of insurance contracts as the total of:

- the fulfilment cash flows and
- the CSM, representing the unearned profit the consolidated insurance companies will recognise as they provide insurance contract services under the insurance contracts in the group.

The fulfilment cash flows consist of:

- unbiased and probability-weighted estimates of future cash flows,
- a discount to present value to reflect the time value of money and financial risks,
- plus a risk adjustment for non-financial risks.

The objective in estimating future cash flows is to determine the expected value or the probability-weighted mean value of the full range of possible outcomes, considering all reasonable and supportable information available at the reporting date without undue cost or effort. Future cash flows are estimated considering a range of scenarios which have economical substance and give a good representation of possible outcomes. The cash flows from each scenario are probability-weighted and discounted using current assumptions.

When estimating future cash flows, all cash flows within the contract boundary are considered for example:

- premiums and any additional related cash flows,
- claims and benefits, including reported claims not yet paid, incurred claims not yet reported and expected future claims including:
  - payments to policyholders that vary depending on returns of underlying items and
  - allocation of insurance acquisition costs attributable to the portfolio to which the contract belongs.
- claims handling costs,
- policy administration and maintenance costs, including recurring commissions that are expected to be paid to intermediaries,
- allocation of fixed and variable overheads directly attributable to fulfilling insurance contracts,
- transaction-based taxes.

The measurement of fulfilment cash flows includes insurance acquisition costs that are recognised as an expense over the coverage period of the group of insurance contracts. At the same time an equal amount is recorded as revenue representing a portion of premium that relates to recovering insurance acquisition costs.

Insurance contracts measured under PAA

VIG applies the premium allocation approach (PAA) at least to all short-term P&C insurance contracts that it issues, as:

- the coverage period of each contract in the group is one year or less, including insurance contract services arising from all premiums within the contract boundary (refer to chapter Contract boundary starting on page 183), or
- for contracts longer than one year, VIG has modelled possible future scenarios and assumes that the measurement of the liability for remaining coverage for the group containing those contracts under the PAA does not differ materially from the measurement that would result from the application of the GMM. In assessing materiality, VIG has also considered qualitative factors such as the nature of the risk and types of its insurance portfolios.

The PAA is not applied if, at the initial recognition of the group of contracts, a significant variability in the fulfilment cash flows is expected that would affect the measurement of the liability for the remaining coverage (LRC) during the period before a claim is incurred. Variability in the fulfilment cash flows increases with, for example:

- the extent of future cash flows related to any derivatives embedded in the contracts and
- the length of the coverage period of the group of contracts.

For a group of contracts that is not onerous at initial recognition, the liability for remaining coverage is measured as:

- the premiums, if any, received at initial recognition,
- minus any insurance acquisition cash flows at that date,
- plus or minus any amount arising from the derecognition at that date of As an asset recognised insurance acquisition costs
- any other assets or liabilities previously recognised for cash flows prior to the recognition of the group of insurance contracts.

Where facts and circumstances indicate that contracts are onerous at initial recognition, additional analysis helps determining if a net outflow is expected from the contract. Such onerous contracts are separately grouped from other contracts and a loss is recognised in profit and loss for the net outflow, resulting in the book value of the liability for the group being equal to the fulfilment cash flows. A loss component is established for the liability for remaining coverage for such onerous group depicting the losses recognised. For additional disclosures on the loss component, please refer to chapter Presentation starting on page 190 and for onerous contracts to chapter Onerous contracts starting on page 182.

For contracts measured using the PAA, VIG accounting policy does not, in general, permit the liability for remaining coverage (LRC) to be measured using discounted cash flows, unless the group of contracts is onerous.

Reinsurance contracts held

Reinsurance assets for a group of reinsurance contracts held are measured on the same basis as insurance contracts issued. However, they are adapted to reflect the features of reinsurance contracts held that differ from insurance contracts issued, for example the generation of expenses or reduction in expenses rather than income.

A loss is recognised on initial recognition of an onerous group of underlying insurance contracts or when further onerous underlying insurance contracts are added to a group. Furthermore, a loss-recovery component of the asset for remaining coverage is established for a group of reinsurance contracts held depicting the recovery of losses.

The loss-recovery component is calculated by multiplying the loss recognised on the underlying insurance contracts and the percentage of claims on the underlying insurance contracts, the consolidated insurance companies expect to recover from the group of reinsurance contracts held. Where only some contracts in the onerous underlying group are covered by the group of reinsurance contracts held, a systematic and rational method is used to determine the portion of losses recognised on the underlying group of insurance contracts to insurance contracts covered by the group of reinsurance contracts held. The loss-recovery component adjusts the carrying amount of the asset for remaining coverage.

Where the group enters reinsurance contracts held which provide coverage relating to events that occurred before the purchase of the reinsurance, such cost of reinsurance is recognised in profit or loss on initial recognition.

SUBSEQUENT MEASUREMENT

According to IAS 34, the general frequency of reporting must not affect the annual results. IFRS 17 requires changes in estimates that relate to changes in future services in the contractual service margin to be immediately recognised in the income statement. To avoid affecting the annual result, measurements during the year must be based on a cumulative basis from the beginning of the financial year to the reporting date (year-to-date accounting). Under year-to-date accounting, changes in estimates recorded in periods during the year are not taken into account, while they are included in the calculation with date-to-date accounting. VIG Insurance Group decided to make use of the year-to-date accounting option according to IFRS 17.B137.

Insurance contracts not measured under PAA

The CSM at the end of the reporting period represents the profit in the group of insurance contracts that has not yet been recognised in profit and loss, because it relates to future services to be provided.

For a group of insurance contracts, the carrying amount of the CSM of the group at the end of the reporting period equals the carrying amount at the beginning of the reporting period adjusted by:

- the effect of any new contracts added to the group,
- interest accreted on the book value of the CSM during the reporting period, measured at the discount rates at initial recognition,

- the changes in fulfilment cash flows relating to future service, except to the extent that:
  – such increases in the fulfilment cash flows exceed the carrying amount of the CSM, giving rise to a loss; or
  – such decreases in the fulfilment cash flows are allocated to the loss component of the liability for remaining coverage (see chapter Loss component starting on page 191),
- the effect of any currency exchange differences on the CSM, and
- the amount recognised as insurance service revenue because of the transfer of insurance contract services in the period, determined by the allocation of the CSM remaining at the end of the reporting period (before any allocation) over the current and remaining coverage period (see chapter Insurance service revenue starting on page 190).

The subsequent measurement assumes for the CSM calculation using the VFA the following modifications compared to GMM:

- Changes to financial assumptions resulting from the underlying reference values would lead to an adjustment of the CSM instead of the income statement (or optionally the statement of comprehensive income). This includes:
  – Changes in fair value of the underlying assets;
  – Changes in estimates of the present value of future cash flows and changes to financial risks of insurance contracts with direct participation features, as these are associated with future services;
- There is no explicit CSM increase in interest.

The changes in fulfilment cash flows relating to future service that adjust the CSM comprise:

- experience adjustments that arise from the difference between the premium receipts (and any related cash flows such as insurance acquisition costs and insurance premium taxes) and the estimate, at the beginning of the period, of the amounts expected. Differences related to premiums received (or due) related to current or past services are recognised immediately in profit or loss while differences related to premiums received (or due) for future services are adjusted against the CSM;
- changes in estimates of the present value of future cash flows in the liability for remaining coverage, except those relating to the time value of money and changes in financial risk (recognised in the statement of profit or loss and other comprehensive income rather than adjusting the CSM);
- differences between any investment component expected to become payable in the period and the actual investment component that becomes payable in the period. These differences are determined by comparing the actual investment component that becomes payable in the period with the payment in the period that was expected at the start of the period plus any insurance finance income or expenses related to that expected payment before it becomes payable. The same applies to a policyholder loan that becomes repayable, and
- changes in the risk adjustment for non-financial risk that relate to future services.

Except for changes in the risk adjustment, adjustments to the CSM noted above are measured at discount rates that reflect the characteristics of the cash flows of the group of insurance contracts at initial recognition (see Note 24.1. (Re-) insurance contracts subchapter Discount rates starting on page 172).

Where, during the coverage period, a group of insurance contracts becomes onerous, a loss is recognised in profit and loss for the net outflow, resulting in the book value of the liability for the group being equal to the fulfilment cash flows. A loss component is established for the liability for remaining coverage for such onerous group depicting the losses recognised. For additional disclosures on the loss component, please refer to page 191.

The carrying amount of a group of insurance contracts is measured at the end of each reporting period as the sum of:

- the liability for remaining coverage comprising fulfilment cash flows related to future service allocated to the group at that date and the CSM of the group at that date; and
- the liability for incurred claims comprising the fulfilment cash flows related to past service allocated to the group at that date.

Insurance contracts measured under PAA

At the end of each reporting period, the carrying amount of the liability for remaining coverage is the carrying amount at the beginning of the period:

- plus premiums received in the period,
- minus insurance acquisition costs (see chapter Insurance acquisition costs starting on page 189),
- plus any amounts relating to the amortisation of the insurance acquisition cash flows recognised as an expense in the reporting period for the group,
- plus any adjustment to the financing component, where applicable,
- minus the amount recognised as insurance service revenue for the services provided in the period, and
- minus any investment component paid or transferred to the liability for incurred claims.

The liability for incurred claims is estimated as the fulfilment cash flows related to incurred claims. The fulfilment cash flows incorporate, in an unbiased way, all reasonable and supportable information available without undue cost or effort about the amount, timing and uncertainty of future cash flows, it reflects current estimates, and include an explicit adjustment for non-financial risk (the risk adjustment). VIG always discounts the LIC even when the cash flows are expected to be paid or received in one year or less from the date the claims are incurred.

Where, during the coverage period, facts and circumstances indicate that a group of insurance contracts is onerous, a loss in profit and loss is recognised for the net outflow, resulting in the book value of the liability for the group being equal to the fulfilment cash flows. A loss component is established for the liability for remaining coverage for such onerous group depicting the losses recognised. For additional disclosures on the loss component, please refer to page 182 and page 191. For additional information on acquisition costs, please refer to chapter Insurance acquisition costs starting on page 189.

Reinsurance contracts held

The subsequent measurement of reinsurance contracts held follows the same principles as those for insurance contracts issued and has been adapted to reflect the specific features of reinsurance contracts held.

Where a loss-recovery component has been established, the consolidated insurance companies subsequently reduce the loss-recovery component to zero in line with reductions in the onerous group of underlying insurance contracts in order to reflect that the loss-recovery component shall not exceed the portion of the book value of the loss component of the onerous group of underlying insurance contracts that the entity expects to recover from the group of reinsurance contracts held.

MODIFICATION AND DERECOGNITION

Insurance contracts are derecognised when the rights and obligations relating to the contract are extinguished (i.e., discharged, cancelled or expired) or the contract is modified such that the modification results in a change in the measurement model, or the applicable standard for measuring a component of the contract. In such cases, the initial contract is derecognised and the modified contract is recognised as a new contract.

INSURANCE ACQUISITION COSTS

Insurance acquisition costs arise from the costs of selling, underwriting and starting a group of insurance contracts (issued or expected to be issued) that are directly attributable to the portfolio of insurance contracts to which the group belongs.

Where insurance acquisition costs have been paid or incurred before the related group of insurance contracts is recognised in the consolidated balance sheet, a separate asset for insurance acquisition costs is recognised for each related group.

The asset for insurance acquisition costs is derecognised from the consolidated balance sheet when the insurance acquisition costs are included in the initial measurement of the CSM of the related group of insurance contracts.

It is required to apply a systematic and rational method to allocate:

- Insurance acquisition costs that are directly attributable to a group of insurance contracts:
  - to that group; and
  - to groups that include insurance contracts that are expected to arise from the renewals of the insurance contracts in that group.
- Insurance acquisition costs that are not directly attributable to a group of contracts but directly attributable to a portfolio of insurance contracts to groups in the portfolio.

The time bands when VIG expects to derecognise the asset for acquisition costs are disclosed in Note 1. Insurance contracts starting on page 90.

At the end of each reporting period, the amounts of insurance acquisition costs allocated to groups of insurance contracts not yet recognised are revised, to reflect changes in assumptions related to the method of allocation used.

After any re-allocation, the recoverability of the asset for insurance acquisition costs is assessed, if facts and circumstances indicate the asset may be impaired. When assessing the recoverability, it is required to apply the following:

- an impairment test at the level of an existing or future group of insurance contracts; and
- an additional impairment test specifically covering the insurance acquisition costs allocated to expected future contract renewals.

If an impairment loss is recognised, the book value of the asset is adjusted and an impairment is recognised in profit and loss in the item insurance service expenses – issued.

A full or partly reversal of previously recognized impairments are recognised in profit or loss and increase the carrying amount of the asset, to the extent that the impairment conditions no longer exist or have improved.

Presentation
Under IFRS 17 the consolidated insurance companies separately present in the consolidated balance sheet the carrying amount of portfolios of insurance contracts issued that are assets, portfolios of insurance contracts issued that are liabilities, portfolios of reinsurance contracts held that are assets and portfolios of reinsurance contracts held that are liabilities.

Assets due to insurance acquisition costs recognised before the commencement of the corresponding insurance contracts are included in the carrying amount of the related portfolios of insurance contracts issued.

The amounts recognised in the income statement and in the other comprehensive income (OCI) are disaggregated into the insurance service result, comprising insurance service revenue and insurance service expenses, and insurance finance result.

The change in risk adjustment for non-financial risks is disaggregated between the insurance service result and insurance finance result.

The revenue or expenses from reinsurance contracts held are presented in the income statement in position insurance service result – reinsurance held. Therefore, the reinsurance service result is separately presented from the expenses or income from insurance contracts issued.

INSURANCE SERVICE REVENUE
The insurance service revenue depicts the provision of services arising from a group of insurance contracts at an amount that reflects the consideration to which it is expected to be entitled in exchange for those services.

For contracts not measured under PAA, insurance service revenue from a group of insurance contracts is therefore the relevant portion for the period of the total consideration for the contracts. Which means, the amount of premiums paid to the consolidated insurance companies adjusted for financing effect (the time value of money) and excluding any investment components. The total consideration for a group of contracts covers amounts related to the provision of services and is comprised of:

- insurance service expenses, excluding any amounts relating to the risk adjustment for non-financial risks and any amounts allocated to the loss component of the liability for remaining coverage;
- other amounts like income tax that are specifically chargeable to the policyholder;
- the risk adjustment for non-financial risks, excluding any amounts allocated to the loss component of the liability for remaining coverage;
- the CSM release and
- amounts related to insurance acquisition costs.

For significant discretionary management judgements applied to the amortisation of CSM, please refer to chapter "Amortisation of the Contractual Service Margin" starting on page 173.

Under PAA, the insurance service revenue for the period is the amount of expected premium receipts excluding any investment component which is allocated to the period. The expected premium receipts are allocated to each period of insurance contract services mainly on a basis of a linear release pattern on local entity level. But, if the expected pattern of release of risk during the coverage period differs significantly from the passage of time, then the allocation is made on the basis of the expected timing of incurred insurance service expenses.

If facts and circumstances change, the two methods mentioned above will be alternated.

LOSS COMPONENT

Contracts that are onerous at initial recognition are grouped separately from contracts in the same portfolio that are not onerous at initial recognition. Groups that were not onerous at initial recognition may subsequently become onerous if assumptions change and experience adjustments are performed. For any onerous group a loss component of the liability for remaining coverage is established depicting the future losses recognised.

A loss component represents a notional record of the losses attributable to each group of onerous insurance contracts or contracts profitable at inception that have become onerous. The loss component is released based on a systematic allocation of the subsequent changes relating to future service in the fulfilment cash flows to the loss component and the liability for remaining coverage excluding the loss component. The loss component is also updated for subsequent changes relating to future service in estimates of the fulfilment cash flows and the risk adjustment for non-financial risks. The systematic allocation of subsequent changes to the loss component results in the total amounts allocated to the loss component being equal to zero by the end of the coverage period of a group of contracts since the loss component will have been realised in the form of incurred claims.

For groups of contracts measured under the PAA, no contracts are assumed to be onerous at initial recognition unless facts and circumstances indicate otherwise. Where this is not the case, and if at any time during the coverage period the facts and circumstances mentioned in Note 25.3. indicate that a group of insurance contracts is onerous, a loss component has to be established as the excess of the fulfilment cash flows that relate to the remaining coverage of the group over the book value of the liability for remaining coverage of the group as determined in chapter Initial measurement starting on page 184. Accordingly, by the end of the coverage period of the group of contracts the loss component will be zero.

LOSS-RECOVERY COMPONENTS

As described in chapters "Initial measurement-Reinsurance contracts held" starting on page 186 and "Subsequent measurement-Reinsurance contracts held" starting on page 188, when a loss on initial recognition of an onerous group of underlying insurance contracts is recognised or when further onerous underlying insurance contracts are added to a group, a loss-recovery component (LoReCo) of the asset for remaining coverage is established for a group of reinsurance contracts held depicting the recovery of losses.

Where a loss component has been set up subsequent to initial recognition of a group of underlying insurance contracts, the portion of income that has been recognised from related reinsurance contracts held is disclosed as a loss-recovery component.

Where a loss-recovery component has been set up at initial recognition or subsequently, the loss-recovery component is adjusted to reflect changes in the loss component of an onerous group of underlying insurance contracts.

The book value of the loss-recovery component must not exceed the portion of the book value of the loss component of the onerous group of underlying insurance contracts that the consolidated insurance companies expect to recover from the group of reinsurance contracts held. On this basis, the loss-recovery component recognised at initial recognition is reduced to zero in line with reductions in the onerous group of underlying insurance contracts and is nil when loss component of the onerous group of underlying insurance contracts is nil.

INSURANCE FINANCE RESULT

The insurance finance result comprises the change in the carrying amount of the group of insurance contracts arising from:

- the effect of the time value of money and changes in the time value of money and
- the effect of financial risk and changes in financial risk, but
- excluding any such changes for groups of insurance contracts with direct participation features that would adjust the CSM but do not do so because the groups of contracts are onerous. These are included in insurance service expenses.

