VIENNA INSURANCE GROUP

ADDED VALUE THROUGH DIVERSITY

Annual Financial Statements 2023

Annual financial statements 2023

FOR VIENNA INSURANCE GROUP AG
WIENER VERSICHERUNG GRUPPE

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

Table of contents

NOTE:

Company names have been shortened in the text below. A list of full company names is provided on page 51.

Company profile

ADDED VALUE THROUGH DIVERSITY

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

VIG Insurance Group's some 29,000 employees serve roughly 32 million customers with the goal of further expanding the Group's market leadership.

We live and breathe the core value of diversity. This is reflected in our decentralised structure and the great scope for decision-making enjoyed by the local insurance companies. It makes us flexible and innovative, and therefore resilient. Our resilience and stability are essential for creating sustainable value.

It has always been clear to VIG that diversity and solidarity go hand in hand. This is what unites us and makes us a Group. Because a Group is more than the sum of its companies. Diversity means working autonomously while supporting each other as best we can. The newly created CO^3 (Collaboration, Cooperation and Communication) division is taking up this aspiration with the aim of strengthening collaboration within our Group.

ORGANISATION AND OBJECTIVES

VIG Holding uses a number of control units, e.g. Risk Management, Asset Management, Planning and Controlling, and Strategy, to maintain close contact with the Group companies and to act as an interface and promoter of the implementation of local entrepreneurship. An intensive collaborative exchange between all Group companies and their around 29,000 employees in 30 countries is a key element of local entrepreneurship through which the interests of the individual companies and the Group as a whole are pursued.

In the VIG 25 strategic programme, sustainable value creation and the expansion of the leading position in the CEE region were formulated as specific objectives for the entire Group. A key driver in achieving these objectives is the integration of sustainable approaches to society and the environment into the Group's business and operating model. To this end, sustainability issues are pursued in six spheres of activity, namely asset management, underwriting, operations, employees, customers and society.

VIG 25 STRATEGIC PROGRAMME

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

In response to current trends and developments and their impact on the insurance business, clear requirements for the Group have crystallised: Sustainability must be further strengthened as a cornerstone and integral part of the business model, efficiency and productivity must be further promoted with the support of digitalisation, new ways of addressing and retaining customers must be developed, and an understanding of risk provision must be promoted across the board.

STRONG CAPITAL RESOURCES

VIG Insurance Group's strong capital resources continue to be an important asset for the Group. The solvency ratios of VIG Insurance Group and VIG Holding were 269% and 398% respectively at the end of 2023, demonstrating that their solvency is stable even in times of high inflation. This large capital buffer allows Vienna Insurance Group to pursue sustainable profitable growth.

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

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

Management report 2023

VIG HOLDING BUSINESS DEVELOPMENT

Premiums written, net earned premiums, expenses for claims and insurance benefits, administrative expenses and reinsurance balance had the following breakdown for property and casualty insurance in 2023 (and in the same period in 2022):

			2023			2022
	Direct business	Indirect business	Total	Direct business	Indirect business	Total
in EUR '000						
Premiums written	313,908	1,355,850	1,669,758	250,734	1,248,584	1,499,318
Net earned premiums	299,672	1,304,678	1,604,350	238,564	1,206,720	1,445,284
Expenses for claims and insurance benefits	217,324	885,959	1,103,283	215,455	737,446	952,901
Administrative expenses	22,997	448,737	471,734	18,472	440,611	459,083
Reinsurance balance	-50,706	-10,244	-60,950	-1,681	-5,991	-7,672

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

FINANCIAL PERFORMANCE INDICATORS

Premium income

VIG Holding generated a total premium volume of EUR 1,669.76 million in 2023, representing a year-on-year increase of 11.4%. Direct premiums written (corporate business) increased year-on-year by 25.2% to EUR 313.91 million. Premium income from indirect business (assumed reinsurance) was EUR 1,355.85 million, 8.6% higher than the previous year. The value of assumed reinsurance includes EUR 25,016,000 (EUR 21,484,000) for health insurance and EUR 103,000 (EUR 16,174,000) for life insurance.

VIG Holding retained EUR 1,520.54 million (2022: EUR 1,356.82 million) of the premiums written. In 2023, EUR 149.21 million (2022: EUR 142.50 million) was ceded to reinsurers. Gross earned premiums were EUR 1,604.35 million (2022: EUR 1,445.28 million). Net earned premiums increased by EUR 150.94 million to EUR 1,456.44 million.

Expenses for claims and insurance benefits

Gross expenses for claims and insurance benefits were EUR 1,103.28 million in 2023 (2022: EUR 952.90 million). EUR 217.32 million of this amount was attributable to corporate business (2022: EUR 215.46 million), EUR 1.87 million more than the previous year.

The gross claims ratio for direct business (excluding health and life insurance) decreased from 89.6% to 71.9%. Expenses for claims and insurance benefits for assumed reinsurance rose 18.5% to EUR 850.32 million. The gross claims ratio for indirect business was 66.5% (2022: 61.2%). After deducting reinsurance of EUR 81.91 million (2022: EUR 126.15 million), expenses for claims and insurance benefits were EUR 985.73 million (2022: EUR 806.62 million).

Administrative expenses

In 2023, administrative expenses were EUR 471.73 million, 2.8% higher than the previous year (2022: EUR 459.08 million). This change was primarily due to an increase in commissions for indirect business. EUR 23.00 million of the administrative expenses were for the corporate business and EUR 448.74 million for the reinsurance business. After reinsurance commissions for ceded reinsurance business, EUR 466.68 million in administrative expenses remained for VIG Holding. This was an increase of EUR 13.57 million compared to the previous year.

Combined ratio

VIG Holding's combined ratio was 101.2% in 2023 (2022: 98.7%), and 95.0% for direct business (corporate business) (2022: 95.8%). This ratio is calculated as the sum of all underwriting expenses and income plus net payments for claims and insurance benefits, including the net change in underwriting provisions, divided by net earned premiums for property and casualty insurance.

Financial result

VIG Holding had a financial result of EUR 378.91 million (2022: EUR 159.26 million). Impairment of shares in affiliated companies was EUR 164.41 million. (2022: EUR 212.89 million).

in EUR '000	2023	2022
Land and buildings	8,537	10,891
Investments in affiliated companies and participations	472,045	326,510
Other investments	47,988	-14,065
Total income (net)	528,570	323,336
Other investment and interest income	83,741	46,644
Expenses for asset management	-138,527	-93,355
Interest expenses	-89,851	-96,934
Other investment expenses	-5,021	-20,431
Investment profit according to income statement	378,912	159,260

Result from ordinary activities

VIG Holding earned a result from ordinary activities of EUR 348.04 million in 2023 (2022: EUR 169.44 million).

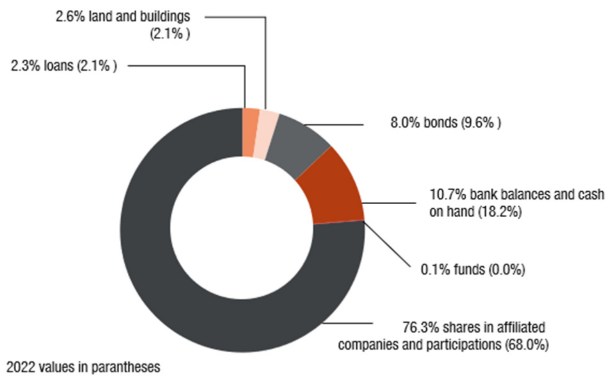
Investments

As of 31 December 2023, investments, including liquid assets, were EUR 6,855.71 million (2022: EUR 7,191.80 million).

Deposits were EUR 839.87 million in 2023 (2022: EUR 1,218.47 million). Of the investments at the end of 2023, 76.3% (2022: 68.0%) were shares in affiliated companies and participations, 8.0% (2022: 9.6%) were bonds (including pension funds), 0.1% (2022: 0.0%) were funds, 2.3% (2022: 2.1%) were loans, 2.6% (2022: 2.1%) were land and buildings, and 10.7% (2022: 18.2%) were bank balances and cash on hand.