VIG applies the option to disaggregate the insurance finance result on insurance contracts issued for its life business and its health similar-to-life business between profit and loss and OCI. The OCI option allows inconsistent measurements (accounting mismatch) of assets and liabilities to be offset through equity, rather than through profit or loss. Such differences can, for example, occur for life insurance policies eligible for profit-participation. If the business model requires such measurement, the OCI option is used to minimise the accounting mismatch. For participations that are being held for strategic purposes, the OCI option is predominantly used in order to minimise the accounting mismatches mentioned above. VIG's financial assets backing the insurance issued portfolios are predominantly measured at amortised cost or FVtOCI.

The total insurance finance revenues or expenses are systematically allocated to profit and loss over the duration of the group of contracts by using discount rates determined on group of insurance level.

NET REVENUES OR EXPENSES FROM REINSURANCE CONTRACTS HELD

IFRS 17 requires a reinsurance contract held to be accounted for separately from the underlying insurance contracts to which it relates. Additionally, amounts arising from transactions with reinsurers shall be reported according to whether they relate to:

- the amounts recovered from the reinsurer or
- amounts allocated to premiums paid.

Separate presentation is required for:

- reinsurance cash flows that are contingent on claims on the underlying contracts, which are treated as part of the claims that are expected to be reimbursed under the reinsurance contract held;
- reinsurance cash flows that are not contingent on claims of the underlying contracts (e.g. some types of ceding commissions) are treated as a reduction in the premiums to be paid to the reinsurer.

Amounts relating to the recovery of losses relating to reinsurance of onerous direct contracts are included as amounts recoverable from the reinsurer.

25.4. Financial instruments

Financial assets

INITIAL RECOGNITION

At initial recognition, the classification of financial instruments depends on the contractual cash flows (solely based payments of principal and interest criterion (SPPI-criterion)) as well as the business model.

Financial instruments are initially recognised on the processing day at fair value (as defined in Note 25.9. Calculation of fair value starting on page 203), and the fair value should not deviate from the transaction price. At initial recognition, for financial assets measured at AC or FVtOCI, directly attributable transaction costs shall be included in the amortised costs. Internal (overhead) costs shall not be attributed to the amortised cost as these are not directly attributable to the single transactions.

Measurement categories

Financial assets are classified based on the contractual cash flows characteristics test and the business model for managing the assets. Based on these criteria, financial assets can be classified into the following measurement categories:

- Debt instruments measured at amortised cost;
- Debt instruments measured at FVtOCI, where the cumulative gains and losses will be reclassified to the income statement upon derecognition;
- Equity instruments designated as at FVtOCI, where they may not be recognised in the income statement;
- Financial assets (debt instruments, derivative financial instruments and equity instruments) measured at FVtPL.

Debt instruments measured at amortised cost

Debt instruments are held at AC if both of the following conditions are met:

- The instruments are held within a business model with the objective of holding the instrument to collect the contractual cash flows.
- The contractual terms of the debt instrument give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

Debt instruments measured at FVtOCI

The new category acc. to IFRS 9 for debt instruments measured at FVtOCI is applied when both of the following conditions are met:

- The instrument is held within a business model, the objective of which is both collecting contractual cash flows and selling financial assets, and
- the contractual terms of the financial asset meet the SPPI test.

Debt instruments in this category are those that are intended to be held to collect contractual cash flows and which may be sold in response to needs for liquidity or changes in market conditions.

Equity instruments designated measured at FVtOCI

Equity instruments that are not held for trading and classified as designated measured at FVtOCI (in accordance with IAS 32) will be irrevocably measured at FVtOCI. The classification of equity instruments can be done on an instrument-by-instrument basis.

Gains and losses of these equity instruments are not recycled to the income statement at any time.

Dividends are recognised as other operating income in the income statement when the right of the payment has been established. Except when such proceeds are beneficial as a recovery of part of the cost of the instrument, these gains are recorded in OCI. Equity instruments designated measured at FVtOCI are not subject to any impairment test.

Financial assets measured at FVtPL

Financial assets in this category are managed in a fair value business model, have been designated by management upon initial recognition or are mandatorily required to be measured at fair value acc. to IFRS 9. This category includes debt instruments,

- whose cash flow characteristics fail the SPPI criterion or
- which are not managed within a business model in order to collect contractual cash flows or also not in order to collect contractual cash flows as well as sell the instruments or
- which are classified to the category of designated measured at FVtPL for the purpose of reducing an accounting mismatch.

SPPI test and assessment of the business model

VIG allocates its financial assets based on the SPPI-criterion measurement models.

If the SPPI test is passed, the classification and subsequent measurement of financial instruments according to IFRS 9 is the business model chosen for managing the asset. The business model refers to how the company manages its financial assets in order to generate cash flows. In the Group, this is established at local level so as to manage financial instruments when planning the investment strategy in order to achieve local business objectives.

The business model is not assessed on an instrument-by-instrument basis, but at a higher level of aggregated portfolios that is based on observable factors. Moreover, this is based on reasonably expected scenarios without taking “worst case” or “stress case” scenarios into account. If cash flows after initial recognition are realised in a way that is different from the original expectations, the classification of the remaining financial assets held in that business model does not change. However, such information when assessing newly originated or newly purchased financial assets is taken into consideration.

The business model is applied to groups of assets which are managed homogeneously. The derivation takes into consideration asset class, liquidity, type of administration (asset manager, externally managed portfolios or special funds) as well as the investment strategy.

When determining the investment strategy (and in consequence the business model), the type of liabilities that are covered and their measurement model under IFRS 17 should be taken into consideration. Cash and cash equivalents as well as term deposits are always to be valued at AC.

SUBSEQUENT MEASUREMENT

Debt instruments measured at AC

After initial measurement, debt instruments are measured at amortised cost, using the effective interest rate (EIR) method, less allowance for impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fee or costs that are an integral part of the EIR. An allowance is recognised for ECLs (*expected credit losses*) in the income statement.

Debt instruments measured at FVtOCI

Debt instruments are subsequently measured at fair value in accordance with FVtOCI with unrealised gains and losses arising due to changes in fair value recognised in OCI. Interest income and foreign exchange effects are recognised in profit or loss in the same manner as for financial assets measured at amortised cost. For further information on the calculation of expected credit loss for debt instruments measured at FVtOCI, please refer to chapter The calculation of ECLs starting on page 198. On derecognition, cumulative gains or losses previously recognised in OCI are reclassified to profit and loss.

Equity instruments designated measured at FVtOCI

The irrevocable classification of equity instruments as measured at FVtOCI is applied for strategically held financial instruments which are not held for trading or are not shares in affiliated fully consolidated companies and are not shares in associates and joint ventures. The classification of equity instruments can be done on an instrument-by-instrument basis (e.g. emerging markets stocks at FVtPL, auxiliary undertakings at FVtOCI) and is decided solely by the the local group company in accordance with the portfolio. For equity instruments that are designated measured at FVtOCI, transaction costs are recognised in OCI as part of the change in fair value at the next re-measurement and they are never reclassified into profit and loss. In case of a derecognition event, the correlating reserves are directly posted to “retained earnings”. In contrast to the equity instruments measured at FVtPL, only dividends are booked in the income statement.

Financial assets measured at FVtPL

Financial assets measured at FVtPL are recorded in the balance sheet at fair value. Changes in fair value are realised in profit and loss. Transaction costs relating to the acquisition or issue of financial instruments measured at FVtPL are recognised in profit and loss as they are incurred. Interest earned on assets mandatorily required to be measured at FVtPL is accounted for using the contractual interest rate.

RECLASSIFICATION

To remain in compliance with the classification “Held to collect contractual cash flows”, the share of not sold financial assets may not fall below an annual average of 90% of the portfolio volume.

The Group assumes that financial assets subsequent to their initial recognition are not reclassified, provided that no exceptional, such as a business line is acquired, disposed of or terminated.

In general, reclassifications of financial assets are only permitted, or required, in rare circumstances, which does not include a simple change in business model (e.g. change in intention related to particular financial assets – temporary disappearance of a particular market for financial assets – and transfer of financial assets between company areas with different business models). In such rare occasions, non-derivative debt instruments are required to be reclassified between the “measured at AC”, “measured at FVtOCI” and “measured at FVtPL” categories. More specifically, when (and only when) an entity changes its business model for managing financial assets, it should reclassify all affected financial assets. The reclassification should be applied prospectively from the “reclassification date”, in accordance with IFRS 9.5.6.1.

DERECOGNITION/WRITE-OFF

Derecognition apart from a significant modification

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- The right to receive cash flows from the asset has expired or
- The right to receive cash flows from the asset has been transferred or an obligation has been assumed to pay the received cash flows in full without material delay to a third party under a ‘pass-through’ arrangement; and either substantially all the risks and rewards of the asset have been transferred or substantially all the risks and rewards of the asset have been neither transferred nor retained, but control of the asset has been transferred.

Control is considered to be transferred if and only if, the transferee has the practical ability to sell the asset in its entirety to an unrelated third party and is able to exercise that ability unilaterally and without imposing additional restrictions on the transfer.

When all risks and rewards have neither transferred nor substantially been retained and control of the asset has been maintained, the asset continues to be recognised only to the extent of continuing involvement, in which case, an associated liability has also been recognised. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that could be required to pay.

Derecognition due to significant contract modification

A financial asset is derecognised when the terms and conditions have been renegotiated to the extent that, substantially, it becomes a new instrument, with the difference recognised as a derecognition gain or loss. In case of modification the gross carrying amount is recalculated as the present value of the renegotiated or modified contractual cash flows, discounted at the financial asset's original EIR (or credit adjusted EIR for POCI assets) or, when applicable, the revised EIR calculated in acc. with IFRS 9. 6.5.10.

When assessing whether or not to derecognise an instrument, VIG considers the following modification criteria:

- Quantitative criteria:
  - Modified debt instruments are considered to be "substantially different" if the net present value of the cash flows under the new terms discounted at the original EIR (of the original contract) is at least 10% different from the original debt instrument.
- Qualitative criteria:
  - Change in the SPPI assessment, e.g. introduction of an equity-linked feature
  - Change in the currency of the asset could significantly alter the future economic risk exposure of the instrument and is considered to be substantial. Non-contractual changes in the currency are not relevant (e.g. in the course of a currency reform or accession to the Eurozone).
  - Change in the maturity of the instrument. Modifications of the maturity of a financial instrument are not considered to be 'substantially different', if the possibility has been negotiated already in the original lending contract. Moreover, the change is not considered to be substantial, if the total contractual lifetime is
    - extended by less than 50%,
    - shortened by less than 30% or
    - changed by less than 2 years of the original lifetime.

If the modification does not result in cash flows that are substantially different, the modification does not result in derecognition. Based on the change in cash flows discounted at the original EIR, a modification gain or loss is recorded.

IMPAIRMENT OF FINANCIAL ASSETS

Further disclosures relating to impairment of financial assets are also provided in the following notes:

- Increases and decreases in the provisions for expected credit loss for financial instruments Note 2.4. Expected credit loss starting on page 120
- Disclosures for significant judgements and estimates Note 24.2. Impairment losses on financial assets starting on page 175.

VIG recognises an allowance for ECLs for all debt instruments measured at AC or FVtOCI, loan commitments and guarantees as well as IFRS 9 measured receivables.

ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that are expected to be received, discounted at the effective interest rate.

The amount of the ECLs recognised depends on the different impairment model stages to which the financial instruments were assigned. For financial instruments for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (12-month ECL/Stage 1). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure (lifetime ECL).

VIG considers a financial asset to be in default (credit impaired) when contractual payments are 90 days past due or/and if its rating is stated as C or D, unless VIG has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

The calculation of ECLs

ECLs are calculated based on scenarios to measure the expected cash shortfalls, discounted at an appropriate EIR. A cash shortfall is the difference between the cash flows that are in accordance with the contract and the cash flows that the entity expects to receive. The mechanics of the ECL calculations are outlined below and the key elements are, as follows:

- Probability of Default (PD): The *PD* is an estimate of the likelihood of default over a given time horizon. It is estimated with consideration of economic scenarios and forward-looking information.
  VIG uses the following segments for its portfolio:
  - Corporates
  - Sovereigns
  - The segment Sovereigns consists of all bonds issued by public authorities, whether by central governments, supra-national government institutions, regional governments or local authorities and bonds that are fully, unconditionally and irrevocably guaranteed by these institutions. All other exposures are treated within the corporates segment.
- Exposure at Default (EAD): The *EAD* is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and interest, whether scheduled by contract or otherwise, and accrued interest from missed payments.
- Loss Given Default (LGD): The *LGD* is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that are expected to be received. It is usually expressed as a percentage of the EAD.
  Concerning the segmentation of LGDs, the following segments will be used:
  - Subordinated debt
  - Senior unsecured debt
  - Sovereigns
  - Secured debt: The Secured segment at VIG covers all positions secured by mortgage as well as covered bonds.
  - For unsecured assets, VIG will apply predefined LGDs, which are not time-dependent (flat LGD curves).

Assets subject to ECL calculations are allocated into one of the following categories:

- 12 months ECL (Stage 1): Stage 1 allows a low credit risk or no significant increase in credit risk. It is calculated as the portion of the lifetime ECL, that represent the ECLs that result from default events on a financial instrument that are possible within 12 months after the reporting date. Stage 1 allowance is calculated based on the expectation of a default occurring in the 12 months following the reporting date.

- Stage 2: Assets classified under Stage 2 show a significant increase in credit risk (and not low credit risk), therefore the lifetime ECL must be calculated.
- Stage 3: Within this stage credit losses have already been incurred or assets have actually been credit impaired. Due to that fact, the difference between the asset's gross carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate should be considered.

In accordance with IFRS, debt instruments measured at AC or measured at FVtOCI must follow the staged approach. The VIG approach is set as follows:

- Stage 1 – 12-months ECL
  - non-POCI assets at initial recognition,
  - assets that fall within the scope of the low credit risk exemption, as well as
  - assets that are not defaulted, not eligible for Stage 2 triggers and show no significant change in ratings
- Stage 2 – Lifetime ECLs (effective interest rate on gross carrying amount)
  - are past due for at least 30 days or
  - respond to one of the predefined forward-looking indicators
- Stage 3 – Lifetime ECLs (effective interest rate on amortised costs)
  - assets fulfilling the default definition of VIG
- Stage 0 – POCI

Debt instruments measured at FVtOCI

As the carrying amount of the debt instruments measured at FVtOCI corresponds to the fair value, the risk provision to be recognised does not lead to a reduction on the asset side of the balance sheet. Instead, an amount equal to the allowance that would arise if the assets were measured at amortised cost is recognised in OCI with a corresponding charge to profit or loss. The accumulated gain recognised in OCI is recycled to the profit or loss upon derecognition of the assets.

Forward looking information

In the Group-wide ECL models, it can be relied on a broad range of forward-looking information, such as external and internal ratings, forecasts of macroeconomic variables or qualitative credit risk.

COLLATERAL VALUATION AND REPOSSESSED

To mitigate its credit risks on financial assets, collateral is sought to be used, where possible. The collateral comes in various forms, such as mortgages, securities or other types of collateral. Collateral, unless repossessed, is not recorded on the VIG's statement of financial position. Cash flows expected from credit enhancements which are not required to be recognised separately by IFRS standards and which are considered integral to the contractual terms of a debt instrument which is subject to ECL, are included in the measurement of those ECL. On this basis, the fair value of collateral affects the calculation of ECL.

To the extent possible, data from an active market is used for valuing financial assets held as collateral. Other financial assets that do not have readily available market data are valued using models. Non-financial collateral, such as real estate, is valued either internally or based on third parties' appraisals.

The ECL measurement also includes irrevocable and unconditional guarantees.

WRITE-OFFS
Financial assets are written off either in part or in full only when there is no reasonable expectation of recovery. If the amount to be written off is greater than the accumulated loss allowance, the difference is first treated as an addition to the allowance that is then applied against the gross carrying amount. Any subsequent recoveries are credited to gains within the income statement.

Financial liabilities

MEASUREMENT CATEGORIES OF FINANCIAL LIABILITIES
Financial liabilities, other than loan commitments and financial guarantees, are measured at AC or at FVtPL if they are held for trading or are derivative instruments or if they are derivative financial instruments. VIG has no material portfolio of financial liabilities designated measured at FVtPL. All derivatives with a negative fair value (according to IFRS 13; determined on the basis of the so-called “dirty fair value”, i.e., including interest accruals) are presented as a liability measured at FVtPL. Analogous to the financial assets, subordinated liabilities are recognised at their “dirty value” starting with the initial application of IFRS 9.

DERECOGNITION AND SIGNIFICANT MODIFICATION OF FINANCIAL LIABILITIES
A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability. The difference between the carrying value of the original financial liability and the consideration paid is recognised in profit or loss.

Recognition of interest income

According to IFRS 9, interest income for all financial assets under IFRS 9 measured at AC or measured at FVtOCI is recorded using the effective interest method. The EIR is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset or, when appropriate, a shorter period, to the gross book value of the financial asset.

The EIR and therefore, the amortised cost of the financial asset, is calculated by taking into account transaction costs and any discount or premium on acquisition of the financial asset as well as fees and costs that are an integral part of the EIR. Interest income is recognised using a rate of return that represents the best estimate of a constant rate of return over the expected life of the debt instrument.

For floating-rate financial instruments, the periodic re-fixing of coupon rates reflecting the movements in interest rates alters the effective interest rate.

The item interest revenues using the effective interest rate method only includes interest on financial instruments measured at AC or measured at FVtOCI.

The item interest revenue other includes interest from financial assets measured at FVtPL, which is also measured based on the derivation of the effective interest rate.

Repurchase and reverse repurchase agreements
Securities sold under agreements to repurchase are not derecognised from the balance sheet as substantially all of the risks and rewards of ownership are retained. The corresponding cash received is recognised in the consolidated balance sheet as an asset with a corresponding obligation to return it, including accrued interest as a liability within cash collateral on securities lent and repurchase agreements. This reflects the transaction's economic substance as a loan to VIG. The difference between the sale and repurchase price is treated as interest expense and is deferred over the life of agreement.

By contrast, securities purchased under reverse repurchase agreements are not recognised in the balance sheet. The amount paid, including deferred interest, is recorded in the balance sheet within loans measured at AC. The difference between the purchase and resale price is shown in the corresponding current income position using the EIR.

25.5. Goodwill

Goodwill is recorded in the functional currency of the respective unit. It is measured at AC minus accumulated impairment losses. In the case of shares in at equity consolidated companies, goodwill is included in the amortised book value of the investment.

Impairments
For the purpose of testing goodwill, the subsidiaries are combined to form cash-generating units (CGUs) at the level of geographical countries. These CGUs, on the basis of which the impairment test is conducted, correspond to the operating segments. The recoverability of trademark rights is additionally tested individually by application of the relief-from-royalty method. In the case of intangible assets with indefinite useful lives (goodwill and capitalised trademark rights), such an impairment test is also conducted during the year in response to a triggering event, but at least at the end of every finanacial year.

As a general rule, the value in use determined by application of the income-based discounted cash flow method is applied as the recoverable amount of the CGU. In those cases in which the value in use is less than the carrying amount, the book value less costs to sell is determined additionally. Trailing stock exchange multiples are applied to determine the fair value less costs to sell.

For determining the value in use, the available cash flows over five plan years and after that the perpetual annuity are discounted to present value. Due to the conversion to IFRS 17 as of 1 January 2023, the budget forecasts were also adapted to the IFRS 17 structure. All subsidiaries prepare detailed budget forecasts for three years in the respective local currency, they are discussed in meetings of the Supervisory Board and subjected to a plausibility check as part of the planning and control process. The budget forecast for the next two years and the perpetual annuity are prepared by forecasting key parameters (combined ratios, premium development, financial income) on the basis of their historical development and expectations for the future development of markets. Therefore, the forecast cash flows from the perpetual annuity are deemed to be sustainable. The closing exchange rate on 31 December of the finanacial year is applied for converting the amounts into euros.

Climate risks are taken into consideration in the best estimate of underwriting provisions and therefore in the expected cash flows applied for the purpose of impairment testing. VIG offers insurance against major weather events, subject to strict reinsurance guidelines.

All insurance service assets are attributed to the CGUs. These assets include all capitalised insurance portfolios and customer bases, capital investments, receivables and other assets, in addition to goodwill and trademark rights. Underwriting provisions and current liabilities are deducted from the book values. Assets recognised by VIG Holding, but used by the operating companies are attributed to the CGUs in the form of corporate assets. Thus, the cash flows of the CGUs are adjusted for the depreciation and amortisation of the attributed corporate assets.

A capital cost rate (before taxes) determined on the basis of the Capital Asset Pricing Model (CAPM) is applied to calculate the discount rates. For that purpose, country-specific inflation differences and risk premiums, as well as the sector-specific market risk, are added to the risk-free interest rate (equal to the return on German government bonds at the reporting date according to the Svensson method). The beta factor applied at the reporting date was determined on the basis of a defined peer group.

The long-term growth rates were calculated in the reporting period on the basis of the Compound Annual Growth Rate (CAGR) under the assumption that the insurance penetration of the respective countries will begin to converge with the current German penetration rate in 50 to 70 years from the year 2013. An inflation premium equal to half the inflation included in the capital costs is added to the CAGR.

25.6. Intangible assets

Other intangible assets

Purchased intangible assets are recognised in the balance sheet at acquisition cost less accumulated amortisation and impairment losses. The companies included in the scope of consolidation did not have any material internally generated intangible assets. All intangible assets with the exception of trademark rights have definite useful lives. Therefore, intangible assets are amortised over the period of their use.

Average useful life in years	from	to
Software	2	13

Software is amortised according to the straight-line method. Furthermore, it is checked on an ad-hoc basis whether the respective software components can still be used. If it is expected with a high degree of probability that certain IT systems or program components can no longer be used or not to the full extent, an impairment is recognised. If a change in the useful life of full use is found, the amortisation period is changed to match the new useful life.

In the course of the purchase price allocations conducted with respect to the acquisitions of the companies Asirom, BTA Baltic and Seesam, trademark rights with indefinite useful lives were identified in previous years. The indefinite useful life results from the fact that no foreseeable end of the economic useful life can be identified. The fair values of the trademark rights were determined by application of the relief-from-royalty method upon initial consolidation. A tax amortisation benefit was included in the relief-from-royalty method.

Regarding impairments of trademark rights with unlimited useful life, please refer to the statements in Note 25.5. Goodwill starting on page 201.

25.7. Investment property

Property that is both owner-occupied and investment property is divided. If the 20% limit is not exceeded, the property is recognised in the larger category (80:20 rule).

Property is measured at acquisition or construction costs minus accumulated scheduled depreciation and impairment losses. Cost comprises all costs incurred in putting the asset into its present location in its present condition. Costs incurred in later periods are only capitalised if they lead to a significant increase in future opportunities for use of the building (e.g. through respective building expansions or new fittings). Tangible assets are depreciated using the straight-line method over the expected economic useful life.

Average useful life in years	from	to
Buildings categorised as investment property	28	51

Measurement process

The measurement process for deriving the fair value of real estate that is held as investment property and owner-occupied property is discussed in more detail in Note 25.9. Calculation of fair value starting on page 203.

25.8. Owner-occupied property and equipment

Owner-occupied property

For the applied accounting policies, refer to the statements presented under 25.7. Investment property starting on page 203.

Tangible assets

Tangible assets are primarily technical equipment and machinery, other equipment, vehicle fleet, IT hardware/telecommunication, office equipment as well as the advance payments for these.

The measurement is at AC minus accumulated depreciation and impairment losses. Cost comprises all costs incurred in putting the asset into its present location in its present condition. Tangible assets are depreciated using the straight-line method over their expected economic useful life.

Average useful life in years	from	to
Owner-occupied buildings	27	47
Office equipment	4	12
EDP facilities	3	6
Motor vehicles	4	5

25.9. Calculation of fair value

Measurement process of financial instruments

The valuation process for determining the fair value of financial assets aims to apply publicly available price quotations in active markets or valuations determined by application of recognised economic models that are based on observable input factors. For those financial assets for which publicly quoted prices or observable market data are not available, the valuations are mainly conducted on the basis of valuation reports (e.g. appraisals) prepared by experts. The organisational units responsible for conducting the valuation are independent of the units that assume the investment risks, thereby ensuring the requisite separation of functions and duties.

As a general policy, the company seeks to measure the fair value of securities held within the VIG Insurance Group at the same prices at the respective valuation date. In practice, however, situations arise in which actually achieving this goal would entail disproportionately high costs. For example, local regulations in some countries in which the VIG Insurance Group operates require that resident companies use the prices determined in accordance with local regulations to measure the value of certain instruments. If in this case the same securities are held by other companies of the VIG Insurance Group, it can happen that these companies apply different price sources to measure the fair value.

Special funds represent another case in which uniform valuation would only be possible at a disproportionately high cost. The Austrian companies hold special funds, which must be included in the consolidated financial statements according to IFRS accounting rules, to varying extents. However, the net asset value (NAV) of a special fund on a given date is measured at the (usually closing) prices of the previous day. In these cases, a security that is held both in a special fund and directly in the company's portfolio is measured at different prices.

Valuation process for investment property and owner-occupied property

The methods mainly used to calculate the fair value of real estate in the VIG Insurance Group are the capitalised earnings value method, the discounted cash flow method and the asset value method (only for land or to determine maintenance expenses).

The capitalised earnings value method is mainly used in the VIG Insurance Group. In rarer cases, a discounted cash flow method is used if that would yield the highest-use and best-use value for the property in question.

CAPITALISED EARNINGS VALUE METHOD

Under this method, the value of the real estate is calculated by capitalising the expected future or actual gross income at an appropriate interest rate over the expected useful life. The net income is calculated by deducting the actual expenses for operation, maintenance and administration (management expenses). The default risk and any liquidation proceeds or costs are considered as well. The interest rate applied to calculate the capitalised earnings value is based on the achievable rate of return. The net income minus the return on the land value is then capitalised over the remaining useful life at the chosen interest rate, yielding the capitalised earnings value of the physical structure. This amount is then added to the land value to arrive at the total capitalised earnings value of the property.

DISCOUNTED CASH FLOW METHOD

The discounted cash flow method is a valuation method in which cash flows during the forecast phase (Phase I) are discounted to present value at the valuation date. The discount rate applied for this purpose is the rate of return of a comparably risky investment, plus property-specific and market-specific premiums. The annual gross income plus vacancy rents (at current market rents) and minus the management expenses that cannot be charged to tenants results in the annual net income. Thanks to the exact nature of analysis over the individual forecast years, this method makes it possible to allocate investments or vacancies to individual years and therefore take them into account from the outset. In Phase II, the hypothetical sale proceeds at the end of the forecast phase (usually 10 years) are calculated by capitalising future cash flows. The interest rate applied for this calculation is determined as the rate of return on a comparably risky investment, plus market-specific and property-specific premiums, minus expected property appreciation.

ASSET VALUE METHOD

The asset value method is a market-oriented method that combines the land value, the building value, the value of outdoor facilities and the value of available connections. This method is basically used to measure the value of an undeveloped plot of land.

The land value is usually determined by way of the residual value method, under which a development discount has no longer been applied since 2018, having been replaced with a premium or discount for increased or decreased use, respectively. Whether or not increased or decreased use applies is determined on the basis of a simplified usable space study or an estimate of development possibilities based on developments in the surrounding area. This determination is made under both the capitalised earnings value method and the asset value method. Due to the applicability of tenancy laws, however, any usable space potential cannot be exploited and therefore the land value is usually applied instead of the actually available useful space.

IMPAIRMENTS OF REAL ESTATE

Owner-occupied real estate and investment property are appraised at regular intervals of time by generally sworn and court-certified building and real estate appraisal experts.

An impairment must be recognised if the fair value is less than the carrying amount (acquisition cost less accumulated depreciation and impairments). In that case, the book value is written down to the lower fair value and the difference is recognised in profit or loss. The same method as that applied for an impairment is applied to determine whether the fair value of a property exceeds the book value. It is to be determined at every balance sheet date whether there are any indications that the fair value of the property has risen above the book value. In that case, the carrying amount after reversal of an earlier impairment may not exceed the book value less accumulated appreciation before recognition of earlier impairments.

Both impairments and reversals of impairments are recognised in the income statement. They are presented in Note 9. Notes to the consolidated income statement starting on page 139. The fair values and the level hierarchy according to IFRS 13 are presented in 16. Calculation of fair value starting on page 149.

Other notes on the valuation process

The use of different pricing models and assumptions can lead to different results concerning fair value. Changes in the estimates and assumptions applied in calculating the fair value of assets in those cases in which quoted market prices are not available can make it necessary to adjust the book value of the corresponding assets upwards or downwards and recognise a corresponding expense or income in the income statement.

Certain investments that are not normally measured at fair value on a recurring basis are measured at fair value on a one-time basis if events or changes in circumstances give reason to assume that the book value may no longer be recoverable.

Valuation hierarchies

The VIG Insurance Group assigns all financial instruments to one level in the IFRS 13 valuation hierarchy. In line with the decentralised organisational structure of the VIG Insurance Group, the individual subsidiaries are responsible for this categorisation. In particular, this approach ensures that local knowledge concerning the quality of individual fair values or any input parameters needed for model-based valuation are taken into account.

The fair values are determined on the basis of the following hierarchy according to IFRS 13:

- The determination of the fair value of financial instruments is generally based on quoted prices for identical assets or liabilities in active markets (Level 1).
- If the financial instrument in question is not listed or if quoted prices in active markets are not available, the fair value is determined on the basis of quoted market prices for similar assets or prices quoted in non-active markets (Level 2). Common valuation models for which the input factors are based on observable market data are used for Level 2. Such models are mainly used for illiquid bonds (present value method) and structured securities.
- The fair values of certain financial instruments, particularly bonds from countries without an active market and real estate, are determined on the basis of valuation models utilising input factors that are mainly not based on observable market data. Such models are mainly used to measure the fair values of transactions in non-active markets, expert opinions, and the structure of cash flows (Level 3).

The following table shows the methods used and the most important input factors separately for Level 2 and Level 3. The fair values calculated can be used for regular as well as non-recurring measurements.

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

25.10. Consolidated shareholders' equity

The items share capital and other capital reserves include the amounts paid in to share capital by the shareholders of VIG Holding. Other capital reserves report the share of contributions paid that is in excess of the share capital. The reserves are reduced by external costs directly related to corporate actions affecting equity (after taking tax effects into account).

Retained earnings are the profits that subsidiaries have earned since their affiliation with VIG Insurance Group. These are reduced by the dividends distributed by VIG Holding. Amounts resulting from the changes in the scope of consolidation are also recognised here. If changes are made to accounting policies, the adjustments for earlier periods that are not included in the financial statements are recognised in the opening balance sheet value of retained earnings for the earliest period presented.

Other reserves consist of unrealised gains and losses from the measurement of insurance contracts, the measurements of financial instruments measured at FVtOCI as well as actuarial gains and losses, which are to be recorded in the statement of comprehensive income in accordance with IAS 19. Furthermore, unrealised gains and losses from the at equity measurement of associated companies, effects from the application of IAS 29 Financial Reporting in Hyperinflationary Economies and the exchange differences resulting from the currency conversion of foreign subsidiaries are reported in the other reserves.

Non-controlling interests are also shown as part of the shareholders' equity. These include shares held by third parties in the equity of consolidated subsidiaries which are not directly or indirectly wholly owned by VIG Holding.

Details regarding capital management can be found in chapter "Capital management" starting on page 227.

Share capital and voting rights

The share capital amounts to EUR 132,887,468.20. It is divided into 128,000,000 no-par-value bearer shares with voting rights, with each share representing an equal portion of share capital. The number of shares issued remained unchanged.

The Managing Board is not aware of any restrictions on voting rights or the transfer of shares. Employees who own shares exercise their voting right directly at the Annual General Meeting.

The Managing Board must consist of at least three but no more than eight members. The Supervisory Board has at least three but no more than twelve members (shareholder representatives). The Wiener Städtische Versicherungsverein, which directly and indirectly holds around 72.47% (72.47%) of the share capital, has the right to appoint up to a third of the members of the Supervisory Board if, and as long as, it holds 50% or less of the Company's voting shares. Annual General Meeting resolutions are adopted by a simple majority, unless a different majority is required by law or the Articles of Association.

There are no shares with special rights of control; reference is made to the previous paragraph with regard to the rights of the shareholders of the Wiener Städtische Versicherungsverein.

At the reporting date, the company is not party to any material agreements which take effect, alter or terminate upon a change of control of the company following a takeover bid, especially none which concern the participations held in insurance companies.

No compensation agreements exist between the company and its Managing Board members, Supervisory Board members or employees covering the case of a public takeover bid.

Anticipatory resolutions

Pursuant to § 169 AktG, the Managing Board is authorised until no later than 20 May 2026 to increase the company's share capital – also in multiple tranches – by a nominal amount of up to EUR 66,443,734.10 by issuing up to 64,000,000 no-par bearer shares in exchange for cash or non-cash contributions or a combination of both. The Managing Board with the consent of the Supervisory Board decides the content of share rights, the exclusion of pre-emptive subscription rights and the other terms and conditions of share issuance. Preferred shares without voting rights and conveying the same rights as already issued preferred shares may also be issued. The issue prices of common shares and preferred shares can be different.

The Managing Board was authorised by the Annual General Meeting on 21 May 2021 with the consent of the Supervisory Board to issue convertible bonds according to § 174 AktG, which convey the right to exchange or subscribe up to 30,000,000 of the company's no-par bearer common shares representing a proportional amount of share capital of up to EUR 31,145,500.36, in a total nominal amount of up to EUR 2,000,000,000.00, also under exclusion of pre-emptive subscription rights, on one or more occasions in the time until 20 May 2026.

In accordance with § 159 (2) Z1 AktG, therefore, the share capital has been raised conditionally by up to EUR 31,145,500.36 by issuing up to 30,000,000 no-par bearer common shares. The conditional capital increase will only be conducted insofar as the bearers of the convertible bonds issued on the basis of the resolution of the Annual General Meeting of 21 May 2021 exercise their subscription or exchange rights. To date, the Managing Board has adopted no resolution on the issuance of convertible bonds on the basis of the authorisation granted on 21 May 2021.

Furthermore, the Managing Board was authorised by the Annual General Meeting with the consent of the Supervisory Board to issue participating bonds pursuant to § 174 (2) AktG in the total nominal amount of up to EUR 2,000,000,000.00, also in multiple tranches and also under exclusion of pre-emptive subscription rights, in the time until 20 May 2026. To date, the Managing Board had not adopted a resolution on the issuance of participating bonds on the basis of this authorisation.

The Annual General Meeting authorised the Managing Board on 26 May 2023 to acquire ordinary bearer shares in accordance with § 65 (1) no. 8, (1a) and (1b) AktG to the maximum extent permissible by law during a period of 30 months following the date the Annual General Meeting resolution was adopted. The amount paid upon repurchase of the Company's own shares may not be more than a maximum of 50% below and not more than a maximum of 10% above the average unweighted closing price on the Vienna Stock Exchange on the ten stock exchange trading days preceding the repurchase. The Managing Board may decide to make the purchase via the stock exchange, through a public offer or in any other legally permissible and expedient manner. If the repurchase is performed via a public offer, the end of the calculation period is determined based on the date on which the intention to make a public offer is announced (§ 5 (2) and (3) of the Austrian Takeover Act (Übernahmegesetz)).

The Annual General Meeting also authorised the Managing Board for a period of five years from the date of the resolution to use acquired own shares while excluding shareholder pre-emption rights

- for servicing convertible bonds issued based on the resolutions adopted by the Annual General Meeting on 21 May 2021; and
- for sales in a manner permitted by law other than via the stock market or by means of a public offer.

The Managing Board has not made use of these authorisations to date. The Group holds no own shares at the reporting date.

25.11. Provisions

General
Provisions will be recognised if

- a legal or constructive obligation exists to a third party as a result of a past event,
- it is probable that the obligation will result in an outflow of resources and
- it is possible to make a reliable estimate of the extent of the obligation.