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

BREAKDOWN OF INVESTMENTS IN 2023



VIG Holding acquires Aegon N.V. companies

The purchase agreement that was concluded on 29 November 2020 for the VIG Group acquisition of the companies of the Dutch company Aegon N.V. in Hungary, Poland, Romania and Türkiye has been successfully closed. The VIG Group finalised the acquisition of the Hungarian Aegon companies in March 2022. Consequently, the Hungarian state holding Corvinus holds a 45% stake in Aegon Hungary. The acquisition of the Turkish AEGON insurance company was closed in April 2022 and the acquisition of the Aegon companies in Poland and Romania was also completed in May 2023. In November 2023, VIG increased its indirect participation in AEGON Hungary and UNION Versicherung from 55% to 90%.

Underwriting provisions

Underwriting provisions were EUR 1,789.01 million as of 31 December 2023 (2022: EUR 1,633.66 million). This corresponds to a year-on-year increase of 9.5%, which was primarily due to provisions for outstanding claims arising from direct business. The reinsurers' share was EUR 243.51 million (2022: EUR 255.29 million).

Solvency ratio

VIG Holding's solvency ratio of 398% is high due to an outstanding endowment of capital resources combined with a low capital requirement and is also down to its function as a holding company in the Group.

NON-FINANCIAL PERFORMANCE INDICATORS

For the 2023 reporting year, VIG Holding is publishing a sustainability report that addresses the sustainability-related issues for the Group. This report can be downloaded free of charge at group.vig/en/sustainability/downloads/. A few examples of VIG Holding's own initiatives are presented below.

Social involvement – Example: Social Active Day

Since 2011, an annual fixture for many employees has been Social Active Day, when they can use one working day for social or sustainable projects. 196 people from VIG Holding took part in the campaign in 2023. The involvement can take many forms, including helping in the social market, cooking for people in need, helping serve soup, visiting nursing and retirement homes, refugee shelters and neighbourhood centres, gardening and collecting rubbish. The common thread running through these activities is employees offering their time, help and energy to benefit fellow human beings and the environment.

Commitment to peaceful coexistence – Examples: Global Peace Photo Award, Gustav Mahler Youth Orchestra and "mirno more" sailing project

VIG Holding is committed to promoting cooperation and understanding across borders in many of its projects. Among other things, this involves tolerance, respect and dialogue between different cultures.

Global Peace Photo Award

What does peace look like? More than 19,000 photos from 133 countries tried to answer this question. Five of them were honoured by the jury of the Global Peace Photo Award 2023. In addition, 14-year-old Barbare Chikviladze from Georgia was awarded the "Children's Peace Image of the Year 2023". VIG Holding has been one of the main partners of the award since 2022, alongside the Austrian Parliament and other organisations. Before this, the Company already sponsored the prize in the children and youth category. The aim of the initiative is to give hope and recognise efforts to promote peace.

Gustav Mahler Youth Orchestra

VIG Holding has supported the Gustav Mahler Youth Orchestra (GMJO) for many years. Founded by Claudio Abbado in Vienna in 1987 and based there ever since, the orchestra is recognised as the world's leading youth orchestra and is also a peace project as, in addition to promoting young musicians, it also helps them play music with their colleagues from other countries. Since 1992, the orchestra has been open to musicians up to the age of 27 from all over Europe and guarantees more than 2,500 candidates a year a level playing field and absolutely equal opportunities through auditions in around 30 European cities.

"Mirno more" sailing project

The world's largest socio-educational sailing project brought together around 800 children and young people on 95 sailing ships in 2023, including those from children's homes, SOS Children's Villages and therapy centres. Mirno more was originally set up to bring young people affected by the wars in former Yugoslavia together peacefully. VIG Holding sponsored this peace project once again in 2023.

Employees

VIG Holding offers many attractive prospects and development opportunities for its employees. It offers a broad range of training and advanced training courses and an attractive working environment. Clearly defined competences in the VIG Talent Toolset form the basis for the Company's many training programmes, which support both the personal development of employees and the dynamic advancement of the VIG Group. With a dedicated career path for experts, employees are offered another development option as an alternative to management careers.

In VIG Holding, the annual review is organised as a "VIG Talk". These meetings between employees and managers take place once a year and consist of two parts. The "Target Talk" focuses on mutual feedback and work priorities and objectives. In the "Talent Talk", employees reflect on the VIG Talent Toolset and discuss their personal and professional development.

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

The option of working from home, flexible working hours, a company cafeteria, company kindergarten, sports and health programmes and other medical services increase the appeal of the work environment. VIG deliberately focuses on "life balance" in the Company. The term is intended to emphasise – even more so than "work/life balance" – that work and life are inseparable. VIG Human Resources is therefore constantly developing measures to improve the "life balance" of everyone in the organisation. In VIG Holding, all employees – and relatives in the same household – can, for instance, receive assistance with personal or work problems. A free, anonymous hotline offers professional advice and coaching on topics such as parental leave, workplace conflicts and family stress. This strengthens mental health and resilience. The employee assistance programme also includes a wellbeing platform with videos, podcasts and articles. This led to the launch of the integrated concept of "Keep Moving" for improving sustainability, mobility and health. VIG Holding employees can choose from a number of sports and mobility programmes to maintain and promote their life balance. Programmes for healthy and sustainable sports and mobility options have been combined with information on sustainability. They are also aimed at strengthening employee loyalty and VIG's image as an attractive employer.

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

In 2023, VIG Holding was once more included in the "Leading Employers Austria" list. Based on the world's most comprehensive study, the study was performed as a meta-analysis. The largest annual recruitment study by "Best Recruiters" uses around 250 criteria to rank the employer branding activities and recruitment of 500 Austrian companies. Once again, VIG Holding was ranked as the best in the industry and, for the first time, came third in the overall rating as a result of the consistent quality of its public image and service-based approach for applicants.

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

There were an average of 326 employees, including Managing Board members, in 2023.

Research and development

Although VIG companies do not perform any research activities as defined in Section 243 (3) (2) UGB, they contribute their expertise to the development of insurance-specific software models. VIG Holding and – for projects – the VIG companies also cooperate with Digital Impact Labs Leipzig, Plug & Play and VENPACE, a start-up initiative (investment and corporate building) that is located in Germany and is jointly funded with other insurance companies, in order to identify technological developments in the market more quickly and internalise them if necessary. viesure was also established for this purpose as an internal "innovation hub" focusing mainly on Austria. Since December 2022, investment has also been made in the APEX Deep Tech Fund, which focuses on tech start-ups, and VIG offers support in identifying and researching innovations at an early stage in order to use these in the Group's business model to the benefit of its customers. An example of such innovation is the use of sensors and satellite technology as an early warning system for potential forest fires. The VIG Group also indirectly promotes research activities through its participations in ISTCube to increase basic research in Austria and APEIRON and invIOS to support research into biotech and the fight against cancer and respiratory illnesses.

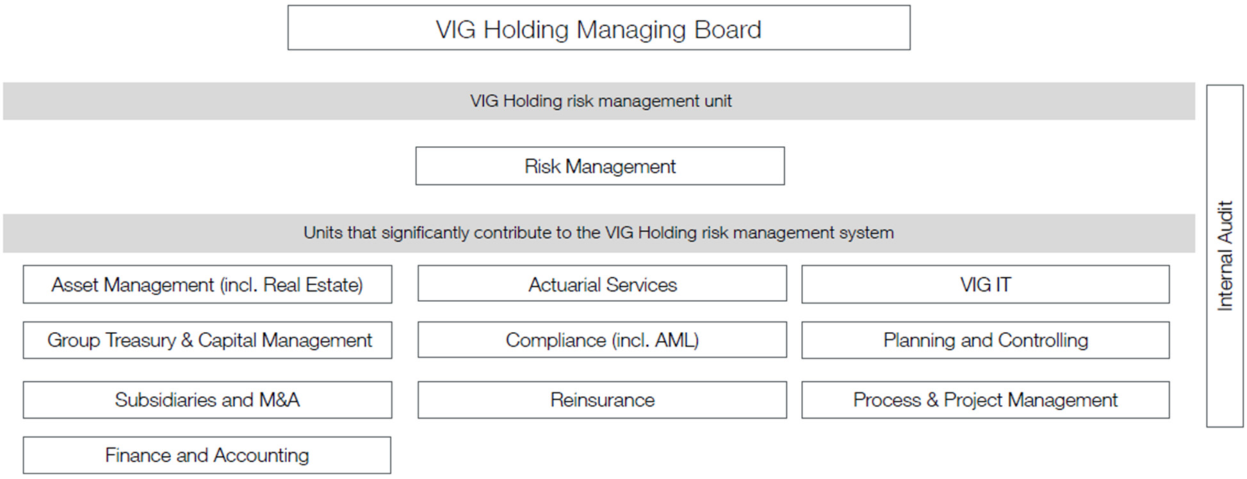
Other Information

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

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

RISK REPORT

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



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

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

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

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

The department also assists the Managing Board in updating the corporate risk strategy, further developing the risk organisation and other risk management topics.

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

Group Treasury & Capital Management
The department reports to Managing Board member Gerhard Lahner. The department's main tasks include managing liquidity, planning and conceptualising capital raising and capital management, including the execution of proprietary capital market transactions, along with managing the portfolio of subordinated capital bonds and other debt instruments.

Subsidiaries and M&A
The department reports to Chairman of the Managing Board Hartwig Löger. The department generally safeguards the interests of the Company with regard to all participations and is responsible for the provision and preparation of information on participations and investment projects, tailored to the respective decision-making situation.

Actuarial Services
The department reports to the Managing Board. The management of the department performs the Actuarial function required by Solvency II. The department is therefore responsible, in particular, for the tasks associated with the Actuarial function. The department also deals with actuarial modelling in Prophet for the life and health insurance business and ResQ for the non-life business. The models provide cash flow projections for the valuation of underwriting provisions in accordance with Solvency II and IFRS 17. The department provides support for analyses of IFRS 17 reserves as well as actuarial collaboration and professional networking.

Compliance
The department reports to the Managing Board. The department coordinates and supports all companies in the VIG Insurance Group and their compliance departments in connection with compliance matters. In addition, the Compliance function required under Solvency II is performed by the management of this department. The department is therefore responsible, in particular, for the tasks associated with the Compliance function.

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

VIG IT
The department reports to Managing Board member Gerhard Lahner. The department is responsible for managing IT at VIG Holding level and comprises the Group Information & Cyber Security, Procurement, Architecture & Innovation, International Bank Cooperation Management and IT Strategy & Governance departments.

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

Process & Project Management
The department reports to Managing Board member Gerhard Lahner and works to ensure clarity, transparency and understanding of work processes so that the individual companies in the VIG Insurance Group and their employees are better placed to achieve their goals. To this end, coordination and support is provided in the three main areas of project management, process management and productivity management.

Internal Audit
The department reports to the Managing Board. The Internal Audit department regularly monitors operating and business processes, the internal control system of all operational business areas, including compliance with legal requirements, and the functionality and adequacy of risk management. The management of the department performs the Internal Audit function required by Solvency II.

Finance and Accounting
The department reports to Managing Board member Liane Hirner. One of the main tasks of the department is to prepare the annual financial statements of VIG Holding. The department is therefore responsible for the Company’s bookkeeping and accounting and is also responsible for reporting the figures.

RISK PROFILE

VIG Holding's risk profile is broken down into the 10 main risk categories below:

Market risk describes the risk of losses due to changes in market prices. Fluctuations in interest rates, share prices and exchange rates and changes in the market value of real estate and participations can have a negative effect on the value of investments and liabilities.

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

In addition to demographic risks, life underwriting risk also includes negative effects due to changes in cancellation behaviour and cost risks and covers the following sub-modules: mortality, longevity, disability, costs, revision and cancellation as well as disaster risk.

Non-life underwriting risk is the risk of insured losses and costs exceeding income. It essentially consists of the following components:

- Risk from extreme loss events, particularly natural disasters
- Risk from unprofitable contracts due to inappropriate premium structures
- Risk from claims that have already occurred but are not sufficiently known or reserved
- Cancellation risk (decline in the contribution margin following a sharp fall in the portfolio)
- Cost risk

Health underwriting risk is broken down into health underwriting risk by type of non-life insurance and by type of life insurance, depending on the structure of the contract. The risk by type of life insurance is not relevant for VIG Holding. The health underwriting risk by type of non-life insurance corresponds to the accident insurance underwritten through reinsurance and includes the traditional non-life underwriting risks. Losses can arise from cumulative events with a large number of fatalities and injuries, for example, but these are reinsured accordingly.

Credit risk/counterparty default risk is the risk of a loss or an unfavourable change in the value of assets and financial instruments resulting from the unexpected default of a counterparty or debtor. Credit risk is present in investments such as bonds, loans and deposits, as well as in other underwriting and non-underwriting receivables and cash deposits at banks.

Liquidity risk is the risk that necessary funds can only be provided at additional cost in order to fulfil short and long-term payment obligations that fall due. This includes losses associated with an asset/liability mismatch, for example.

Operational risk describes the risk of losses in connection with business operations. These are caused by faulty internal processes, inadequate controls, incorrect estimates or faulty models. Examples of operational risks are fraud by third parties, failure of IT systems and human error.

Intangible asset risk reflects the risk of loss or an unfavourable change in the value of intangible assets.

Strategic risk includes unfavourable business performance as a result of incorrect business and investment decisions, poor communication and implementation of corporate goals and a company's inability to adapt to the economic environment. Conflicting business objectives are also a strategic risk.

Reputation risk is the risk of negative changes in business due to damage to a company's reputation or that of its brands. Reputational damage can shake the confidence of customers, investors or the company's own employees in the business and consequently lead to financial losses. Causes include incorrect advice when selling products, poor customer service, misinformation to investors, negative media coverage, particularly in connection with sustainability or other non-financial risks, and reputational damage that spreads from one company to another.

RISKS IN CONNECTION WITH THE GEOPOLITICAL SITUATION AND THE CURRENT MACROECONOMIC ENVIRONMENT

Despite the ongoing war of aggression in Ukraine, the overall economic situation calmed down in the year under review. However, there was a latent potential threat to the macroeconomy due to the conflict over Taiwan, which was exacerbated by the terrorist attack on Israel in October and the subsequent escalation in the Middle East.

Inflation slowed significantly in almost all markets in which VIG operates, but nevertheless remained at a high level. The future development of the financial markets and the economy in general continues to be characterised by a high level of uncertainty, making this one of the most significant risks for VIG.

HANDLING OF SUSTAINABILITY RISKS

Sustainability risks are both risks to which the Company is exposed (outside-in perspective) and risks that have a potential negative impact on society or the environment due to VIG's business activities (inside-out perspective). These risks have always been implicitly or, in some cases, explicitly taken into account as part of risk management.

In order to ensure a structured approach to identifying sustainability risks in the Group and to adequately reflect both perspectives, a Group-wide risk catalogue has also been created explicitly with regard to sustainability risks, taking into account the guidelines of the Austrian Financial Market Authority on dealing with sustainability risks. The VIG insurance companies regularly review this risk catalogue for completeness as part of a standardised Group risk management process and supplement it if necessary. The catalogue therefore also forms the basis for the consideration of sustainability risks within the existing risk management processes for assessing, analysing and managing the Group's risks. In addition, the handling of sustainability risks within risk management was also explicitly addressed in the internal (risk management) guidelines.

In the year under review, the sustainability risks relevant to the Group were again identified and assessed in the individual VIG insurance companies and at the insurance Group level based on the risk profile described above. The results were recorded in the Group ORSA report. Overall, the analysis showed that VIG's sustainability risks are currently mainly at a low to medium level. However, it is expected that these risks will continue to become more relevant, not least due to the increasing importance of this topic. The process described above for the Group-wide identification and assessment of sustainability risks will be significantly expanded as part of the preparations for the new reporting obligations under the ESRS (European Sustainability Reporting Standards).

REGULATORY FRAMEWORK

The VIG Insurance Group is subject to (insurance) regulatory requirements in Austria and abroad. These requirements govern, among other things:

- the capital adequacy of insurance companies and insurance groups,
- the admissibility of investments to secure underwriting provisions,
- licences of the various insurance companies in the VIG Insurance Group,
- marketing activities and the sale of insurance contracts, and
- policyholder cancellation rights.