The provisions are recognised at the value representing the best possible estimate of the expenditure needed to fulfil the obligation. If the cash value of the provision determined on the basis of prevailing market interest rates differs substantially from the nominal value, the cash value of the obligation is recognised. Provisions also include personnel provisions other than the provisions for pensions and similar obligations. This particularly concerns provisions for anniversary benefits.

25.12. Receivables and Liabilities

Receivables
The receivables presented in the balance sheet particularly consist of receivables and other assets measured in accordance with IFRS 9.

As receivables from policyholders, intermediaries or insurance companies are directly shown in the fair value of future cash flows under IFRS 17, this balance sheet item concerns receivables that are not associated with the insurance business.

Non-insurance receivables are measured at the transaction price. Valuation is based on the underlying transaction, while only the impairment requirements according to IFRS 9 are applicable for receivables.

VIG Insurance Group applies the simplified approach for the eligible financial assets option for trade & lease receivables according to IFRS 9.5.5.15. In order to fulfil this requirement, a so-called Impairment Provision Matrix is used for receivables. Details regarding the Impairment Provision Matrix can be found in Note 2.6. Credit risk starting on page 124.

Liabilities
The liabilities presented in the balance sheet consist of liabilities and other liabilities measured in accordance with IFRS 9.

For items measured according to IFRS 9, please refer to the statement on financial liabilities in chapter 25.4. Financial instruments starting on page 193. The other liabilities items are accounted for at AC.

25.13. Taxes

Income tax expenses include current and deferred taxes. When transactions are recognised directly in equity, the corresponding income tax is likewise recognised in equity with no effect on the income statement. The current taxes for the individual companies of the VIG Insurance Group are calculated on the basis of the companies' taxable net income and the tax rate applicable in a given country.

Deferred taxes are calculated in accordance with the balance sheet liability method in respect of all temporary differences between the stated values of assets and liabilities in the IFRS consolidated financial statements and the corresponding tax values of the individual companies. In accordance with IAS 12.47, deferred taxes are measured on the basis of the tax rates to be in effect when the differences reverse. The probably recoverable tax benefit of accumulated losses carried forward is also included in the calculation. Differences in non-tax-deductible goodwill and deferred tax differences in participations represent exceptions to this general definition of deferred tax liabilities. Deferred tax differences are not recognised if it is not probable that the tax benefit can be recovered.

Group taxation

A tax group pursuant to § 9 KStG is in effect with the tax group's parent company Wiener Städtische Versicherungsverein. The tax results of the tax group members are attributed to the tax group's parent company. Agreements have been concluded between the tax group's parent company and the individual tax group members to regulate the positive and negative intragroup tax charges for the purpose of apportioning the corporate income tax burden on the basis of causation. If the tax group member generates positive income, 24% of that positive income is paid to the tax group's parent company. If the tax group member generates negative income, 21.6% of the group member's tax loss is paid by the tax group's parent company. Because the intragroup tax charge is 24% on positive income, the head of the tax group bears 10% of the tax benefit from group taxation created by the respective group member's inclusion in the tax group. In terms of cash flow, the tax benefit is neutralised over a period of three years.

26. NEW STANDARDS NOT YET APPLICABLE AND AMENDMENTS TO EXISTING STANDARDS

Standard	Short description	Applicable as of*
Those already adopted by the EU		
Amendments to IFRS 16	Lease liabilities for sale and leaseback transactions	01/01/2024
Amendments to IAS 1	Classification of liabilities as current or non-current	01/01/2024
Those which are not or not yet adopted by the EU		
IFRS 14	Regulatory Deferral Accounts	EU decided this standard shall not be transferred into EU law
Amendments to IFRS 10 and IAS 28	Sale or contribution of assets between an investor and its associate or joint venture	First-time application deferred for an indefinite period
Amendments to IAS 7	Disclosures: Supplier Finance Arrangements	01/01/2024
Amendments to IAS 21	Restrictions on the convertibility of currencies	01/01/2025

*Unless otherwise specified, the VIG Insurance Group is not planning early adoption of the provisions listed in the table.

Unless otherwise stated below, the standards listed in the table are not expected to have a material impact or the amendments are not relevant.

27. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

Significant events up to 26 March 2024 were taken into consideration. This is the date on which the present Annual Report was released for publication by the Managing Board.

No events according to IAS 10 that could have had a material effect on the Group's results occurred after the reporting date and before the approval of the consolidated financial statements by the Managing Board.

RISK STRATEGY AND RISK MANAGEMENT

GOVERNANCE SYSTEM

Governance refers to all processes involved in the management and in the effective and efficient supervision of the group. The governance system comprises not only the internal organisation, structure and mechanisms within the insurance group, but also the group's legal and factual interaction with the external (market) environment.

The Managing Board of VIG Holding is responsible for compliance with the legal regulations applicable to the insurance group and the recognised principles for the proper conduct of business activities.

The VIG Insurance Group has instituted an efficient governance system designed to meet its needs and requirements, which enables sound and prudent management. Aside from the establishment of governance functions and other key functions at the level of the insurance group, all other relevant processes have been implemented to ensure the detection, measurement, monitoring, management and reporting of risks, with due regard to the interdependencies between risks.

The internal processes ensure that due consideration is given to the assessments of the governance functions and other key functions, as well as all results of the risk management processes, in the course of conducting business activities.

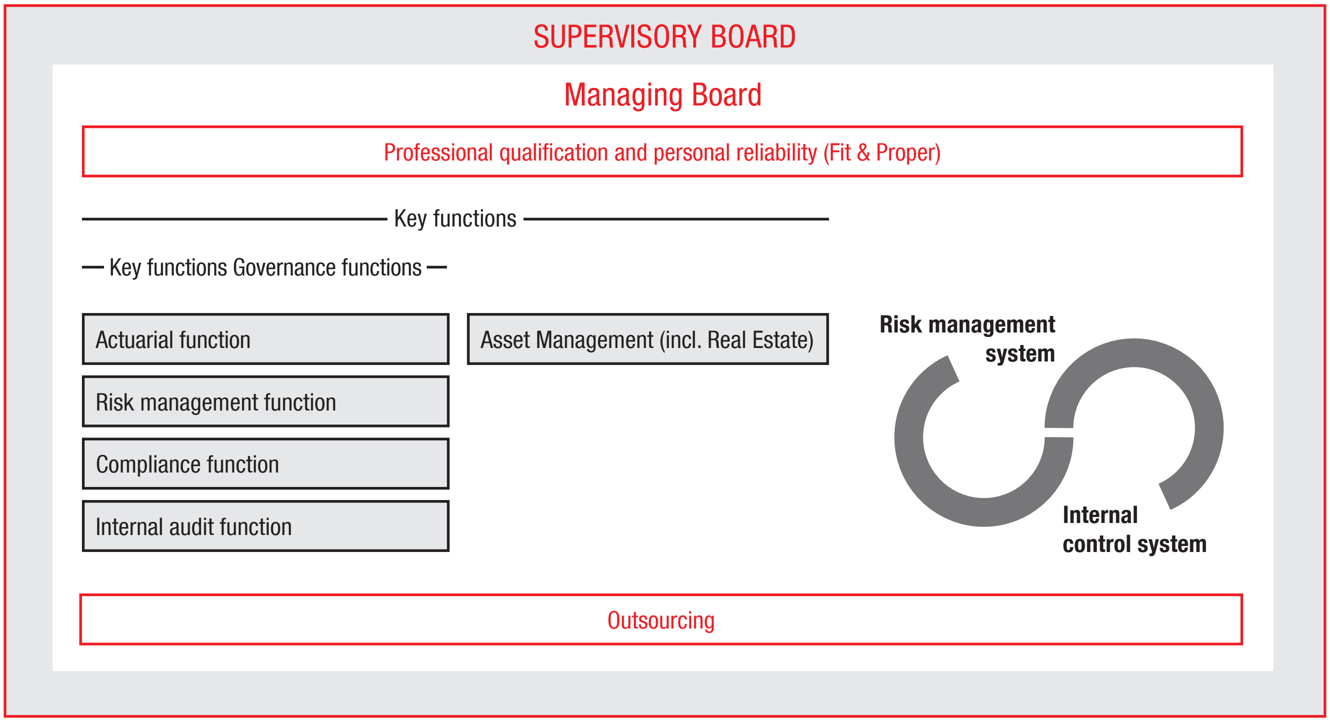
The governance system is characterised by the following attributes:

- Effective management by the Managing Board,
- Transparent supervision by the Supervisory Board,
- Alignment of management decisions with the goal of long-term value creation,
- Purposive cooperation between corporate management and supervision,
- Appropriate treatment and management of risks,
- Transparent communication within the company and well-functioning reporting paths, and
- Safeguarding the interests of policyholders, shareholders and employees.

During the reporting year, there were organisational changes in the area of the risk management system as an essential part of the governance system. To strengthen and enhance the efficiency of risk management, the Enterprise Risk Management Department and the Asset Risk Management Department were combined to form a single Risk Management Department, effective 1 July 2023.

General information about the governance system
The governance system encompasses all areas and decision-making committees involved in the risk management processes. It comprises the following elements:

- Key functions and governance functions,
- Eligibility requirements for management staff,
- Risk management system,
- Internal control system, and
- Provisions applicable to the outsourcing of functions or activities.



RISK STRATEGY AND OBJECTIVES

The VIG Insurance Group has established clear principles and objectives for managing the risks to which it is exposed. The implementation of these principles and the attainment of the objectives are supported by a defined risk management organisation. The risk strategy of VIG Insurance Group is based on the following group-wide principles:

Assumed and expected risks

All risks directly related to the performance of the insurance business are accepted to a sustainable extent. Such risks comprise underwriting risks and to a limited extent, market risks as well.

Conditionally accepted risks

Operational risks are to be avoided as much as possible. However, they must be accepted to a certain extent because operational risks cannot be completely eliminated or the costs of eliminating these risks would be disproportionate to any potential losses that would arise if the given risk were to materialise.

Asset management is conducted in accordance with the regulatory “prudent person principle”. The conservative investment strategy is defined by investment guidelines and limits, taking sustainability aspects into account.

Risk minimisation measures

Risk minimisation is assured in all areas by the ongoing maintenance and promotion of a highly developed level of risk awareness, coupled with the defined risk governance.

Underwriting provisions are calculated with due regard to the possibility of wide fluctuations of individual parameters.

Reinsurance is a crucial instrument for ensuring stable results; it serves to protect against the adverse effects of major losses (tail risks), particularly in non-life insurance lines of business.

The definition of limits for market risks and investments, considering the feasibility of guarantees and liquidity (asset-liability management), also contributes to risk mitigation.

Not accepted risks

Risks are not accepted if the expertise or resources required for the given risk are not available, but also if the capital resources are not sufficient to cover the risk in question.

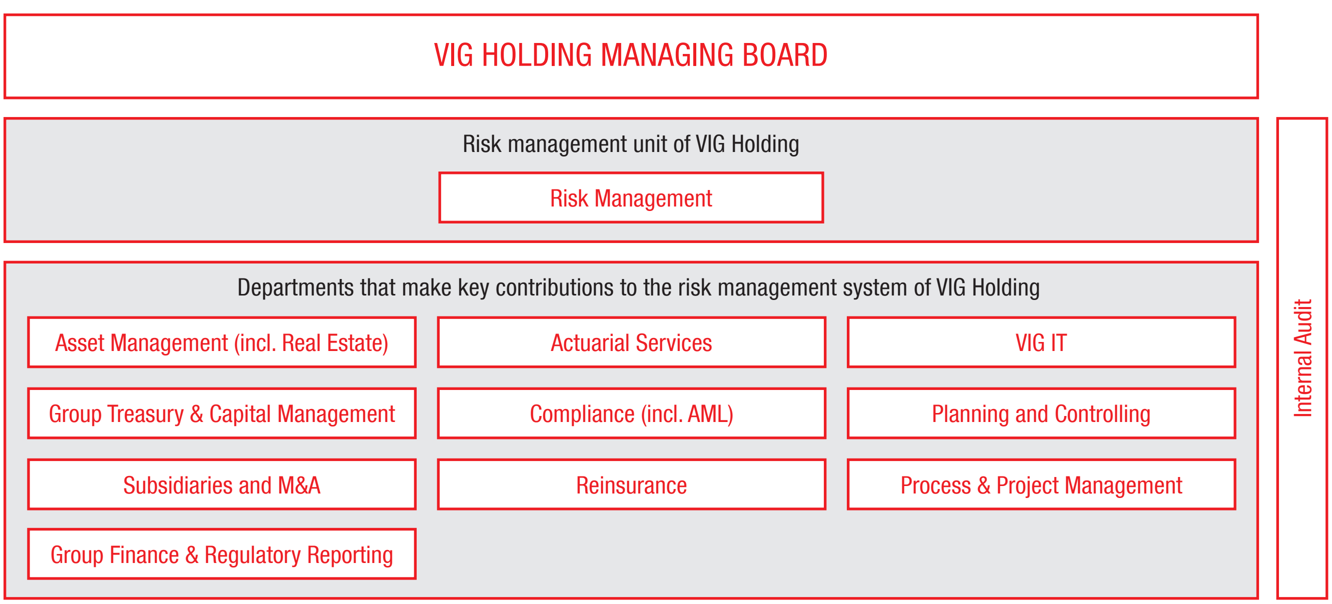
Underwriting risks are not accepted if they cannot be measured and if the price cannot be determined. Such risks are particularly found in the fields of genetic engineering and atomic energy for liability insurance.

No risks are accepted in investment if they contradict the principles of sustainability or if the expertise required to assess these risks appropriately is not available. Such risks include weather derivatives or futures contracts on commodity indices.

Financial risks (e.g. credit insurance) are generally not accepted in the insurance business.

Organisation of the risk management system

The risk management organisation of the VIG Insurance Group is integrated into the structural organisation of VIG Holding. Organisational units of central importance to the risk management system are shown in the graph below.



MANAGING BOARD
The full Managing Board bears responsibility for the risk management system and particularly for the following topics:

- Development and promotion of the risk management system,
- Definition and communication of the risk strategy, including risk tolerances and risk appetite,
- Approval of central risk management guidelines, and
- Consideration of the risk situation in strategic decisions.

RISK MANAGEMENT
This unit reports to the Managing Board member Liane Hirner. The unit manager exercises the risk management function prescribed by Solvency II at the group level and individual level.

The most important tasks of this unit include the complete identification, assessment and management of the group's risk profile and the solvency calculation. For this purpose, the unit provides a group-wide risk aggregation solution with an extensive reporting system and partial modelling approaches for calculating solvency capital. Other important tasks of this unit include the calculation of the solvency capital requirement during the year, the analysis of the risk-bearing capacity using an internally developed analysis tool and the review of the internal control system.

This unit also supports the Managing Board in the updating of the central risk strategy, the further development of the risk organisation and other risk management topics.

ASSET MANAGEMENT (INCL. REAL ESTATE)
This unit reports to the Managing Board member Gerhard Lahner. One of the main tasks of this unit is to define the strategic objectives of capital investments, both of the separate insurance company and of the VIG Insurance Group as a whole. Another key task is to adopt the investment strategy and investment processes with the goal of ensuring maximum, but also secured ongoing investment income, while also making use of opportunities to increase the value of capital investments. Capital investments are managed by means of guidelines and limits. The unit also prepares regular reports on capital investments, limits and income.

GROUP TREASURY & CAPITAL MANAGEMENT
This unit reports to the Managing Board member Gerhard Lahner. Important tasks of this unit include the management of liquidity and the planning and conception of capital raising and capital management measures, including the execution of the company's own capital market transactions, as well as the management of the portfolio of subordinated capital bonds and other debt instruments.

SUBSIDIARIES AND M&A
This unit reports to the Managing Board member Hartwig Löger. It is fundamentally responsible for safeguarding the interests of the company with respect to all participations and for providing and processing information about participations and participation projects in a manner suited to the given decision-making situation.

ACTUARIAL SERVICES
This unit reports to the full Managing Board. The actuarial function required by Solvency II is exercised by the manager of this unit. Thus, the unit is particularly responsible for the tasks related to the actuarial function. The unit also handles actuarial modelling in Prophet for the group's life and health insurance business and in ResQ for the group's non-life insurance business. The models generate cash flow projections for the purpose of measuring the value of underwriting provisions pursuant to Solvency II and IFRS 17. The unit supports the analysis of IFRS 17 reserves, as well as actuarial cooperation and networking within the VIG Insurance Group.

COMPLIANCE

This unit reports to the full Managing Board. It coordinates and supports all companies in the VIG Insurance Group and their compliance departments in compliance-related matters. The manager of this unit also exercises the compliance function required by Solvency II. Thus, the unit is particularly responsible for tasks related to the compliance function.

REINSURANCE

This unit reports to the Managing Board member Peter Höfinger. It coordinates and supports all companies in the VIG Insurance Group, including their reinsurance departments, in matters related to reinsurance in the non-life insurance lines of business (property insurance, liability insurance and casualty insurance) by issuing and applying guidelines. The unit also administers all group-wide reinsurance programmes in non-life insurance lines of business. The highest goal is to establish a security network through which all companies of the VIG Insurance Group are sustainably protected against the adverse effects of natural disasters, major losses and the negative developments of entire insurance portfolios.

VIG IT

This unit reports to the Managing Board member Gerhard Lahner. It is responsible for IT management at the level of VIG Holding. It comprises the departments of Group Information & Cyber Security, Procurement, Architecture & Innovation, International Bank Cooperation Management and IT Strategy & Governance.

PLANNING AND CONTROLLING

This unit reports to the Managing Board member Liane Hirner and is an important part of the overall risk management approach. The unit coordinates business planning over a 3-year horizon. The standardised reporting system covers the analysis of key ratios and budget-actual variances related to the budgets, forecasts and current performance of VIG Holding and its insurance participations. The unit prepares monthly premium reports, quarterly reports for each company (aggregated at the country level and at the level of the VIG Insurance Group) and cost reports on a regular basis.

PROCESS & PROJECT MANAGEMENT

This unit reports to the Managing Board member Gerhard Lahner. It works to ensure the clarity, transparency and understanding of business processes so that the individual companies of the VIG Insurance Group and their employees can better achieve their goals. To this end, the unit provides coordination and support in the three main topic areas of project management, process management and productivity management.