Changes to the legal framework may require reorganisation and thus result in increased costs.

RISKS FROM ACQUISITIONS AND MERGERS

In the past, VIG Holding has directly and indirectly acquired a number of companies in Central and Eastern Europe or acquired participations in them. Mergers of subsidiaries are considered if the resulting synergy effects are greater than the advantages of a diversified market presence.

Acquisitions and mergers often entail challenges in terms of corporate management, organisation, processes and financing, such as:

- the need to integrate the infrastructure of the acquired or merging company, including management information systems and systems for risk management and controlling,
- the regulation of open legal or regulatory issues and the associated legal and compliance risks arising from the acquisition or merger,
- the integration of marketing, customer service and product offerings,
- the integration of different corporate and management cultures, and
- the harmonisation of business and reporting processes and the consideration of Group requirements.

INTERNAL CONTROL AND RISK MANAGEMENT SYSTEM IN THE ACCOUNTING PROCESS

General structure and organisation

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

The ICS itself is comprised of all measures and control activities used to minimise risks – particularly for the areas of accounting and compliance, but also for other operational risks. It extends from specially established processes, organisational units such as accounting and controlling, all the way to guidelines, regulations and individual controls within processes, such as automated audits or use of the "four-eyes" principle.

Important control elements in the accounting process

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

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

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

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

The financial statement process includes the aggregation of all data from accounting and upstream processes for the annual financial statements. The financial statements are submitted to the appropriate area head for review and further consultation with the Managing Board. The Managing Board provides final approval of the financial statements. The auditor takes the internal control system into account during the financial statement audit to the extent that it is relevant to preparation of the annual financial statements.

Effectiveness and controls

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

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

DISCLOSURES IN ACCORDANCE WITH SECTION 243A AND SECTION 243 (3) (3) UGB

Detailed information on the disclosures in accordance with Section 243a and Section 243 (3) (3) UGB is available in the notes to the financial statements on page 33.

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

The disclosures on outsourcing in accordance with Section 156 (1) (1) in conjunction with Section 109 VAG are explained in more detail below:

VIG Holding
For VIG Holding, it was decided to outsource IT services to internal and external IT service providers. In 2023, there were outsourcing agreements approved by the supervisory authorities with IBM Austria (Internationale Büromaschinen Gesellschaft m.b.H.), the internal Group IT system provider twinformatics GmbH and VIG IT-Digital Solutions GmbH ("VIG IT-DS"), each based in Austria.

VIG IT-DS was founded by VIG Holding in order to focus even more strongly on IT services to be provided throughout the Group and to have these services provided by a company that focuses on this area. The outsourcing agreement concluded with VIG IT-DS has been in place since 1 January 2023 and transfers final responsibility for all VIG solutions (SAP NewGL, IFRS 9/17, Readsoft and some smaller supporting applications) to VIG IT-DS (with twinformatics as the main sub-service provider). twinformatics GmbH has also assumed overall responsibility for all IT services for the Austrian VIG insurance companies (with the exception of the services transferred to VIG IT-DS) and concludes any necessary sub-outsourcing agreements in accordance with legal and regulatory requirements and after consultation with the VIG insurance companies. The outsourcing agreement with IBM Austria ended on 28 February 2023. In addition to these outsourcing agreements, VIG Holding has not outsourced any critical or important functions or business activities.

OUTLOOK

Economic outlook
For the eurozone, the Central and Eastern Europe region and also for Austria, a further continuous fall in inflation and interest rates is expected, accompanied by a gradual improvement in external demand, but also in consumer sentiment and hence in domestic demand; the basis for a moderate economic recovery in 2024. A further flattening of the inflation rate in 2024 is seen as the main risk factor with regard to inflation.

The first modest signs of growth from industry are expected for the eurozone in the course of 2024, although growth in the first quarter of 2024 is still expected to be rather weak. However, this recovery in industry could be delayed by persistently high inventories in some sectors. Private consumption should provide another mildly positive boost in 2024. Positive real wage growth, which is expected for the first time in two years, combined with a fundamentally robust labour market could be the main drivers here. Despite the somewhat stagnant development in 2023, there was no increase in the unemployment rate in the eurozone, apparently due to a general labour shortage as a result of demographic change.

Overall, Erste Group analysts expect real GDP growth to accelerate to 0.7% in 2024 compared to the previous year. If this recovery gains further traction in the second half of 2024, an increase in growth to 1.1% should be possible in 2025.

Inflation in the eurozone should fall to 2.5% in 2024. Depending on how energy prices in particular develop, a more volatile inflation trend is possible over the course of the year.

In Austria, too, an expected easing of inflationary pressure should generally impact positively on real incomes and therefore have a moderately positive effect on consumer demand in 2024. 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 some volatility in energy prices, Austrian inflation should continue to fall in 2024 as pressure from these prices eases. Inflation in the services sector, supported by wage increases, should keep core inflation at a high level for a while longer. This means that Harmonised Index of Consumer Prices (HICP) inflation is expected to fall significantly to 3.5% in 2024.

A gradual recovery is also expected in Central and Eastern Europe in 2024 (real GDP growth in CEE8 should accelerate to 2.4% year-on-year). Recent improvements in sentiment indicators underpin this expectation. The Economic Sentiment Indicator (ESI) has steadily recovered over the course of 2023 and therefore also supports the expectation of improving private demand in 2024. Real wage growth, falling inflation and an easing of monetary policy, which has already begun in the CEE region, are likely to increase household spending.

On the other hand, the high cost of living, continued uncertainty and a strengthening of the savings rate to replenish savings could slow the pace of recovery. Investment growth in the region should be supported by the continued inflow of EU funds, as the funds from the Recovery and Resilience Fund cushion the transition between EU budget periods, which would normally have been associated with lower investment activity. The addition of REPowerEU funds will significantly increase the funds available. The main risk for the region's expectations is weaker development in Germany as the region's main export destination.

In 2024, the pace of disinflation is also likely to slow significantly in the Central and Eastern Europe region due to the diminishing effect of external factors (oil and food prices). Demand pressure is also expected to remain high due to the tight labour market, as nominal wage growth (including a double-digit increase in minimum wages) will have an inflationary effect. Overall, inflation in most CEE countries is expected to remain well above the inflation target throughout 2024 with a regional average of 4.5%. In a year-on-year comparison, the Czech Republic should come closest to this target at 2.4%, while Romania still has the longest way to go at 5.5%.

Outlook for VIG Insurance Group
As a market leader in Central and Eastern Europe, the Vienna Insurance Group with its some 29,000 employees is in an excellent position to take advantage of the opportunities available in this region and the long-term growth options they offer. It is therefore implementing its VIG 25 strategic programme, which was developed together with the CEOs of the VIG insurance companies

based on trends and developments in the insurance business and will run each financial year through to 2025. In addition to creating lasting value and achieving sustainability targets in the six spheres of activity of investment, underwriting, office operations, employees, customers and society, one of the core objectives of the programme is to expand the leading market position in Central and Eastern Europe with the ambition of achieving at least a top 3 market position in every CEE market except Slovenia. The successful takeover of the companies in Poland, Romania, Türkiye and Hungary that were formerly part of the Dutch Aegon Group is a major step in this direction. This took VIG to number one in the Hungarian market.

A range of 150 to 200% is still defined for the VIG Group solvency ratio, without taking into account transitionals for underwriting provisions used by some individual Group companies.

As part of the new dividend policy, which sets the previous year's dividend as the minimum dividend and provides for a continuous increase depending on the operating earnings situation, the Managing Board is recommending to the Company's boards that the dividend be increased from EUR 1.30 to EUR 1.40 per share for financial year 2023. This corresponds to an increase of 7.7% compared to the previous year.

The Vienna Insurance Group has so far managed the effects of the challenging geopolitical and economic environment very well and continues to focus on the success factors of continuity, stability and diversity. On this basis, a positive earnings performance is also expected for financial year 2024 despite the volatile environment. The management of VIG is therefore pursuing the ambition of achieving a result before taxes within a range of EUR 825 to EUR 875 million for financial year 2024.

Outlook for VIG Holding

VIG Holding has set a goal for financial year 2023 of increasing its premium volume from international reinsurance and cross-border corporate business. Together with the insurance companies, VIG Holding will also continue to focus on the strategic direction of the "VIG 25" strategic programme and aim to optimise processes and profitability.