INTERNAL AUDIT

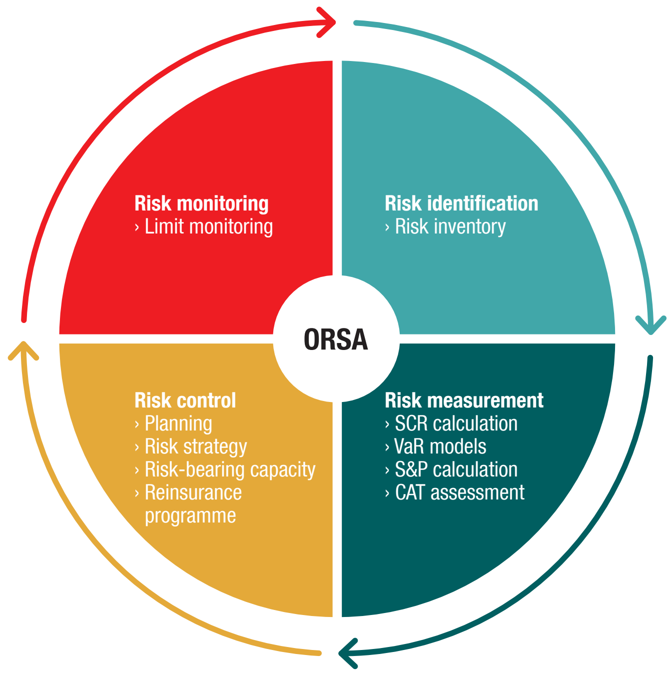
This unit reports to the full Managing Board. The Internal Audit Department regularly monitors operational and business processes, the internal control system of all operating units of the company, including compliance with legal requirements, and the effectiveness and appropriateness of risk management. The Internal Audit function required by Solvency II is exercised by the manager of this unit.

GROUP FINANCE & REGULATORY REPORTING

This unit reports to the Managing Board member Liane Hirner. One of the main tasks of this unit is to prepare the consolidated financial statements according to IFRS and the related regulatory reports. This unit is also responsible for supporting the domestic and foreign VIG insurance companies in all matters of accounting, the preparation of special analysis reports and the reporting of actual performance numbers to the Managing Board, the Supervisory Board and Investor Relations. Other core tasks include the calculation of own funds and the supervision of subsidiary ledgers rolled out to all group companies and the central general ledger.

Risk management processes

The graph below shows the main risk management process, which consists of the process steps described in the following, which are to be repeated on a regular and ad-hoc basis:



RISK IDENTIFICATION

Risk identification is the starting point and the basis for all subsequent steps. The purpose of risk identification is to detect, identify and document all potential material risks.

Generally, risk identification takes place on multiple levels: internal control system, risk inventory, etc. are characterised by clearly defined processes based on guidelines and formalised procedures. Meetings, committees, regularly scheduled meetings and other more or less formalised forms of communication and information exchange are a further source of risk identification. Finally, the activities and expertise of the Risk Management Department represent another essential component for the identification of relevant risks.

RISK MEASUREMENT

After risk identification, the ensuing steps of risk measurement and assessment are essential prerequisites for dealing with risks and making decisions on that basis.

Risks are assessed on a quantitative and/or qualitative basis, depending on the type of risk. In addition to scenario and factor-based approaches, it may also be appropriate to conduct stress tests and/or expert assessments on the subject of risk measurement.

RISK CONTROL

The principal risk management processes are:

Planning

The planning horizon is at least three years. The planning data are included in the Own Risk and Solvency Assessment (ORSA) and form the basis for the projection of the solvency capital requirement.

Risk strategy

The risk strategy is reviewed by the Managing Board on an annual basis and when necessary adjusted on the basis of the results from the ORSA. The Risk Management Department assists the Managing Board in this review.

Risk-bearing capacity

Risk management is conducted with due regard to the risk-bearing capacity requirements. Operationally, this entails the need to meet risk budgets, attain key ratios and generally pursue a risk-oriented approach in the sense of a sustainably value-driven strategy in the course of regular business activities.

Reinsurance programme

The Reinsurance Department coordinates the group-wide reinsurance programme and manages the annual natural disaster protection renewal process. The Risk Management Department assists the Reinsurance Department both in the validation of external natural disaster models used and assessment of the efficacy of reinsurance protection using the internal non-life model.

Risk monitoring

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

Compliance with the securities directives and the attainment of key ratios are also reviewed and monitored on an ongoing basis. For monitoring purposes, regular fair value measurements, VaR calculations and detailed sensitivity analyses and stress tests are conducted and the solvency capital requirement is calculated during the course of every year.

Liquidity risk is managed and monitored on the basis of a reconciliation of capital investments and insurance obligations. Operational risks, which can be caused by defective internal processes, defective controls, erroneous assessments or defective models, are likewise subjected to constant monitoring within the scope of the internal control system.

RISK PROFILE

The risk profile of VIG Insurance Group is sub-divided into ten principal risk categories, which are presented and described in the following.

- Life insurance underwriting risk
- Non-life insurance underwriting risk
- Health insurance underwriting risk
- Market risk

- Credit risk / counterparty default risk
- Operational risk
- Liquidity risk
- Strategic risk
- Reputation risk and
- Risk from intangible assets

The risks in the individual categories of the risk profile are assessed on a quantitative and/or qualitative basis. Quantitative assessment is performed on the basis of the uniform calculation approach prescribed by Solvency II (standard formula) only in those areas in which a preceding appropriateness review has confirmed the validity of the standard method.

The standard formula substantially overestimates the risk of VIG Insurance Group in the non-life and property/real estate areas. Therefore, the solvency capital requirement for these areas is calculated on the basis of a partial internal model (PIM), which has been approved by the FMA.

The partial internal model for property/casualty (ariSE) is applied for companies in the countries of Austria (VIG Holding, Wiener Städtische, Donau Versicherung), Czech Republic (Kooperativa, ČPP, VIG Re), Slovakia (Kooperativa, Komunálna), Poland (Compensa, InterRisk) and Romania (Omniasig, Asirom). The partial internal model for property/real estate is used in all Austrian companies of the VIG Insurance Group.

The data are consolidated in accordance with Method 1 of the EC Directive 2009/138/EC.

IMPLEMENTATION OF THE PRUDENT PERSON PRINCIPLE

Solvency II in general and the prudent person principle in particular demand more self-responsibility for prudent capital investment on the part of companies. Therefore, the VIG Insurance Group has always pursued a conservative approach in its investment activities. The regulatory requirements confirm the business policy applied by the group.

Assessing the risks of investments in a constantly changing regulatory environment requires a high degree of expertise within the individual companies and VIG Holding as the central management entity. To meet the requirement, it is essential that the Group has appropriately trained employees and the necessary professional infrastructure. VIG Insurance Group explicitly accepts these requirements and fulfils them by implementing a uniform software programme for the purpose of administration and risk assessment of the main capital investment portfolios.

Key principles of business prudence are defined in the internal corporate guidelines, which apply to all insurance companies of the VIG Insurance Group.

Capital investment is embedded in a multi-step process. The overriding goal of capital investment is to permanently ensure fulfilment of the group’s insurance obligations. On this basis, due consideration is given to the requirements of the group’s liabilities.

Life insurance underwriting risk

Besides demographic risks, life insurance underwriting risk also includes the adverse effects of changed cancellation behaviour and cost risks. It comprises the sub-modules of mortality, longevity, disability, costs, amendment and cancellation, as well as disaster risk.

RISK MINIMISATION

To minimise cancellation risk, the VIG Insurance Group maintains an effective complaint management programme, qualified advisors and customer retention programmes to enhance customer satisfaction and prevent cancellations. The cancellation behaviour of policyholders is constantly monitored so that targeted measures can be implemented in reaction to unfavourable developments.

Costs are analysed on a regular basis and taken into consideration in the product design process. In the Austrian companies, moreover, insurance contracts are protected against inflation by means of index adjustments.

Many customers decide to also purchase term life insurance when they purchase pension insurance. This lessens the longevity risk associated with pension insurance contracts.

To reduce mortality rates, it is constantly monitored and safety margins are factored into the premiums. For large insured sums, the insured persons undergo medical exams and the insurance benefit is reinsured. In addition, demographic developments suggest that mortality is likely to decline in the medium to long term.

In life insurance, moreover, various reinsurance contracts are in effect which generally contribute to risk minimisation. Details on the subject of reinsurance are provided in the chapter of the same name beginning on page 225.

Non-life insurance underwriting risk

Non-life insurance underwriting risk is the risk that insured losses and costs will be higher than income. It is mainly composed of the following components:

- Risk from extreme loss events, particularly natural disasters,
- Risk from unprofitable contracts due to inadequate premium pricing,
- Risk from loss events that have already occurred, but are not sufficiently known or provisioned,
- Cancellation risk (decrease in the contribution margin due to a sharp drop in insurance contracts in force), and
- Cost risk.

RISK MINIMISATION

Non-life insurance underwriting risk is considerably reduced by transfer to reinsurance. In selecting reinsurers, the companies of the VIG Insurance Group must adhere to a safe list defined by the Reinsurance Security Committee. Transfer to a reinsurer that is not included on this list requires individual permission by the Reinsurance Security Committee.

The Reinsurance Security Committee is composed of selected, professionally qualified employees of the reinsurance and specialist departments of a number of companies of the VIG Insurance Group.

Details on the subject of reinsurance are provided in the chapter of the same name beginning on page 225.

Underwriting risk of health insurance, including casualty insurance

Health insurance underwriting risk is sub-divided by type of non-life insurance and by type of life insurance, depending on the contract design. Health insurance underwriting risk by type of non-life insurance is calculated in accordance with the partial internal model because the assumptions applied in the standard formula do not appropriately reflect the risk profile of the VIG Insurance Group in the area of non-life insurance. The risk by type of life insurance and disaster risk in health insurance is calculated in accordance with the standard formula.

HEALTH INSURANCE BY TYPE OF LIFE INSURANCE
The underwriting risk of health insurance by type of life insurance basically comprises the classic life insurance underwriting risks. With respect to the risk exposure of the VIG Insurance Group, cancellation risk makes the greatest contribution to the capital requirement, but disability/morbidity risk and cost risk are also important.

HEALTH INSURANCE BY TYPE OF NON-LIFE INSURANCE
Health insurance underwriting risk by type of non-life insurance corresponds to casualty insurance and comprises the classic non-life insurance underwriting risks. Casualty risk is assessed as being comparatively low. For example, losses can arise from a large number of deaths and injuries, but they are adequately reinsured.

NATURAL DISASTER RISK IN HEALTH INSURANCE
Three different disaster scenarios are considered for disaster risk in health insurance: mass casualty accidents, accident concentration and pandemic. This risk is adequately reinsured and of subordinate importance due to the low level of materiality.

RISK MINIMISATION
Extensive underwriting guidelines (criteria for the assumption of risks) have been implemented to minimise the health insurance underwriting risk by type of life insurance.

Health insurance underwriting risk by type of non-life insurance is lessened by transfer to reinsurance. In selecting reinsurers, subsidiaries must adhere to a safe list defined by the Reinsurance Security Committee. A reinsurer that does not appear on this list may only be selected after individual permission by the Reinsurance Security Committee.

Details on the subject of reinsurance are provided in the chapter of the same name beginning on page 225.

Market risk
Market risk refers to the risk of losses due to market price changes. Fluctuations of interest rates, share prices and exchange rates, as well as changes in the market value of real estate and participations, can adversely affect the value of investments and liabilities. This risk comprises the sub-modules of interest risk, share and participation risk, property/real estate risk, spread risk, risk of concentration and currency risk.

RISK MINIMISATION
Significant measures to lessen market risk include the diversification of assets and the existing limit system for capital investments at the level of the individual companies. Asset diversification reduces the risk of an adverse market development of an individual asset or class of assets. The limit structure prescribed for Asset Management by the Managing Board defines the maximum investment volumes per asset class. For more information on this subject, please refer to the remarks on the subject of the prudent person principle on page 218.

The desired diversification for the overall group is additionally given by the fact that the operating companies operate with different products in different markets. Furthermore, care is taken to ensure that the portfolios within the individual companies are appropriately diversified.

Credit risk / counterparty default risk
Counterparty default risk is the risk of a loss or detrimental change in value of assets and financial instruments arising from an unexpected default of a counterparty or debtor. Credit risk is present both in capital investments such as bonds, loans and deposits and fundamentally also in other receivables and cash deposits in banks.

RISK MINIMISATION
The VIG Insurance Group has implemented suitable procedures and controls to reduce the risk from receivables due from counterparties. Besides monitoring the ratings of banks and reinsurers and formulating internal bank ratings, such procedures and controls also include measures such as a well-aligned reinsurance programme, cooperation with prestigious brokers in key account business, a large number of sales partners, and group-wide transfer pricing and underwriting guidelines. Also in relation to policyholders, the group employs a large number of measures to limit counterparty default risk, including payment reminders, cooperation with collection agencies and contract termination upon payment default. Furthermore, insurance protection is usually terminated or reduced if premium payments are not made.

Liquidity risk
The liquidity risk is the risk arising from the lack of marketability of investments in order to meet current short-term or long-term obligations. This includes, for example, losses arising due to asset-liability mismatches.

RISK MINIMISATION
To minimise liquidity risk, investments and liabilities are regularly analysed within the scope of the ALM process. Together with clear investment specifications (limit systems) and a conservative investment policy, this kind of analysis contributes to the appropriate management of liquidity risk.

Additional details on the subject of liquidity management can be found on page 226.

Operational risk
Operational risk describes the risk of losses related to business operations. Such losses are caused by defective internal processes, defective controls, erroneous assessments or defective models. Examples of operational risks are fraud by third parties, the failure of IT systems or human error.

RISK MINIMISATION
For monitoring operational risks, the VIG Insurance Group maintains an adequate internal control system (ICS), which helps to lessen existing risks and ensures ongoing monitoring of risks.

Strategic risk
Strategic risk is the risk of a negative business development due to incorrect business decisions, poor communication and implementation of corporate objectives, the company's inadequate ability to adapt to the economic environment, and mutually contradictory business objectives.

RISK MINIMISATION
The clear communication of corporate objectives ensures that business decisions that have been made are implemented throughout the group. The placement of Managing Board members and executives of the second management level on the supervisory boards of the subsidiaries ensures that group objectives are implemented locally. The pursuit of a multi-branding strategy coupled with the high degree of autonomy of the local companies ensures that strategic risk is diversified.

Reputation risk
Reputation risk is the risk of negative changes in business due to damage to a company's reputation. Reputation damage can undermine the trust that customers, investors or the company's own employees place in the company and can therefore also lead to financial losses. Possible causes of reputation damage include lack of advice when selling products, lack of customer service, the provision of false information to investors, negative reports in the media particularly in connection with sustainability or other non-financial risks or reputation damage that spills from one company to another.

RISK MINIMISATION
In the process of recruiting new employees, careful attention is already given to their integrity and personal reliability. Employees working in sales or representative activities in particular are supported by special training measures. Moreover, the Code of Business Ethics sets out clear rules of conduct to be observed by all employees. Other risk-lessening measures besides employee-driven measures include investments in advertising to acquire new customers and retain existing customers in the long term, professional complaints management to address customers' concerns and strong social and cultural engagement (e.g. Social Active Day, promotion of social events, sponsoring of art and culture).

In addition, the Investor Relations and CO³ Departments are responsible for clear external communication in order to provide information to investors and comments on media reports.

Risk from intangible assets
The risk from intangible assets refers to the risk of a loss or detrimental changes in the value of intangible assets.

RISK MINIMISATION
The recoverability of intangible assets is regularly tested. No further risk minimisation measures are needed.

OTHER NOTES

Handling of sustainability risks
Sustainability risks are risks to which the company is exposed (outside-in perspective), as well as any risks arising from the business activity of VIG that could potentially have adverse effects on society or the environment (inside-out perspective). Such risks have always been taken into account implicitly or even explicitly in some cases within the scope of risk management.

To ensure a structured approach to the identification of sustainability risks in the group and appropriately account for both perspectives, a group-wide risk catalogue with explicit reference to sustainability risks has additionally been prepared in observance of the Guide to Handling Sustainability Risks published by the Austrian Financial Market Authority. This risk catalogue is regularly reviewed to ensure completeness and supplemented when necessary by the VIG insurance companies within the scope of the group's standardised risk management process. Thus, the catalogue also forms the basis for the consideration of sustainability risks in the existing risk management processes for measuring, analysing and managing the group's risks. The handling of sustainability risks in risk management is also explicitly addressed in the group's internal (risk management) guidelines.

Also in the reporting period, the sustainability risks relevant for the group were identified and assessed in the individual VIG insurance companies and at the level of the VIG Insurance Group on the basis of the above-mentioned risk catalogue. The results were documented in the Group ORSA (Own Risk and Solvency Assessment) Report. Overall, the analysis showed that VIG's sustainability risks are mostly on a low to medium level at the present time. It is expected, however, that these risks will continue to gain relevance in large part due to the growing importance of this issue. The above-mentioned process for the group-wide identification and assessment of sustainability risks will be substantially expanded in the course of the preparations to be made for the new reporting obligations under the ESRS (European Sustainability Reporting Standards).

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

- Own funds of insurance companies and insurance groups,
- Admissibility of investments for the purpose of protecting underwriting provisions,
- Concessions of the different insurance companies of the VIG Insurance Group,
- Marketing activities and sales of insurance contracts, and
- Cancellation rights of policyholders.

Changes in the legal framework conditions could necessitate restructuring and thereby cause higher costs.

Risk of concentration
Risk of concentration comprises those risks that are caused either by inadequate diversification of the investment portfolio or by heightened exposure to the default risks of individual issuers or group of affiliated issuers of securities.

A risk of concentration exists as part of the strategic partnership with the Erste Group, which is consciously accepted by the VIG Insurance Group. The exposure is regularly assessed and monitored by means of the established risk management processes.

Risks from mergers and acquisitions
In the past, VIG Holding has directly or indirectly acquired a number of companies in Central and Eastern Europe or participated in them. Mergers of subsidiaries are considered when the synergy effects achieved are greater than the advantages of a diversified market presence.