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

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

Vienna, 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

Annual financial statements

BALANCE SHEET AS OF 31 DECEMBER 2023

Assets	31.12.2023	31.12.2022
	in EUR	in EUR '000
A. Intangible assets	22,627,624.26	24,184
I. Other intangible assets	22,627,624.26	24,184
B. Investments	7,312,049,832.18	7,437,862
I. Land and buildings	175,339,628.26	155,279
II. Investments in affiliated companies and participations	5,598,242,855.25	5,385,313
1. Shares in affiliated companies	5,205,632,067.08	4,862,714
2. Bonds and other securities of affiliated companies and loans to affiliated companies	368,394,716.98	498,382
3. Participations	24,216,071.19	24,216
III. Other investments	698,593,094.73	678,804
1. Shares and other non-fixed-interest securities	9,124,173.12	6,521
2. Bonds and other fixed-interest securities	334,719,107.49	331,285
3. Mortgage receivables	1,932,000.01	2,018
4. Other loans	955,119.34	941
5. Bank deposits	351,862,694.77	338,040
IV. Deposits on assumed reinsurance business	839,874,253.94	1,218,466
C. Receivables	549,871,205.91	328,542
I. Receivables from direct insurance business	115,934,380.62	89,577
1. from policyholders	29,049,127.50	23,595
2. from insurance intermediaries	0.00	129
3. from insurance companies	86,885,253.12	65,852
II. Receivables from reinsurance business	242,829,383.06	69,070
III. Other receivables	191,107,442.23	169,896
D. Pro rata interest	14,486,723.15	12,940
E. Other assets	386,837,279.57	974,104
I. Tangible assets (not incl. land and buildings)	3,299,864.33	1,697
II. Current bank balances and cash on hand	383,535,781.09	972,406
III. Other assets	1,634.15	1
F. Deferred charges	15,480,843.70	13,306
Total ASSETS	8,301,353,508.77	8,790,939

BALANCE SHEET AS OF 31 DECEMBER 2023

Liabilities and shareholders' equity	31.12.2023	31.12.2022
	in EUR	in EUR '000
A. Shareholders' equity	4,044,934,626.07	3,842,450
I. Share capital		
Par value	132,887,468.20	132,887
II. Capital reserves		
Committed reserves	2,267,232,422.07	2,267,232
III. Retained earnings		
Free reserves	1,190,000,000.00	1,020,000
IV. Risk reserve	57,967,957.00	51,899
V. Net retained profits	396,846,778.80	370,432
of which brought forward	204,031,503.00	178,352
B. Subordinated liabilities	1,214,413,000.00	1,684,400
I. Hybrid bond	300,000,000.00	300,000
II. Supplementary capital bond	914,413,000.00	1,384,400
C. Underwriting provisions – retention	1,789,010,248.44	1,633,661
I. Unearned premiums	171,548,717.49	149,271
1. Gross	180,165,722.21	156,506
2. Reinsurers' share	-8,617,004.72	-7,234
II. Mathematical reserve	18,910,977.13	58,167
1. Gross	18,910,977.13	58,167
III. Liability for incurred claims	1,563,586,063.25	1,395,328
1. Gross	1,798,474,753.71	1,643,383
2. Reinsurers' share	-234,888,690.46	-248,055
IV. Provision for profit-unrelated premium refunds	4,283,639.57	10,656
1. Gross	4,283,639.57	10,656
V. Equalisation provision	25,835,851.00	16,335
VI. Miscellaneous underwriting provisions	4,845,000.00	3,904
1. Gross	4,845,000.00	3,904
D. Non-underwriting provisions	196,733,609.62	196,946
I. Provision for severance pay	1,121,866.00	1,087
II. Provision for pensions	71,641,481.00	69,512
III. Tax provisions	3,500,357.14	3,500
IV. Other provisions	120,469,905.48	122,848
E. Other liabilities	1,055,408,762.36	1,432,750
I. Liabilities from direct insurance business	151,756,539.66	158,791
1. to policyholders	16,016,286.54	5,753
2. to insurance intermediaries	156,227.49	4,687
3. to insurance companies	135,584,025.63	148,351
II. Liabilities from reinsurance business	61,307,965.77	12,131
III. Bond liabilities (excl. supplementary capital)	503,825,136.50	503,836
IV. Liabilities to banks	227,964,208.51	227,965
V. Other liabilities	110,554,911.92	530,028
F. Deferred charges	853,262.28	732
Total LIABILITIES AND SHAREHOLDERS' EQUITY	8,301,353,508.77	8,790,939

INCOME STATEMENT FOR THE FINANCIAL YEAR FROM 1 JANUARY TO 31 DECEMBER 2023

Underwriting account	2023	2022
	in EUR	in EUR '000
1. Net earned premiums	**1,456,437,455.88**	1,305,496
Premiums written	1,520,543,885.65	1,356,823
Gross	1,669,758,240.10	1,499,318
Ceded reinsurance premiums	-149,214,354.45	-142,495
Change in unearned premiums	-64,106,429.77	-51,327
Gross	-65,407,637.31	-54,035
Reinsurers' share	1,301,207.54	2,708
2. Investment income from underwriting business	**58,984,127.03**	36,974
3. Other underwriting income	**944,561.79**	1,205
4. Expenses for claims and insurance benefits	**-1,021,372,343.70**	-826,754
Payments for claims and insurance benefits	-841,889,061.44	-695,675
Gross	-936,280,078.23	-748,617
Reinsurers' share	94,391,016.79	52,943
Change in provision for outstanding claims	-179,483,282.26	-131,080
Gross	-167,002,605.25	-204,284
Reinsurers' share	-12,480,677.01	73,204
5. Increase in underwriting provisions	**-941,000.00**	-14,801
Mathematical reserve	0.00	-13,752
Gross	0.00	-13,752
Other underwriting provisions	-941,000.00	-1,049
Gross	-941,000.00	-1,049
6. Reduction of underwriting provisions	**14,939,139.68**	0
Mathematical reserve	14,939,139.68	0
Gross	14,939,139.68	0
7. Expenses for profit-unrelated premium refunds	**6,371,884.43**	4,636
Gross	6,371,884.43	4,636
8. Administrative expenses	**-466,681,311.74**	-453,115
Acquisition expenses	-466,397,122.81	-454,555
Other administrative expenses	-5,336,819.32	-4,528
Reinsurance commissions and profit commissions from reinsurance cessions	5,052,630.39	5,968
9. Other underwriting expenses	**-6,883,880.05**	-3,198
10. Change to equalisation provision	**-9,500,426.00**	-2,318
Underwriting result	32,298,207.32	48,124

INCOME STATEMENT FOR THE FINANCIAL YEAR FROM 1 JANUARY TO 31 DECEMBER 2023

	2023	2022
	in EUR	in EUR '000
Underwriting result	32,298,207.32	48,124
Non-underwriting account:		
1. Income from investments and interest income	802,834,996.49	634,623
Income from participations	413,817,191.93	411,014
Income from land and buildings	13,313,899.80	13,729
Income from other investments	50,056,599.82	31,963
Income from appreciations	234,711,373.11	90,968
Income from the disposal of investments	7,195,043.44	40,304
Other investment and interest income	83,740,888.39	46,644
2. Expenses for investments and interest expenses	-423,922,612.99	-475,363
Expenses for asset management	-138,526,346.18	-93,355
Depreciation of investments	-171,488,550.20	-243,692
Interest expenses	-89,851,232.87	-96,934
Losses from the disposal of investments	-19,035,848.48	-20,951
Other investment expenses	-5,020,635.26	-20,431
3. Investment income transferred to the underwriting account	-58,984,127.03	-36,974
4. Other non-underwriting income	25,900,863.75	13,334
5. Other non-underwriting expenses	-30,084,261.67	-14,303
6. Result from ordinary activities	348,043,065.87	169,442
7. Taxes on income	20,841,657.93	42,235
8. Profit for the period	368,884,723.80	211,676
9. Transfer to reserves	-176,069,448.00	-19,596
Transfer to free reserves	-170,000,000.00	-13,285
Transfer to risk reserve	-6,069,448.00	-6,312
10. Profit for the year	192,815,275.80	192,080
11. Retained profits brought forward	204,031,503.00	178,352
Net retained profits	396,846,778.80	370,432

NOTES TO THE FINANCIAL STATEMENTS FOR 2023

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The annual financial statements as of 31 December 2023 were prepared in accordance with the accounting provisions of the Austrian Commercial Code (UGB) and the special provisions of the Austrian Insurance Supervision Act (VAG), as amended, and in accordance with Austrian generally accepted accounting principles and the general standard of presenting a true and fair view of the net assets, financial position and results of operations of the Company. Measurement was performed assuming the Company would continue as a going concern.

The measurement methods that were previously used were also used in financial year 2023.

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

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

Intangible assets were reported at cost less amortisation based on a useful life of two to twelve years.

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

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

Valuation using the less strict lower-of-cost-or-market principle resulted in write-downs of EUR 13,933,000 (EUR 36,846,000) not being performed.

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

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

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

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

As at 31 December 2023, there were four currency futures contracts in the currencies HUF, CZK and PLN with a term ending on 23 May 2024 and 10 June 2024 respectively. The transactions are being used to hedge future dividends in foreign currency. The two currency futures contracts with a negative market value on the reporting date form a provision for impending losses totalling EUR 492,000 (EUR 1,685,000).

The remaining 2 currency futures contracts had a positive market value of EUR 1,176,000 (EUR 0) as at the reporting date.

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

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

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

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

Unearned premiums were essentially calculated by prorating over time after applying a deduction for expenses (15%) of EUR 7,879,000 (EUR 5,367,000).

The provision for outstanding claims for direct business is calculated for claims reported by the balance sheet date by individually assessing claims that have not yet been settled and adding lump-sum safety margins for large unexpected losses. Lump-sum provisions based on past experience are formed for claims incurred but not reported. Recourse claims of EUR 610,000 (EUR 3,360,000) were included. The provisions for profit-unrelated premium refunds relate to premium refunds in certain insurance classes that are contractually guaranteed to policyholders in the event that there are no claims or a low level of claims. This provision is formed at the individual policy level.

Indirect business includes assumed property and casualty insurance as well as health and life insurance business. In indirect business, liability for incurred claims and the liability for remaining coverage are primarily based on reports from assignors as of the 31 December 2023 balance sheet date. The reported amounts were increased where this was considered necessary in light of past experience.

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

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

Provisions for severance pay, pensions, and anniversary bonuses are calculated on the basis of the principles for the calculation of pension insurance of the Actuarial Association of Austria (AVÖ), AVÖ 2018-P (Employees), assuming a wage growth rate of:

- Wage growth rate (2024): 8.0% (6.5%)
- Wage growth rate (2025): 5.0% (3.5%)
- Wage growth rate (2026): 3.5% (2.5%)
- Wage growth rate (2027): 2.5% (2.0%)
- Wage growth rate (from 2028): 2.0% p.a. (2.0%)

and a discount rate of 1.51% (1.14%) p.a. for the severance provision, 1.80% (1.53%) for the pension provision and 1.67% (1.35%) for the anniversary bonus provision. The discount rate used was based on the 7-year average interest rate as published by the German Bundesbank. The severance pay, pension and anniversary bonus obligations were valued using the projected unit credit method. The retirement age used to calculate the provisions for anniversary bonuses and severance pay is the statutory minimum retirement age as stipulated in the Austrian General Social Security Act (ASVG) (2004 reform), subject to a maximum age of 62 years. The retirement age used to calculate the provision for pensions is based on each individual agreement, or the statutory minimum retirement age as stipulated in the Austrian General Social Security Act (ASVG) (2004 reform). The following percentages were used for employee turnover based on age: <31 4.0%, 31–35 2.0%, 36–40 2.0%, 41–50 1.5%, 51–55 0.5% and 56–65 0%. The severance entitlement used to calculate the provision for severance obligations is based on each individual agreement or on the collective agreement. The following percentages were used for employee turnover based on age: <30 5.5%, 30–39 2.0%, 40–50 1.5%, 51–59 1.0% and 60–65 0.5%.

EUR 3,478,000 (EUR 3,268,000) in provisions have been formed for direct pension obligations. A portion of the direct benefits equal to EUR 260,000 (EUR 255,000) will be administered as an occupational group insurance plan after an insurance contract has been concluded in accordance with Sections 93–98 VAG, so that the provision will equal the overall obligation less the outsourced plan assets.

The provision for severance obligations required under Austrian commercial law for 2023 was EUR 2,696,000 (EUR 2,694,000).

The amount earmarked for satisfying the outsourced severance pay obligations that was held by the outside insurance company was EUR 1,574,000 (EUR 1,607,000).

The difference of EUR 1,122,000 (EUR 1,087,000) between the size of the severance pay provisions to be formed under Austrian commercial law and the deposit held by the outside insurance company is reported under provisions for severance pay in the balance sheet.

II. NOTES TO THE BALANCE SHEET

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

in EUR '000	Intangible assets	Land and buildings	Shares in affiliated companies	Bonds and other securities of affiliated companies and loans to affiliated companies	Participations
As of 31 December 2022	24,184	155,279	4,862,714	498,382	24,216
Additions	1,559	26,088	598,739	10,292	0
Disposals	0	216	314,049	152,000	0
Appreciation	0	0	222,633	11,721	0
Depreciation	3,115	5,811	164,405	0	0
As of 31 December 2023	22,628	175,340	5,205,632	368,395	24,216

Intangible assets with a value of EUR 894,000 (EUR 5,702,000) were acquired from affiliated companies during the financial year. The value of developed and undeveloped properties was EUR 27,874,000 (EUR 28,090,000) as of 31 December 2023.

The carrying amount of self-used property was EUR 22,398,000 (EUR 22,070,000).

The investments have the following carrying amounts and fair values:

Items under § 144 Abs. 2 VAG in EUR '000	Book Value 2023	Fair value 2023	Book Value 2022	Fair value 2022
Land and buildings	175,340	648,092	155,279	649,359
thereof appraisal reports 2019	0	0	7,565	11,360
thereof appraisal reports 2020	32,382	65,500	36,320	94,124
thereof appraisal reports 2021	22,114	179,620	19,262	186,710
thereof appraisal reports 2022	44,814	249,290	92,132	357,165
thereof appraisal reports 2023	76,030	153,682		
Shares in affiliated companies	5,205,632	8,529,566	4,862,714	9,368,356
Bonds and other securities of affiliated companies and loans to affiliated companies	368,395	379,004	498,382	505,707
Participations	24,216	32,057	24,216	31,198
Shares and other non-fixed-interest securities	9,124	9,320	6,521	6,784
Bonds and other fixed-interest securities	334,719	323,074	331,285	294,708
Mortgage receivables	1,932	1,802	2,018	1,724
Other loans	955	501	941	437
Bank balances	351,863	351,863	338,040	338,040
Deposits receivables	839,874	839,874	1,218,466	1,218,466
Total	7,312,050	11,115,153	7,437,862	12,414,780

Hidden reserves fell by EUR 1,173,815,000 to a total of EUR 3,803,103,000 (EUR 4,976,918,000).

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

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

Stock exchange values were used as far as possible for the fair value of shares and other non-fixed interest securities, and of bonds and other fixed interest securities (including those from affiliated companies). The Company uses purchased software to calculate the fair value of securities that do not have public market or stock market values based on discounted cash flows.

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

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

Other loans not secured by insurance contracts are loans of EUR 955,000 (EUR 940,000) to the Republic of Austria and loans of EUR 0 (EUR 0) to other borrowers. Other loans do not include any loans (EUR 0) with remaining terms of up to one year.