Mergers and acquisitions often entail challenges with respect to corporate governance, organisation, processes and financing. Such challenges include:

- The need to integrate the infrastructure of the acquired company or company to be merged, including management information systems, risk management systems and controlling systems,
- The resolution of outstanding legal or regulatory issues and the related legal and compliance risks arising from the merger or acquisition,
- The integration of marketing, customer service and product offerings,
- The integration of different corporate and management cultures, and
- The coordination of business and reporting processes and the consideration of group-wide requirements.

Climate risks
Global warming is causing more extreme weather events. That presents additional challenges for insurance companies that protect their customers from the financial consequences of damage caused by natural hazards. VIG has therefore increased its knowledge of this subject considerably in the last few years. It conducts scenario analyses to gain an idea of how climate change will affect claims development and therefore the insurance business. The medium and long-term effects of climate change are also examined in the group's "Own Risk and Solvency Assessment" (ORSA), a periodically conducted assessment of the group's own risk situation and equity base (solvency). The investigations related to the consequences of global warming also pertain to transition risks, which are assessed primarily on a qualitative basis, and physical risks, which are additionally subjected to detailed quantitative analysis (see the table on page 225).

- Transition risks refer to the risks arising as a result of the transition to a climate-neutral and resilient economy and society and could lead to a devaluation of assets, including changes in the political and legal framework of the real economy (e.g. introduction of a CO2 tax), technological developments (e.g. renewable energy, energy storage) and changes in consumer behaviour.
- Physical risks of climate change arise directly from the consequences of climate changes, such as an increase in the global average temperature and the associated occurrence of more frequent and more intensive natural disasters and extreme weather events such as floods, heat waves and droughts, storms and hail.

Internal and external experts working together assess the probabilities of natural disasters and calculate the possible effects in all key markets of VIG. They analyse scenarios involving three different temperature rises (1.5, 2.0 and 3.0 degrees Celsius). The risk models applied are continually improved on the basis of new data, facts and insights such as the latest scientific studies or newly constructed flood protection measures, for example.

The scenario analyses show that flooding in particular is a significant risk for the activities of VIG. Besides the higher losses caused by flooding, damage can be expected from stronger hailstorms and summer storms. Whereas hail damage also has a significant effect on motor own damage insurance, flood damage affects the other property insurance lines to a greater degree. The underwriting expertise it has acquired helps VIG purchase the optimal reinsurance for assumed risks, among other things.

The table shows which natural hazards are relevant for VIG and which are influenced by climate change from a scientific standpoint:

Natural risk	Connected to climate change	Part of the VIG analysis	Background
Flooding	✓	✓	Science is expecting this risk to increase. The flood disaster “Bernd” that led to unexpectedly large losses in Germany in 2021 was a harbinger of climate change.
Earthquakes	✗	✗	There are no relevant scientific findings that predict an increase in earthquake risk due to climate change.
Winter storms	~	✓	Scientific results concerning European winter storms are highly varied, especially with respect to the territorial effects (risk is expected to increase in some countries and decrease in others).
Hail and summer storms	✓	✓	As with flooding, science also expects this natural risk to increase. The events in 2021 (hail storm “Volker” in Austria and a tornado in the Czech Republic) show that weather events are also becoming more extreme. Another example is that the summer of 2023 was characterised by a large number of storms in Austria and neighbouring countries.
Snow loading	✓	✗	Global warming is expected to decrease snowfall in the longterm and therefore potentially reduces losses due to snow loading. In order to take a conservative approach, VIG did not include this in its analysis.
Drought and forest fires	✓	✗	Drought and forest fires currently play a secondary role due to VIG’s geographical focus on the CEE region. To enhance risk awareness, the key regions at risk of forest fires are being identified and will be monitored.

Due to global warming, the prevention of damage caused by natural hazards in the underwriting process is becoming increasingly important. The management process for corporate customers and key accounts begins with a careful analysis of the natural hazard situation by the VIG partner company Risk Consult. Risks can be assessed with the aid of the latest natural hazard models together with information about the circumstances on location (e.g. protective measures that have already been implemented). On this basis, the experts of Risk Consult develop customised recommendations to improve the risk situation further and prevent damage. Insurance terms and conditions are derived from precisely this risk situation and in many cases the implementation of the proposed measures is the precondition for insuring the risks in question. Risk Consult analyses around 2,000 business establishments for VIG every year, thereby making an important contribution to making the economy more resilient against natural hazards.

All known climate risks have been included in the measurement of assets and liabilities in the present consolidated financial statements. In this context, reference is made to the storm and weather damage that occurred in the past financial year, which was taken into account in the statement of financial position and income statement.

Reinsurance

The VIG Insurance Group limits its potential liability from its insurance activities, where necessary by transferring a portion of assumed risks to the international reinsurance market. Risks of the insurance companies are reinsured within the VIG Insurance Group to some extent and are then transferred to external reinsurers.

REINSURANCE GUIDELINE

The Reinsurance Guideline is drafted every year anew by the central Reinsurance Department in cooperation with the Managing Board member responsible for reinsurance during the development of the reinsurance strategy for the next financial year. It imposes the obligation on every insurance company to design appropriate reinsurance coverage for their local company in consultation with the Corporate Reinsurance Department. The Reinsurance Guideline governs the following points.

Reinsurance is the prerequisite for granting insurance protection

Specialised departments may only grant a binding promise to insure any risk over a certain limit if adequate reinsurance has already been assured.

Retentions

As a group-wide rule, natural disaster damage events may be insured for no more than EUR 70 million on a PML (probable maximum loss) basis. The maximum group-wide retention for each claim is less than EUR 25 million.

Selection of reinsurers: Diversification

VIG Holding and its subsidiaries spread their reinsurance protection among a large number of different international reinsurance companies, which have adequate creditworthiness in the opinion of VIG Holding to minimise the risk of insolvency on the part of a reinsurer (credit risk). The monetary limit per reinsurer is individually specified for each subsidiary.

Selection of reinsurers: Rating

For those lines of business in which claims are settled on a long-term basis, especially motor third party liability insurance, general third party liability insurance and aviation insurance, the VIG Insurance Group uses reinsurers with excellent ratings (at least Standard & Poor's rating "A", preferred "AA" or higher rating), that can be expected to remain in business over the long term with a high degree of probability. For lines of business in which claims must be settled quickly (e.g. natural disasters, fire, engineering, transport, storm, burglary, household, water damage, motor own damage), in which the number of reinsurers is greater, the preferred Standard & Poor's rating is "A" or higher. Reinsurers with lower ratings are only accepted in a few isolated cases for a limited period of time.

Design of reinsurance programmes

If economically justifiable, reinsurance coverage may be purchased from external reinsurers by each subsidiary individually. If individual reinsurance contracts can be purchased by each subsidiary only at uneconomical terms, the VIG Insurance Group will seek a joint placement of reinsurance contracts as much as possible to cover risks from the coverage of natural catastrophes, property lines of business, casualty, transport, aviation and motor liability. Internal reinsurance assumptions within the group are also transferred to the reinsurance market by retrocession when necessary for risk diversification purposes.

Liquidity management

The VIG Insurance Group manages its liquidity on the basis of guidelines resolved by the Managing Board of VIG Holding. Liquidity planning is basically the responsibility of every subsidiary and VIG Holding itself. VIG Holding as the parent company handles the allocation of capital for the entire VIG Insurance Group. This ensures the efficient distribution of capital within the VIG Insurance Group. It also enables VIG Holding to ensure that the targeted liquidity and equity resources are available both at the level of the VIG Insurance Group and at the level of the individual operating entities.

The greater part of liquid funds for ongoing business activity derives from premium income from primary insurance and from ongoing investment income and proceeds from the sale of investments. On the cost side, expenses are incurred for claim payments in property and casualty insurance and benefit payments in life and health insurance. The remaining balance of liquid funds is used to pay insurance acquisition costs and operating expenses.

The maturity structure of the insurance business provides a natural liquidity cushion. In contrast to the collection of premiums, the VIG Insurance Group grants insurance coverage for a certain period during which there are no direct cash outflows until the occurrence of an insured event. This liquidity cushion is invested during this time to generate investment income. Some of these funds are kept in liquid assets to allow for rapid conversion into cash to pay claims. In addition, the bond portfolio in particular is structured in such a way that it will mature at a time when the corresponding funds are expected to be needed. External factors such as the performance of capital markets and the level of interest rates influence the liquidity situation insofar as they either favour or restrict the ability to sell the investment portfolio at market value.

The time, frequency and size of insured claims are also important for the liquidity situation of property and casualty insurance. The number of insurance contract renewals also plays a role.

The liquidity requirement of life insurance is generally influenced by the development of actual mortality in comparison with the assumptions on which the underwriting provisions are based. Market returns or minimum interest rates and the behaviour of life insurance customers, such as the number of policies surrendered or terminated, also have an effect on liquidity needs.

Capital management

In the interest of our shareholders and insurance customers, it is our goal that VIG Holding be adequately capitalised at all times and that all the operating insurance companies at least fulfil their respective regulatory capital requirements. VIG Holding is historically a very well capitalised company by virtue of its successful business strategy. Preserving this good capital strength is especially important to us so that we can seize profitable growth opportunities and absorb even large loss or damage events.

STANDARD & POOR'S RATING

VIG Holding also attaches particular importance to maintaining a permanently strong credit rating from the rating agency Standard & Poor's (S&P), therefore it regularly undergoes the S&P assessment. S&P uses its own capital model to assess the relationship between the required risk capital and the available capital base of an enterprise. S&P confirmed the "A+" rating, combined with a "stable" outlook, in November 2023. VIG's capital base exceeded the requirements for the AAA level rating.

The subordinated bonds issued in 2015 (EUR 400 million Tier 2, first call date 2 March 2026), in 2017 (EUR 200 million Tier 2, first call date 13 April 2027) and in 2022 (EUR 500 million Tier 2, first call date 15 June 2032) are rated "A-" by S&P. The senior subordinated bond issued in 2021 (EUR 500 million, 15-year term, repayable at maturity) is rated "A" by S&P, not creditable for S&P. The subordinated bond issued in 2013 (EUR 500 million Tier 2) was called at the first call date on 9 October 2023.

ACTIVE CAPITAL MANAGEMENT

VIG Holding monitors its capital position on the basis of the criteria listed above and implements appropriate measures to further improve the capital structure and permanently strengthen the company's capital and solvency position. VIG Holding has set itself the goal of keeping the solvency ratio at least at the current level in all insurance companies of the Group, despite the targeted growth. At the Solvency II Group level, VIG Holding has defined a solvency corridor of 150% to 200% of the solvency ratio, this range having been specified without claiming the transitional rules for underwriting reserves claimed by the individual group companies.

The main focus of capital management is on subordinated long-term liabilities with an equity character. The Group Treasury & Capital Management Department constantly observes the developments in the capital markets, paying particular attention to the development of bonds with an equity character in the European insurance sector. New capital instruments developed for insurance companies in the capital market are reviewed to see if they can be used for VIG Holding.

EQUITY BASE

As of 31 December 2023, share capital of EUR 132,887,468.20 was registered in the commercial register, divided into 128,000,000 no-par value bearer ordinary shares with voting rights. VIG Holding held no own shares on 31 December 2023 (2022: none). In addition, VIG Holding can, according to the authorisation by the shareholders, increase its shareholders' equity by issuing common or preferred shares. The individual authorisations are listed in Note 25.10 Consolidated shareholders' equity starting on page 207.

As of 31 December 2023, the solvency ratio of the VIG Insurance Group as defined by Solvency II was 268.90% (31 December 2022: 279.91%).

LONG-TERM DEBT FINANCING

VIG Insurance Group had outstanding subordinated bonds with differing maturities as of 31 December 2023. Detailed information on the bonds programme of VIG Insurance Group is provided in Note 2.10. Subordinated liabilities starting on page 129. The maturity structure shows that the VIG Insurance Group places an emphasis on subordinated liabilities, which are creditable as equity. General conditions in the capital markets and other circumstances that are affecting either the financial services sector as a whole or VIG Insurance Group in particular could have a detrimental effect on funding costs and the availability of debt capital. The goal, therefore, is to actively manage the capital structure to keep refinancing risks as low as possible.

DECLARATION BY THE MANAGING BOARD

We declare to the best of our knowledge that the consolidated financial statements prepared in accordance with applicable accounting standards give a true and fair view of the Group's net assets, financial position and results of operations, that the Group management report presents the business development, result and position of the Group so as to give a true and fair view of its net assets, financial position and results of operations, and that the Group management report provides a description of the principal risks and uncertainties to which the Group is exposed.

The declaration for the annual financial statements of the VIENNA INSURANCE GROUP AG Wiener Versicherung Gruppe is issued in the financial report of this company.

The present consolidated financial statements for the financial year 2023 were approved for publication by a resolution of the Managing Board on

26 March 2024.

Hartwig Löger
General Manager (CEO),
Chairman of the Managing Board

Peter Höfinger
Deputy General Manager,
Deputy Chairman of the Managing Board

Liane Hirner
CFRO, Member of
the Managing Board

Gerhard Lahner
COO, Member of
the Managing Board

Gábor Lehel
CIO, Member of
the Managing Board

Harald Riener
Member of
the Managing Board

Managing Board areas of responsibility:

Hartwig Löger :	Leading the VIG-Group, Strategy, General Secretariat & Legal, Opportunity Management, Human Resources, Subsidiaries and M&A, CO^3, European Affairs, Sponsoring; Country responsibility: Austria, Slovakia, Czech Republic, Hungary
Peter Höfinger:	Corporate Business, Reinsurance; Country responsibility: Albania, Bosnia-Herzegovina, Bulgaria, Kosovo, Croatia, Moldova, Montenegro, North Macedonia, Romania, Serbia
Liane Hirner:	Group Finance & Regulatory Reporting, Risk Management, Planning and Controlling, Tax Reporting & Transfer Pricing; Country responsibility: Liechtenstein, Germany
Gerhard Lahner:	Asset Management (incl. Real Estate), Data & Analytics, Group Treasury & Capital Management, Process & Project Management, VIG IT; Country responsibility: Georgia, Türkiye
Gábor Lehel:	Assistance, New Businesses, Transformation & Research; Country responsibility: Belarus
Harald Riener:	Retail Insurance & Business Support, Customer Experience; Country responsibility: Estonia, Latvia, Lithuania, Poland, Ukraine

The Managing Board as a whole is responsible for Compliance (including AML), Internal Audit, Investor Relations and Actuarial Services.

AUDITOR'S REPORT

Audit Opinion

We have audited the consolidated financial statements of

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

and its subsidiaries ("the Group"), which comprise the Consolidated Balance Sheet as of 31 December 2023, the Consolidated Income Statement, the Consolidated Statement of Comprehensive Income, the Consolidated Cash Flow Statement and the Consolidated Statement of Changes in Equity for the year then ended, and the Notes to the Consolidated Financial Statements.

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of 31 December 2023, and its consolidated financial performance and consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) as adopted by the EU, the additional requirements pursuant to Section 245a UGB (Austrian Commercial Code) as well as other legal or regulatory requirements.

Basis for our Opinion
We conducted our audit in accordance with the EU Regulation 537/2014 ("AP Regulation") and Austrian Standards on Auditing. These standards require the audit to be conducted in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the "Auditor's Responsibilities" section of our report. We are independent of the audited Group in accordance with Austrian company law and professional regulations, and we have fulfilled our other responsibilities under those relevant ethical requirements. We believe that the audit evidence we have obtained up to the date of the auditor's report is sufficient and appropriate to provide a basis for our audit opinion on this date.

Key Audit Matters
Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, however, we do not provide a separate opinion thereon.

We have identified the following key audit matters:

- Recoverability of goodwill
- Adequacy of insurance contracts assets and liabilities issued
- Restatement related to the initial application of IFRS 17 and IFRS 9

RECOVERABILITY OF GOODWILL
Refer to notes 3. Goodwill on pages 130ff, Material estimates and discretionary decisions – 24.4. Impairment of goodwill on page 176 and Accounting policies – 25.5. Goodwill on pages 201ff.

Risk for the Consolidated Financial Statements

The recoverability of goodwill recognized in the Consolidated Financial Statements of the Vienna Insurance Group amounting to EUR 1.371,4 million, is monitored separately at country level. At least once a year and in case of a triggering event on an ad hoc basis Vienna Insurance Group performs a recoverability test (the so-called impairment test) of the recorded goodwill amounts.

Impairment testing of goodwill is complex and based on a number of estimates and discretionary factors. Those factors include in particular the expected future cash flows of the individual countries, which are primarily based on past experience as well as on the management's assessment of the expected market environment and the future business development. Other factors are the assumed long-term growth rate as well as the underlying region-specific costs of capital.

Our response

We have carried out the following main audit procedures in connection with the recoverability of goodwill:

– Plausibility of the detailed planning for future years.
– Furthermore, we have dealt with the key planning assumptions and analysed consistency of the assumptions regarding the market development to general and sector-specific market expectations.
– We have backtested the consistency of planning data using information from prior periods.
– Given that minor changes in the applied cost of capital rate significantly impact the recoverable amount of the cash generating units, we have, together with our valuation specialists, assessed the determination of the applied cost of capital rate and comprehended the derivation of the underlying parameters.
– By means of our own sensitivity analysis we have determined whether the tested book values are still sufficiently covered by the recoverable amounts in case of possible changes in the assumptions within a realistic range.
– Additionally, we have assessed whether the disclosures in the notes with respect to the recoverability of goodwill are appropriate.

ADEQUACY OF INSURANCE CONTRACTS ASSETS AND LIABILITIES ISSUED

Refer to notes 1. Insurance contracts on pages 90ff, Material estimates and discretionary decisions – 24.1. (Re-) insurance contracts on pages 171ff and Accounting policies – 25.3. (Re-) insurance contracts on pages 179ff.

Risk for the Consolidated Financial Statements

The recognized insurance contracts assets issued as of the balance sheet date amount to EUR 229,5 million and insurance contracts liabilities issued amount to EUR 37.804,1 million. The valuation of insurance contract liabilities is complex. The assumptions underlying the valuation rely on numerous estimates and discretionary factors.