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

Name	2023	2022
in EUR '000		
RT1 Supplementary capital bond 2021	300,000	300,000
Supplementary capital bond 2013 – 2043	0	284,400
Supplementary capital bond 2015 – 2046	214,413	400,000
Supplementary capital bond 2017 – 2047	200,000	200,000
Supplementary capital bond 2022 - 2042	500,000	500,000
Total	1,214,413	1,684,400

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

in EUR '000	Affiliated companies 2023	Affiliated companies 2022	Companies in which an ownership interest is held 2023	Companies in which an ownership interest is held 2022
Mortgage receivables	1,932	2,018	0	0
Deposits receivables	839,874	1,218,466	0	0
Receivables from direct insurance business	10,683	6,280	0	0
Receivables from reinsurance business	162,757	33,250	0	0
Other receivables	177,693	155,205	0	0
Liabilities from direct insurance business	7,675	3,845	0	0
Liabilities from reinsurance business	54,460	4,037	0	0
Other liabilities	8,795	425,987	0	0

The change in personnel provisions was recognised in personnel expenses. Interest expenses for personnel provisions of EUR 893,000 (EUR 5,339,000) are reported under investment and interest expenses.

Other provisions of EUR 120,470,000 (EUR 122,848,000) mainly consist of IT provisions of EUR 49,015,000 (EUR 52,060,000), provisions for unused holiday time of EUR 3,673,000 (EUR 3,257,000), provisions for variable salary components of EUR 10,227,000 (EUR 9,972,000), provisions for customer support and marketing of EUR 616,000 (EUR 534,000) and provisions for anniversary bonuses of EUR 1,641,000 (EUR 1,471,000).

The amount shown under other liabilities includes EUR 6,465,000 (EUR 2,912,000) in tax liabilities and EUR 697,000 (EUR 607,000) in social security liabilities.

The following disclosures are provided for off-balance sheet contingent liabilities: The letter of comfort recognised in 2022 (EUR 75,000,000) in connection with borrowings was revoked in 2023. VIG Holding has assumed guarantees of EUR 409,767,000 (EUR 470,419,000) for "Additional equity capital", including in December 2019 vis-à-vis its subsidiary Wiener Städtische Versicherung AG Vienna Insurance Group for EUR 350,000,000, in December 2022 vis-à-vis its subsidiary VIG RE zajist'ovna, a.s. for EUR 22,000,000, and since 2023 vis-à-vis its subsidiary BTA Baltic Insurance Company for EUR 2,000,000 and its subsidiary Vienna-Life Lebensversicherung AG for EUR 10,000,000.

Liabilities arising from the use of off-balance sheet tangible assets were EUR 2,270,000 (EUR 2,166,000) for the following financial year and EUR 12,050,000 (EUR 11,163,000) for the following five years.

III. NOTES TO THE INCOME STATEMENT

Premiums written, net earned premiums, expenses for insurance claims and benefits, administrative expenses and reinsurance balance had the following breakdown for property and casualty insurance in 2023:

Gross	Premiums written	Net earned premiums	Expenses for claims and insurance benefits	Administrative expenses	Reinsurance balance
in EUR '000					
Direct business					
Fire and fire business interruption insurance	269,983	261,049	200,423	18,924	-45,577
Liability insurance	4,464	4,679	471	583	-2,375
Marine, aviation and transport insurance	4,487	4,507	1,732	625	-2,039
Other non-life insurance	34,974	29,437	14,698	2,865	-715
Total direct business	**313,908**	**299,672**	**217,324**	**22,997**	**-50,706**
(Previous year values)	250,734	238,564	215,455	18,472	-1,681
Indirect business					
Marine, aviation and transport insurance	0	0	26	-1	25
Other insurance	1,330,731	1,278,916	850,289	444,019	-10,269
Total indirect business	**1,330,731**	**1,278,916**	**850,315**	**444,018**	**-10,244**
(Previous year values)	1,210,926	1,171,399	717,311	436,289	-5,991
Total direct and indirect business	**1,644,639**	**1,578,588**	**1,067,639**	**467,015**	**-60,950**
(Previous year values)	1,461,660	1,409,963	932,766	454,761	-7,672

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

The run-off result for property and casualty insurance was EUR 44,805,000 (EUR 3,574,000) for financial year 2023.

In indirect business, premiums written of EUR 25,016,000 (EUR 21,484,000) for health insurance and EUR 103,000 (EUR 16,174,000) for life insurance were assumed. The reinsurance balance from assumed health and life insurance business was EUR 0 (EUR 0).

The result from indirect business was EUR 43,906,000 (EUR 51,883,000). The net earned premiums of EUR 1,304,678,000 (EUR 1,206,720,000) from indirect business were included immediately in the income statement.

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

	2023	2022
in EUR '000		
Income from participations	411,081	408,214
Income from other investments	29,226	25,500
Income from land and buildings	856	636

In the financial year, distributions totalling EUR 85,000 (EUR 21,000) were made from the funds in portfolio.

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

Losses from disposals of investments were EUR 19,036,000 (EUR 20,951,000) in financial year 2023.

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

in EUR '000	2023	2022
Wages and salaries	37,097	34,465
Expenses for severance benefits and payments to company pension plans	563	1,103
Expenses for retirement provisions	2,032	1,249
Expenses for statutory social contributions and income-related contribution and mandatory contributions	7,371	6,778
Other social security expenses	214	196

Commissions of EUR 16,408,000 (EUR 12,415,000) were incurred for direct business in financial year 2023.

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

No deferred income taxes were recognised on temporary differences between the results under commercial law and taxable earnings. The tax rate selected for deferred taxes would be 20.7% (20.7%) based on the terms and conditions of the tax allocation agreement with the parent company. The tax rate is attributable to the 2022 eco-social tax reform and the associated gradual reduction of the corporate income tax rate.

Deferred taxes

in EUR '000	31.12.2023	31.12.2022
Shares in affiliated companies	19,800	26,850
Investments	-1,732	-11,608
Tangible assets (not incl. land and buildings) and inventories	121	109
Valuation reserve	-18,891	-19,436
Subordinated liabilities	5,759	8,253
Underwriting provision – retention	107,390	92,339
Long-term personnel provisions	44,935	46,096
Other provisions	25,093	13,687
Temporary differences (not subject to tax)	182,475	156,290

IV. MATERIAL PARTICIPATIONS

Company	Direct interest in capital (%)	Equity capital (EUR '000)	Share of capital (EUR '000)	Result of the year (EUR '000)	Share of profit for the year (EUR '000)	Last annual financial statements
Affiliated companies						
ASIGURAREA ROMANEASCA - ASIROM VIENNA INSURANCE GROUP S.A., Bukarest	88.77	81,988	72,782	2,980	2,645	2023
ATBIH GmbH, Vienna	68.97	179,157	123,559	24,661	17,008	2023
BCR Asigurari de Viata Vienna Insurance Group S.A., Bucharest	93.98	47,097	44,261	2,606	2,449	2023
BTA Baltic Insurance Company AAS, Riga	100.00	73,639	73,639	10,406	10,406	2023
Beesafe Spolka z Ogranziczona Odpowiedzialnoscia, Warsaw	77.27	8,736	6,750	-5,204	-4,021	2022
Compania de Asigurari "DONARIS VIENNA INSURANCE GROUP" Societate pe Actiuni, Chisinau	99.99	8,323	8,322	1,717	1,717	2023
CARPATHIA Pensii-Societate de Administrare a Fondurilor de Pensii private S.A., Floresti	100.00	10,828	10,828	1,723	1,723	2022
Ceská podnikatelská pojist'ovna, a.s., Vienna Insurance Group, Prague	100.00	131,472	131,472	31,319	31,319	2023
Compensa Life Vienna Insurance Group SE, Tallinn	100.00	83,678	83,678	9,818	9,818	2023
Compensa Towarzystwo Ubezpieczen Na Zycie Spolka Akcyjna Vienna Insurance Group, Warsaw	84.14	64,152	53,981	2,024	1,703	2023
Compensa Towarzystwo Ubezpieczen Spolka Akcyjna Vienna Insurance Group, Warsaw	76.01	80,760	61,383	-24,169	-18,370	2023
Compensa Vienna Insurance Group, akcine draudimo bendrove, Vilnius	100.00	63,180	63,180	6,515	6,515	2023
DONAU Versicherung AG Vienna Insurance Group, Vienna	74.24	125,323	93,036	19,939	14,802	2023
ELVP Beteiligungen GmbH, Vienna	100.00	63,218	63,218	35,193	35,193	2023
Foreign limited liability company "InterInvestUchastie", Minsk	99.95	198	198	1	1	2022
GLOBAL ASSISTANCE D.O.O. BEOGRAD, Belgrad	50.00	422	211	-77	-39	2022
GLOBAL ASSISTANCE SERVICES SRL, Bucharest	40.00	287	115	21	9	2022
GLOBAL ASSISTANCE SERVICES s.r.o., Prague	100.00	435	435	62	62	2022
GLOBAL ASSISTANCE SLOVAKIA s.r.o., Bratislava	40.00	79	32	18	7	2022
GLOBAL ASSISTANCE, a.s., Prague	60.00	5,986	3,592	1,736	1,042	2023
Global Assistance Polska Spolka z ograniczona odpowiedzialnoscia, Warsaw	30.77	318	98	53	16	2022
Global Services Bulgaria JSC, Sofia	50.00	461	231	97	49	2022
INSURANCE ONE-SHAREHOLDER JOINT-STOCK COMPANY BULSTRAD VIENNA INSURANCE GROUP EAD, Sofia	100.00	92,416	92,416	24,073	24,073	2023
INTERSIG VIENNA INSURANCE GROUP Sh.A., Tirana	89.98	8,399	7,558	1,481	1,333	2023
Insurance Company Vienna osiguranje d.d., Vienna Insurance Group, Sarajevo	100.00	10,703	10,703	631	631	2023
Stock Company for Insurance and Reinsurance MAKEDONIJA Skopje - Vienna Insurance Group, Skopje	94.50	25,410	24,013	604	571	2023
InterRisk Towarzystwo Ubezpieczen Spolka Akcyjna Vienna Insurance Group, Warsaw	100.00	69,928	69,928	9,334	9,334	2023
InterRisk Versicherungs-AG Vienna Insurance Group, Wiesbaden	100.00	64,320	64,320	29,200	29,200	2023
Joint Stock Insurance Company WINNER LIFE - Vienna Insurance Group Skopje, Skopje	100.00	4,621	4,621	432	432	2022
KOMUNALNA poistovna, a.s. Vienna Insurance Group, Bratislava	100.00	57,800	57,800	3,784	3,784	2023
KOOPERATIVA poist'ovna, a.s. Vienna Insurance Group, Bratislava	94.37	407,689	384,723	33,342	31,464	2023
KUPALA Belarusian-Austrian Closed Joint Stock Insurance Company, Minsk	52.34	14,181	7,423	1,614	845	2022