The uncertainties associated with these assumptions pose a risk to the financial statements, as changes in the assumptions can have significant impacts on the amount of liabilities and the result of the period.

Our response

In our audit of the adequacy of insurance contract liabilities our own actuaries and IT specialists were part of the audit team. We performed the following significant audit procedures:

• We gained an understanding of the processes and internal controls implemented in the company and tested the effectiveness of selected internal controls.
• We tested the general IT controls of the relevant systems.

- We examined the adequacy of significant assumptions, judgments, and the applied valuation and calculation models.
- For Non-life insurance, we conducted actuarial recalculations of the provision for outstanding claims in samples.
- For the valuation models “General Measurement Model” and “Variable Fee Approach” we also performed recalculations of the rollforward of the Contractual Service Margin in samples.
- Finally, we evaluated the adequacy of the disclosures in the consolidated financial statements regarding insurance contract liabilities.

RESTATEMENT RELATED TO THE INITIAL APPLICATION OF IFRS 17 AND IFRS 9

Refer to notes Initial applictaion of standards: IFRS 9 Financial instruments and IFRS 17 Insurance contracts on pages 66ff, 1. Insurance contracts on pages 90ff, Material estimates and discretionary decisions – 24.1. (Re-) insurance contracts on pages 171ff and 24.2. Impairment losses on financial assets on page 175.

The risk to the financial statements

As of 1 January 1 2023, the revised accounting standards for insurance contracts (IFRS 17) came into force. As part of the initial application on 1 January 2023, it was necessary to prepare comparative information as of 1 January 2022 (opening balance sheet) and for the year 2022 using the principles of IFRS 17. The standard generally requires retrospective application unless impracticable, in which case a modified retrospective approach or fair value approach may be applied. In cases where retrospective application was impracticable, in Life and Health insurance Vienna Insurance Group applied the fair value approach.

The revised accounting standards for financial instruments (IFRS 9) came into force on 1 January 2018. However, insurance companies had the option to apply IFRS 9 simultaneously with IFRS 17. The Vienna Insurance Group applied IFRS 17 and IFRS 9 simultaneously for the first time on 1 January 2023.

The transition to IFRS 17/IFRS 9 resulted in a decrease in equity of EUR 289.6 million as of 1 January 2022.

The implementation of the regulations of IFRS 17 and IFRS 9 required significant management judgments, assumptions, and estimates. Therefore, there is a risk that the restated comparative information due to the initial application of IFRS 17 and IFRS 9 in the 2023 consolidated financial statements may not be appropriate.

Our audit approach

In our audit of the adequacy of the implementation of new accounting standards for insurance contracts and financial instruments, our own actuaries and IT specialists were part of the audit team. We performed the following significant audit procedures on comparative information (consolidated opening balance sheet as of 1 January 2022, consolidated balance sheet as of 31 December 2022, and consolidated income statement and comprehensive income statement for the year 2022):

- General:
  - We tested the general IT controls of the relevant systems.
  - We gained an understanding of the processes and internal controls implemented in the company and tested the effectiveness of selected internal controls.

- IFRS 17:
  - We critically evaluated the transition methods used.
  - We examined the adequacy of significant assumptions, judgments, and the applied calculation models and methods.
  - We have conducted actuarial recalculations for the contracts valued at fair value as of the group opening balance sheet date, and evaluated external expert opinions.
  - For non-life insurance, we conducted actuarial recalculations of the provision for outstanding claims in samples.
  - For the valuation models “General Measurement Model” and “Variable Fee Approach” we also performed recalculations of the rollforward of the Contractual Service Margin in samples.
- IFRS 9:
  - We critically evaluated the methodology related to classification and measurement (including a review of implementation in the systems).
  - We assessed the classification of individual financial instruments under IFRS 9.
  - We also traced the transition of the financial instrument portfolio from IAS 39 to IFRS 9.
  - Furthermore, we have evaluated the methodology of Expected Credit Losses and reviewed the impairments that have been carried out.
  - We conducted control calculations of deferred taxes at individual company level and on a consolidated basis.
  - We evaluated the consolidation of liabilities, expenses, and revenues (particularly intra-group reinsurance).
  - Finally, we assessed the accuracy and adequacy of the disclosures in the consolidated financial statements regarding the initial application of IFRS 9 and IFRS 17.

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

Our opinion on the consolidated financial statements does not cover other information and we do not provide any kind of assurance thereon.

In conjunction with our audit, it is our responsibility to read this other information and to assess whether, based on knowledge gained during our audit, it contains any material inconsistencies with the consolidated financial statements or any apparent material misstatement of fact. If we conclude that there is a material misstatement of fact in other information, we must report that fact. We have nothing to report in this regard.

Responsibilities of Management and the Audit Committee for the Consolidated Financial Statements
Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the EU, the additional requirements pursuant to Section 245a UGB (Austrian Commercial Code) as well as other legal or regulatory requirements and for such internal controls as management determines are necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibilities

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our audit opinion. Reasonable assurance represents a high level of assurance, but provides no guarantee that an audit conducted in accordance with the AP Regulation and Austrian Standards on Auditing (and therefore ISAs), will always detect a material misstatement, if any. Misstatements may result from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with the AP Regulation and Austrian Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit.

Moreover:

- We identify and assess the risks of material misstatement in the consolidated financial statements, whether due to fraud or error, we design and perform audit procedures responsive to those risks and obtain sufficient and appropriate audit evidence to serve as a basis for our audit opinion. The risk of not detecting material misstatements resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or override of internal control.
- We obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- We conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our audit report to the respective note in the consolidated financial statements. If such disclosures are not appropriate, we will modify our audit opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- We evaluate the overall presentation, structure and content of the consolidated financial statements, including the notes, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- We obtain sufficient appropriate audit evidence regarding the financial information of the entities and business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.
- We communicate with the audit committee regarding, amongst other matters, the planned scope and timing of our audit as well as significant findings, including any significant deficiencies in internal control that we identify during our audit.

- We communicate to the audit committee that we have complied with the relevant professional requirements in respect of our independence, that we will report any relationships and other events that could reasonably affect our independence and, where appropriate, the related safeguards.
- From the matters communicated with the audit committee, we determine those matters that were of most significance in the audit i.e. key audit matters. We describe these key audit matters in our auditor's report unless laws or other legal regulations preclude public disclosure about the matter or when in very rare cases, we determine that a matter should not be included in our audit report because the negative consequences of doing so would reasonably be expected to outweigh the public benefits of such communication.

REPORT ON OTHER LEGAL REQUIREMENTS

Group Management Report

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

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

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

OPINION

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

STATEMENT

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

Additional Information in accordance with Article 10 AP Regulation

We were elected as auditors at the Annual General Meeting on 20 May 2022 and were appointed by the supervisory board on 13 June 2022 to audit the financial statements of the Vienna Insurance Group for the financial year ending on 31 December 2023.

On 26 May 2023 we were elected as auditors for the financial year ending on 31 December 2024 and were appointed by the supervisory board on 20 June 2023 to audit the financial statements.

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

We declare that our opinion expressed in the “Report on the Consolidated Financial Statements” section of our report is consistent with our additional report to the Audit Committee, in accordance with Article 11 AP Regulation.

We declare that we have not provided any prohibited non-audit services (Article 5 Paragraph 1 AP Regulation) and that we have ensured our independence throughout the course of the audit, from the audited Group.

ENGAGEMENT PARTNER

The engagement partner is Mr Thomas Smrekar

Vienna, 26 March 2024

KPMG Austria GmbH
Wirtschaftsprüfungs- und Steuerberatungsgesellschaft

signed by:

Mag. Thomas Smrekar
Wirtschaftsprüfer
(Austrian Chartered Accountant)

This report is a translation of the original report in German, which is solely valid. The consolidated financial statements together with our auditor's opinion may only be published if the consolidated financial statements and the group management report are identical with the audited version attached to this report. Section 281 Paragraph 2 UGB (Austrian Commercial Code) applies.

List of abbreviations

Abbreviation	Full company name
365.life	KOOPERATIVA, d.s.s., a.s.
Aegon Life	AEGON TOWARZYSTWO UBEZPIECZEŃ NA ŻYCIE SPÓŁKA AKCYJNA
Alfa (Hungary)	Alfa Vienna Insurance Group Biztosító Zrt.
APEIRON	APEIRON Biologics AG
Asirom	Asigurarea Românească - ASIROM Vienna Insurance Group S.A.
Asset Management Hungary	VIG Befektetési Alapkezelő Magyarország Zártkörűen Működő Részvénytársaság
Beesafe	BEESAFE SPÓŁKA Z OGRANICZONA ODPOWIEDZIALNOSCIA
BCR Life	BCR Asigurări de Viață Vienna Insurance Group S.A.
Beteiligungs- und Wohnungsanlagen GmbH	Beteiligungs- und Wohnungsanlagen GmbH
BTA Baltic	BTA Baltic Insurance Company AAS
Bulstrad Life	"BULSTRAD LIFE VIENNA INSURANCE GROUP" EAD
Bulstrad Non-Life	INSURANCE ONE-SHAREHOLDER JOINT-STOCK COMPANY BULSTRAD VIENNA INSURANCE GROUP EAD
Carpathia Pensii	CARPATHIA PENSII-SOCIETATE DE ADMINISTRARE A FONDURILOR DE PENSII PRIVATE S.A.
Compensa Life (Poland)[1)]	Compensa Towarzystwo Ubezpieczeń Na Życie S.A. Vienna Insurance Group
Compensa Life (Estonia)[1]	Compensa Life Vienna Insurance Group SE
Compensa Non-Life (Lithuania)[1]	"Compensa Vienna Insurance Group", ADB
Compensa Non-Life (Poland)[1]	Compensa Towarzystwo Ubezpieczeń S.A. Vienna Insurance Group
Corvinus	Corvinus Nemzetközi Befektetési Zrt.
ČPP	Česká podnikatelská pojišťovna, a.s., Vienna Insurance Group
Digital Impact Labs Leipzig	Digital Impact Labs Leipzig GmbH
Donaris	Compania de Asigurări "DONARIS VIENNA INSURANCE GROUP" Societate pe Actiuni
Donau Versicherung	DONAU Versicherung AG Vienna Insurance Group
DTA	Deferred tax asset
DTL	Deferred tax liabilities
Erste Group	Erste Group Bank AG
GPIH	Joint Stock Company Insurance Company GPI Holding
InterRisk	InterRisk Towarzystwo Ubezpieczeń S.A. Vienna Insurance Group
InterRisk Life	InterRisk Lebensversicherungs-AG Vienna Insurance Group
InterRisk Non-Life	InterRisk Versicherungs-AG Vienna Insurance Group
Intersig	INTERSIG VIENNA INSURANCE GROUP Sh.A.
IRAO	Joint Stock Company International Insurance Company IRAO
ISTCube	IST cube (EuVECA) GmbH & Co KG
Kniazha	PRIVATE JOINT-STOCK COMPANY "UKRAINIAN INSURANCE COMPANY "KNIAZHA VIENNA INSURANCE GROUP"
Kniazha Life	PRIVATE JOINT-STOCK COMPANY "INSURANCE COMPANY "KNIAZHA LIFE VIENNA INSURANCE GROUP"
Komunálna	KOMUNÁLNA poisťovňa, a.s. Vienna Insurance Group
Kooperativa (Slovakia)[1]	KOOPERATIVA poisťovňa, a.s. Vienna Insurance Group
Kooperativa (Czech Republic)[1]	Kooperativa pojišťovna, a.s., Vienna Insurance Group
KPMG	KPMG Austria GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft
Health	Health insurance
Life	Life insurance
Makedonija Osiguruvanje	Stock Company for Insurance and Reinsurance MAKEDONIJA Skopje - Vienna Insurance Group
n/a	not applicable
Omniasig	OMNIASIG VIENNA INSURANCE GROUP S.A.
Österreichisches Verkehrsbüro AG	Österreichisches Verkehrsbüro Aktiengesellschaft
PAC Doverie	Pension Assurance Company Doverie AD
Pereca 11 Sp.z.o.o.	Pereca 11 Spółka z ograniczoną odpowiedzialnością
Plug and Play	Plug and Play Austria GmbH
Ray Sigorta	Ray Sigorta A.Ş.
Property/Casualty	Property and casualty insurance
Seesam	Seesam Insurance AS
Sigma Interalbanian	Sigma Interalbanian Vienna Insurance Group Sh.a

Service information

Abbreviation	Full company name
TUW "TUW"	Towarzystwo Ubezpieczeń Wzajemnych „TUW"
Union Biztosító	UNION Vienna Insurance Group Biztosító Zrt.
USG	Private Joint-Stock Company " Insurance Company "USG "
VBV - Betriebliche Altersvorsorge AG	VBV - Betriebliche Altersvorsorge AG
VENPACE	INSHIFT GmbH & Co. KG
Vienna Life (Poland)[1]	Vienna Life Towarzystwo Ubezpieczeń na Życie S.A. Vienna Insurance Group
Vienna osiguranje (Bosnia and Herzegovina)[1]	Insurance Company Vienna osiguranje d.d., Vienna Insurance Group
Vienna PTE	VIENNA POWSZECHNE TOWARZYSTWO EMERYTALNE SPÓŁKA AKCYJNA VIENNA INSURANCE GROUP
Vienna-Life (Liechtenstein)[1]	Vienna-Life Lebensversicherung AG Vienna Insurance Group
Viennalife (Türkiye)	VİENNALİFE EMEKLİLİK VE HAYAT ANONİM ŞİRKETİ
viesure	viesure innovation center GmbH
VIG Fund	VIG FUND, a.s.
VIG Holding[2]	VIENNA INSURANCE GROUP AG Wiener Versicherung Gruppe
VIG Re	VIG RE zajišťovna, a.s.
VIG/C-QUADRAT	VIG/C-QUADRAT TOWARZYSTWO FUNDUSZY INVESTYCYJNYCH SPÓŁKA AKCYJNA
VIG, VIG-Group, VIG-insurance group	All consolidated group companies.
Wiener Osiguranje (Bosnia and Herzegovina)[1]	Wiener Osiguranje Vienna Insurance Group ad
Wiener Osiguranje (Croatia)[1]	Wiener osiguranje Vienna Insurance Group dioničko društvo za osiguranje
Wiener Re	WIENER RE akcionarsko društvo za reosiguranje
Wiener Städtische	WIENER STÄDTISCHE VERSICHERUNG AG Vienna Insurance Group
Wiener Städtische Osiguranje (Serbia)[1]	WIENER STÄDTISCHE OSIGURANJE akcionarsko drustvo za osiguranje
Wiener Städtische Versicherungsverein	Wiener Städtische Wechselseitiger Versicherungsverein - Vermögensverwaltung - Vienna Insurance Group
Wiener TU	WIENER TOWARZYSTWO UBEZPIECZEŃ SPÓŁKA AKCYJNA VIENNA INSURANCE GROUP
Winner Life	Joint Stock Insurance Company WINNER LIFE - Vienna Insurance Group
Winner Non-Life	Joint Stock Insurance Company WINNER-Vienna Insurance Group

[1]Country names in parentheses are added if there is more than one company with the same abbreviated name and it is not clear from the context which one is intended. The context is assumed to be clear, for example, if the name is used in a description of activities taking place within a country.

[2]Used when referring to the listed individual company.

Glossary

Affiliated companies
The parent company and its subsidiaries are considered to be affiliated companies if the parent company is able to exert control over the business policies of the subsidiary. Examples of this are where the parent company can affect variable returns from the subsidiary, a controlling agreement exists or it is possible to appoint the majority of the Members of the Managing Board or other executive bodies of the subsidiary.

Asset and liability management (ALM)
ALM refers to taking both assets and liabilities into account when implementing strategic decisions in order to achieve optimal company results. ALM is therefore needed for determining and managing the risk capital required, matching assets and liabilities (duration, cash flow and income matching) as well as optimising investments and reinsurance.

Austrian Commercial Code (UGB)
The Austrian Commercial Code (UGB) includes commercial law provisions applicable companies. These include company law, accounting regulations, special civil law provisions and regulations on corporate transactions.

Baltic states
The Baltic states consist of the countries Estonia, Latvia and Lithuania.

Business operating result
The business operating result is included as a subtotal in the income statement in order to show the operating financial performance of the Group. The business operating result is before taxes and excludes the items "Impairments of intangible assets" and "Reversal of impairments of intangible assets".

Cash flow statement or cash flow
The cash flow statement presents the changes in cash and cash equivalents during a financial year, broken down into the three areas of ordinary activities, investing activities, and financing activities. The aim is to provide information on the financial strength of the company.

Central and Eastern Europe (CEE) and CEE markets
The VIG 25 strategic programme distinguishes between CEE markets and special markets in the country portfolio. The 20 CEE markets include: Albania, Austria, Croatia, Bosnia-Herzegovina, Bulgaria, the Czech Republic, Estonia, Hungary, Kosovo, Latvia, Lithuania, Moldova, Montenegro, North Macedonia, Poland, Romania, Serbia, Slovakia, Slovenia and Ukraine. Note that differences may exist between this definition and the definition of CEE used by other companies, financial institutions (e.g. IMF, OECD, WIFO, IHS), etc. There are branch offices in some countries that are managed by companies assigned to other reportable segments.

Combined ratio (net), net combined ratio
The net combined ratio is calculated by dividing insurance service expenses net (after deduction of reinsurance) by insurance service revenue net in the property and casualty insurance.

Consolidation
The financial statements of the parent company and those of the subsidiaries are combined when the consolidated financial statements are prepared. During this process, intragroup equity interests, interim results, receivables and payables and income and expenses are eliminated.

Contractual Service Margin (CSM)
The contractual service margin (CSM) is a component of the asset or liability for the group of insurance contracts that represents the unearned profit a subsidiary will recognise as it provides services in the future. In each period, an amount of the CSM for a group of insurance contracts is recognised in profit and loss as insurance service revenue to reflect the insurance contract services provided under the group of insurance contracts in that period.

Corporate Sustainability Due Diligence Directive (CSDDD)
The Corporate Sustainability Due Diligence Directive (CSDDD) is intended to oblige EU and non-EU companies to carry out due diligence with regard to the environment and human rights in their operations, subsidiaries and along the value chains. It is currently being negotiated between the EU institutions.

Corporate Sustainability Reporting Directive (CSRD) & European Sustainability Reporting Standards (ESRS)
The Corporate Sustainability Reporting Directive (CSRD) is an EU directive on sustainability reporting and the further development of the Non-Financial Reporting Directive (NFRD). In addition to the directive itself, detailed specifications for the content of reporting have also been developed. These are described in the European Sustainability Reporting Standards (ESRS).

Derivative financial instruments (derivatives)
Derivatives are financial instruments whose value depends on the price of an underlying asset. Derivatives can be classified systematically according to the nature of the underlying assets (interest rates, share prices, currency rates or commodity prices). Options, futures, forwards and swaps are examples of derivative financial instruments.

Earnings per share (undiluted/diluted)
The ratio of consolidated profit for the year divided by the average number of shares issued. The diluted earnings per share include convertible securities that have been exercised, or are still available for exercise, in the calculation of the number of shares and profit for the year. The convertible securities consist of convertible bonds and stock options.

Environmental Social Governance (ESG)
ESG stands for the Environment, Social and (responsible) Governance sustainability criteria. The term describes the degree to which a company takes these factors into account, as well as an investment approach that can be used to select potential investments.

Equity method
This method is used to recognise interests in associated companies that do not meet the criteria for full consolidation. The carrying amount generally corresponds to the Group's share of the shareholders' equity of these companies or subgroups. As part of ongoing measurement, the carrying amount is adjusted for the pro rata changes in shareholders' equity. The pro rata annual results are added to the Group result and any profit distributions paid are deducted.

European Financial Reporting Advisory Group (EFRAG)
The European Financial Reporting Advisory Group (EFRAG) is a private association founded with the support of the European Commission. EFRAG is responsible both for influencing the development of IFRS standards from a European perspective and for developing drafts for EU standards on sustainability reporting.

Fair value
The value of a financial instrument that is observable on the market or can be calculated using a theoretical price model taking into account price-determining factors.

Fair Value Approach (FVA)
The fair value approach is a simplified method of determining the CSM and/or loss components for groups of insurance contracts at the transition date. The CSM or the loss component of the liability for remaining coverage (LRC) at the transition date is determined as the difference between the fair value of the group of insurance contracts and the fulfilment cash flows measured at that date.

Fulfilment Cash Flows (FCF)
The fulfilment cash flow comprises unbiased and probability-weighted estimates of future cash flows, discounted to present value to reflect the time value of money and financial risks, plus a risk adjustment for non-financial risks.

Full Retrospective Approach (FRA)
This is the application of accounting rules as if they had always applied in the past. Under the full retrospective approach of IFRS 17, the respective regulations of the PAA, VFA or GMM are applied to calculate the underwriting liabilities.

General Data Protection Regulation (GDPR)
Regulation (EU) 2016/679 on the protection of natural persons with regard to the processing of personal data has been in force since 25 May 2018 and is directly applicable within the European Union. The GDPR standardised the rules for the processing of personal data by private-sector companies and public bodies throughout the EU. The primary objectives of the GDPR are data security and the

strengthening of the fundamental rights and freedoms of natural persons. In Austria, the GDPR was implemented by the Austrian Data Protection Amendment Act 2018 (Datenschutz-Anpassungsgesetz 2018), which extensively amended the Data Protection Act 2000 (Datenschutzgesetz 2000).

General Measurement Model (GMM)
With the general measurement model, the basic model of IFRS 17, profit is recognised as part of liability for remaining coverage (LRC) at inception. The profit margin is shown in the income statement over the term of the contract. This profit margin is referred to as the “contractual service margin” (CSM). The general measurement model is applicable to all types of contracts unless otherwise stated.

Gross domestic product (GDP)
GDP is a measure of the economic output of a country. All goods and services produced or provided within a country (by citizens or foreigners) during a specified period, are evaluated at current prices (market prices) or constant prices (prices in a certain base year). By using a constant price level in the calculations, price increases can be eliminated so that the figures presented over time are independent of inflation. GDP at constant prices is also known as real GDP.

Gross written premiums based on IFRS 17
Gross written premiums comprise the set premiums plus policyholder collateral payments, but not including insurance and fire service taxes reduced by premiums cancelled during the financial year.

Gross/net
In insurance terminology, “gross/net” means before or after deduction of reinsurance (“net” is also referred to as “for own account” or “retention”). In connection with income from participations, the term “net” is used when the corresponding expenses (e.g. depreciation or losses from disposal) have already been deducted from the income. The (net) income from participations therefore shows the result from these interests.

Insurance density
Annual per capita insurance premiums, used as an indicator for the state of development of a country’s insurance sector.

Insurance Distribution Directive (IDD)
Directive 2016/97/EU, also referred to as the Insurance Distribution Directive, has been applicable within the European Union since 1 October 2018. The IDD affects all aspects of the insurance business, including the recruiting of insurance distributors entailing training and advanced training, product development, the advisory process including wide-ranging duties to provide information, the distribution of standardised information sheets, the handling of conflicts of interest and compensation.

Insurance finance result
The insurance finance result comprises changes in the book value of the group of insurance contracts. These changes arise from the effect of the time value of money and of the financial risk, excluding any such changes for groups of insurance contracts with direct participation features that would adjust the CSM but do not do so because the groups of contracts are onerous. These are included in insurance service expenses.

Insurance service revenue – issued business
The insurance service revenue depicts the provision of services arising from a group of insurance contracts at an amount that reflects the consideration to which it is expected to be entitled in exchange for those services.

Insurance supervisisory authority
The Austrian insurance supervisory authority is a part of the Austrian Financial Market Authority (FMA) that was established as an independent authority in April 2002. Its supervision extends to private-sector insurance companies with registered offices in Austria.

International Accounting Standards (IAS)
IAS are international accounting standards – see also International Financial Reporting Standards.

International Financial Reporting Standards (IFRS)
The IFRS are international finanacial reporting standards. Since 2002, the term IFRS has been used for the overall frameworks of standards adopted by the International Accounting Standards Board (IASB). Standards that were previously adopted, however, are still cited as IAS.

Investment result
The investment result is the sum of all changes in financial instruments recognised in the income statement.

Liability for Incurred Claims (LIC)
For the non-life business, the liability for incurred claims (LIC) is a major component of the recognition of insurance contracts. Here, the ultimate cost of outstanding claims is estimated by using a range of standard actuarial claims projection techniques. The main assumption underlying these techniques is the use of past claims development experiences to project future claims development and hence ultimate claims costs.

Liability for Remaining Coverage (LRC)
For a group of contracts that is not onerous at initial recognition, the liability for remaining coverage is measured as: the premiums, if any, received at initial recognition, minus any insurance acquisition costs at that date, plus or minus any amount arising from the derecognition at that date of the asset recognised for insurance acquisition costs and any other asset or liability previously recognised for cash flows prior to the recognition of the group of insurance contracts.

Market capitalisation (stock market value)
This equals the value of a stock corporation calculated by multiplying the current stock exchange price by the total number of shares issued.

Nordics
Nordics includes the countries of Denmark, Norway, Sweden and Finland. VIG Holding is represented by branches in Denmark, Norway and Sweden. The EU freedom to provide services allows customers to also be served in Finland. Note that differences may exist between this definition and the definition of Nordics or Northern Europe used by other companies, financial institutions (e.g. IMF, OECD, WIFO, IHS), etc.

Operating Return on Equity (Operating RoE)
Operating return on equity measures the profitability of the Insurance Group. This ratio is calculated by dividing the business operating result by the average shareholders' equity. For this purpose, shareholders' equity is adjusted by the reserve for unrealised gains and losses is used.

Organic growth
Organic growth is the growth of a company resulting from the company's own financial strength. Such growth is therefore not the result of purchasing other companies.

Own Risk and Solvency Assessment (ORSA)
Under Article 45 of Directive 2009/138/EC, every insurance company must perform the Own Risk and Solvency Assessment (ORSA) as part of its risk management system.

Premium
Agreed fee paid in exchange for the assumption of risk by an insurance company.

Premium Allocation Approach (PAA)
The premium allocation approach (PAA) makes it easier to calculate the liability for remaining coverage (LRC) than the general measurement model. This model can be used for short-term insurance contracts and insurance contracts with similar measurement results compared to the GMM.

Present value
The present value of future cash flows, calculated by discounting future cash flows at a certain interest rate.

Present Value of Future Cash Flows (PVFCF)
Future cash flows are estimated considering a range of scenarios which have commercial substance and give a good representation of possible outcomes. The cash flows from each scenario are probability-weighted and discounted using current assumptions.

Price-earnings ratio (PE ratio)
A financial ratio for evaluating shares. The PE ratio is the ratio of the share price to the earnings per share in a reference period, or to the expected earnings per share in a future period. If

the reference period is defined as one year, the PE ratio is the end-of-year price divided by the earnings per share in that year.

Rating
A rating is an evaluation on a scale of the creditworthiness of a debtor (countries, companies, etc.) often carried out by a specialised rating agency. Also see Standard and Poor's.

Reinsurance
Reinsurance is when an insurance company insures a portion of its risk with another insurance company.

Risk Adjustment (RA)
The risk adjustment for non-financial risks represents the compensation required for bearing the uncertainty about the amount and timing of the cash flows of groups of insurance contracts and covers insurance risk, lapse risk and expense risk. The risk adjustment therefore reflects an amount that an insurance company would pay to remove the uncertainty about whether future cash flows will exceed the best estimate.

Risk management (RM)
The RM tasks consist of identifying, evaluating, analysing and managing the company’s opportunities and risks.

Risk-bearing portfolio
The risk-bearing portfolio summarises cash and cash equivalents, financial assets, investments in associates, investment property as well as owner-occupied property.

Single premium
A single premium is a special type of premium payment for life insurance in which a self-chosen amount is paid as a single premium at the beginning of the policy.

Solvency II
Solvency II is a legal directive applicable in Europe for the capital adequacy of insurance companies. It concerns methods for risk-based management of the overall solvency of insurance companies and also includes qualitative elements (e.g. internal risk management).

Special Markets
There is a distinction between special markets that are reportable segments under IFRS 8 and special markets according to the country portfolio for the VIG 25 strategic programme. The ten special markets according to the country portfolio include: Denmark, Germany, Liechtenstein, Italy, Norway, Türkiye, Georgia, Belarus, France and Sweden. The Special Markets reportable segment includes Germany, Georgia, Liechtenstein and Türkiye. There are branch offices in some countries that are managed by companies assigned to other reportable segments.

Standard & Poor’s (S&P)
Standard & Poor’s (S&P) is an internationally recognised rating agency. It analyses and evaluates companies, countries and bonds, among other things. It uses its own rating scale, which ranges from AAA for the highest category to CC for the lowest when rating the financial strength of insurance companies. The ratings can be modified by adding a plus or minus sign.

Stress test
Stress tests are a special form of scenario analysis. The aim is to arrive at a quantitative statement of the potential losses incurred by portfolios in the event of extreme market fluctuations.

Taxonomy, EU taxonomy for sustainable economic activities
The EU Taxonomy Regulation is a classification system that defines criteria for determining when an economic activity is considered environmentally sustainable.

Total capital investment portfolio
The total capital investment portfolio comprises the balance sheet items cash and cash equivalents, financial assets, investments in associates and investment property. It therefore includes those balance sheet items the gains and losses of which are recognised in profit or loss in the total capital investment result excluding the insurance finance result.

Total capital investment result
In addition to the investment result, the total capital investment result also includes the insurance finance result, income and expenses from investment property and the result from associated consolidated companies.

Underlying assets (UA)
Portfolio of assets that determines the amounts to be paid to a policyholder.

Underwriting
In the insurance industry, underwriting refers to the review and assessment of insurance risks, the determination of conditions (premiums, deductibles, limits, etc.) and coverage and ultimately the decision in favour of or against the acceptance of risks in return for said premiums.

Unit- and index-linked life insurance
Insurance where investments in financial instruments is made at the policyholder's risk. The financial instruments in this area are measured at fair value and the underwriting liabilities are recognised using the Variable Fee Approach.

Value at Risk (VaR)
The VaR concept is a method for determining risk. It is used to calculate the loss that will, with a certain probability, not be exceeded within a certain period of time.

Variable Fee Approach (VFA)
For all contracts in the life business that are eligible for direct profit participation, the Variable Fee Approach (VFA) measurement model is applied. Initial recognition takes place in accordance with the General Measurement Model (GMM). In subsequent measurement, however, the VFA differs from the General Measurement Model (GMM) in that the Contractual Service Margin (CSM) can be adjusted by the profit participation.

VIG or VIG Insurance Group
As a rule, this term refers to all consolidated VIG (insurance) companies. If a statement refers exclusively to the activities of the Holding, the term VIG Holding is used.

Volatility
Volatility refers to fluctuations in securities prices, exchange rates and interest rates.

ALBANIA
SIGMA VIENNA INSURANCE GROUP
INTERSIG VIENNA INSURANCE GROUP

AUSTRIA
VIG VIENNA INSURANCE GROUP
WIENER STÄDTISCHE VIENNA INSURANCE GROUP
Donau VIENNA INSURANCE GROUP

BELARUS
КУПАЛА VIENNA INSURANCE GROUP

BOSNIA-HERZEGOVINA
WIENER OSIGURANJE VIENNA INSURANCE GROUP
vienna osiguranje VIENNA INSURANCE GROUP

BULGARIA
BULSTRAD VIENNA INSURANCE GROUP
Life BULSTRAD VIENNA INSURANCE GROUP
PENSION ASSURANCE COMPANY DOVERIE VIENNA INSURANCE GROUP

CROATIA
WIENER OSIGURANJE VIENNA INSURANCE GROUP

CZECH REPUBLIC
Kooperativa VIENNA INSURANCE GROUP
ČPP VIENNA INSURANCE GROUP
VIG Re VIENNA INSURANCE GROUP

DENMARK
VIG VIENNA INSURANCE GROUP

ESTONIA
bta VIENNA INSURANCE GROUP
COMPENSA VIENNA INSURANCE GROUP
Seesam VIENNA INSURANCE GROUP

FRANCE
VIG Re VIENNA INSURANCE GROUP

GEORGIA
GPI VIENNA INSURANCE GROUP
IRAO VIENNA INSURANCE GROUP

GERMANY
InterRisk VIENNA INSURANCE GROUP
VIG Re VIENNA INSURANCE GROUP

HUNGARY
UNION VIENNA INSURANCE GROUP
ALFA VIENNA INSURANCE GROUP

ITALY
WIENER STÄDTISCHE VIENNA INSURANCE GROUP

KOSOVO
SIGMA VIENNA INSURANCE GROUP

LATVIA
bta VIENNA INSURANCE GROUP
COMPENSA VIENNA INSURANCE GROUP

LIECHTENSTEIN
VIENNA-LIFE VIENNA INSURANCE GROUP

LITHUANIA
bta VIENNA INSURANCE GROUP
COMPENSA VIENNA INSURANCE GROUP

MOLDOVA
DONARIS VIENNA INSURANCE GROUP

MONTENEGRO
Život WIENER STÄDTISCHE VIENNA INSURANCE GROUP

NORTH MACEDONIA
WINNER VIENNA INSURANCE GROUP
Life WINNER VIENNA INSURANCE GROUP
МАКЕДОНИЈА ОСИГУРУВАЊЕ VIENNA INSURANCE GROUP

NORWAY
VIG VIENNA INSURANCE GROUP

POLAND
COMPENSA VIENNA INSURANCE GROUP
InterRisk VIENNA INSURANCE GROUP
Vienna Life VIENNA INSURANCE GROUP
wiener VIENNA INSURANCE GROUP
Vienna PTE VIENNA INSURANCE GROUP

ROMANIA
OMNIASIG VIENNA INSURANCE GROUP
Asirom VIENNA INSURANCE GROUP
BCR ASIGURARI DE VIATA VIENNA INSURANCE GROUP
Carpathia PENSII VIENNA INSURANCE GROUP

SERBIA
WIENER STÄDTISCHE VIENNA INSURANCE GROUP
WIENER RE Beograd VIENNA INSURANCE GROUP

SLOVAKIA
Kooperativa VIENNA INSURANCE GROUP
KOMUNÁLNA POISŤOVŇA VIENNA INSURANCE GROUP

SLOVENIA
WIENER STÄDTISCHE VIENNA INSURANCE GROUP

SWEDEN
VIG VIENNA INSURANCE GROUP

TÜRKIYE
RAY SİGORTA VIENNA INSURANCE GROUP
Viennalife VIENNA INSURANCE GROUP

UKRAINE
КНЯЖА VIENNA INSURANCE GROUP
life КНЯЖА VIENNA INSURANCE GROUP
USG VIENNA INSURANCE GROUP

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Service information

We are Number 1 in Central and Eastern Europe.

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This annual report includes forward-looking statements based on current assumptions and estimates that were made by the management of VIENNA INSURANCE GROUP AG Wiener Versicherung Gruppe to the best of its knowledge. Disclosures using the words “expected”, “target” or similar formulations are an indication of such forward-looking statements. Forecasts related to the future development of the Company are estimates made on the basis of information available as of the date this annual 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.

Rounding differences may occur when rounded amounts or percentages are added.

The annual report was prepared with the greatest possible care to ensure the accuracy and completeness of the information in all parts. However, rounding, typesetting and printing errors cannot be completely ruled out.

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WEBSITE – ONLINE REPORT

The annual report is available in German and English and can also be downloaded as a PDF file in both languages from our website (group.vig) under Investor Relations.

Service tip **Online annual report**

On the VIG Insurance Group website you will find an online version of the annual report optimised for both the internet and mobile devices. All sections can be downloaded as PDF files. You can also download the most important tables as Excel files. Other functions such as links within the report and a comparison with the previous year create transparency and take you directly to the information you require. The online version also allows you to search the report quickly and conveniently using the full-text search function. The search results are presented on an overview page, sorted by relevance. The search term is highlighted in colour both there and on the report page.

In case of doubt, the German version is authoritative.

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