Company	Direct interest in capital (%)	Equity capital (EUR '000)	Share of capital (EUR '000)	Result of the year (EUR '000)	Share of profit for the year (EUR '000)	Last annual financial statements
Affiliated companies						
Kooperativa, pojist'ovna, a.s. Vienna Insurance Group, Prague	95.84	679,414	651,160	155,516	149,049	2023
LVP Holding GmbH, Vienna	100.00	642,210	642,210	27,007	27,007	2023
OMNIASIG VIENNA INSURANCE GROUP S.A., Bucharest	99.54	154,385	153,679	5,656	5,630	2023
Private Joint Stock Company "Insurance Company "USG", Kiew	7.07	14,158	1,002	3,097	219	2023
PRIVATE JOINT-STOCK COMPANY "UKRAINIAN INSURANCE COMPANY "KNIAZHA VIENNA INSURANCE GROUP", Kiew	90.56	10,922	9,891	2,203	1,995	2023
Private Joint-Stock Company "INSURANCE COMPANY "KNIAZHA LIFE VIENNA INSURANCE GROUP", Kiew	97.94	6,515	6,381	1,605	1,572	2023
RISK CONSULT Sicherheits- und Risiko-Managementberatung Gesellschaft m.b.H., Vienna	90.00	1,079	971	590	531	2022
Ray Sigorta Anonim Sirketi, Istanbul	12.67	59,722	7,568	31,798	4,029	2023
SIA "Global Assistance Baltic", Riga	33.33	250	83	-14	-5	2023
SIGMA VIENNA INSURANCE GROUP Sh.A., Tirana	89.05	18,095	16,114	2,670	2,378	2023
VIG AM Real Estate, a.s., Prague	100.00	741	741	93	93	2022
VIG HU GmbH, Vienna	100.00	99,800	99,800	-435	-435	2023
VIG IT - Digital Solutions GmbH, Vienna	100.00	6,916	6,916	112	112	2023
VIG Magyarország Befektetesi Zartköröen Müködö Reszvenytarsasag, Budapest	55.00	728,742	400,808	-46,572	-25,615	2023
VIG Management Service SRL, Bucharest	52.08	8,315	4,331	102	53	2022
VIG Poland/Romania Holding B.V., Amsterdam	100.00	92,570	92,570	11,635	11,635	2022
VIG Properties Bulgaria AD in Liquidation, Sofia	99.97	948	948	-150	-150	2023
VIG RE zajist'ovna, a.s., Prague	55.00	294,932	162,213	24,459	13,452	2023
VIG Services Ukraine, LLC, Kiew	6.98	1,143	80	96	7	2022
VIG Türkiye Holding B.V., Amsterdam	100.00	32,288	32,288	0	0	2023
VIG-CZ Real Estate GmbH, Vienna	90.00	147,640	132,876	92	83	2023
Vienna Insurance Group Polska Spolka z ograniczona odpowiedzialnoscia, Warsaw	51.43	13,935	7,167	-5,500	-2,829	2023
Vienna International Underwriters GmbH, Vienna	100.00	552	552	73	73	2022
Vienna Life Towarzystwo Ubezpieczen na Zycie S.A. Vienna Insurance Group, Warsaw	100.00	10,608	10,608	1,545	1,545	2023
Vienna-Life Lebensversicherung AG Vienna Insurance Group, Bendern	100.00	15,484	15,484	-30	-30	2023
WIENER STÄDTISCHE OSIGURANJE akcionarsko drustvo za osiguranje Beograd, Belgrad	100.00	43,591	43,591	10,690	10,690	2023
WIENER STÄDTISCHE VERSICHERUNG AG Vienna Insurance Group, Vienna	90.82	670,369	608,822	110,215	100,096	2023
Joint Stock Insurance Company WINNER-Vienna Insurance Group, Skopje	100.00	6,812	6,812	36	36	2023
Wiener Osiguranje Vienna Insurance Group a.d., Banja Luka	100.00	9,055	9,055	76	76	2023
Akcionarsko drustvo za zivotno osiguranje Wiener Städtische Podgorica, Vienna Insurance Group, Podgorica	100.00	3,196	3,196	471	471	2022
Wiener Towarzystwo Ubezpiezen Spolka Akcyjna Vienna Insurance Group, Warsaw	100.00	77,282	77,282	10,919	10,919	2023
Wiener osiguranje Vienna Insurance Group dionicko drustvo za osiguranje, Zagreb	97.82	68,322	66,832	5,421	5,303	2023
twinformatics GmbH, Vienna	20.00	3,797	759	393	79	2023
Participations						
Erste Asset Management GmbH, Vienna	0.76	133,767	1,015	70,107	532	2022
Wiener Börse AG, Vienna	8.50	178,614	15,184	34,583	2,940	2022

V. OTHER DISCLOSURES

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

The Managing Board is not aware of any restrictions on voting rights or the transfer of shares. Employees who hold shares exercise their voting rights without a proxy during General Meetings.

The Managing Board must have at least three and no more than eight members. The Supervisory Board has at least three and at most twelve members (shareholder representatives). Wiener Städtische Versicherungsverein, which directly and indirectly holds around 72.47% (72.47%) of the share capital, has the right to appoint up to one third of the members of the Supervisory Board if, and so long as, it holds 50% or less of the Company's voting shares. General Meeting resolutions are adopted by a simple majority, unless a different majority is required by law or the articles of association.

No shares have special rights of control. See the section indicated above for information on the rights of the shareholder Wiener Städtische Versicherungsverein.

As of the balance sheet date, the Company was not party to any material agreements that would come into effect, change or terminate if control of the Company were to change due to a takeover bid, in particular, no agreements that would affect participations held in insurance companies.

No compensation agreements exist between the Company and its Managing Board members, Supervisory Board members or employees covering the case of a public takeover bid.

The Managing Board is authorised under Section 169 Austrian Stock Corporation Act (AktG) to increase the share capital of the Company by a nominal amount of up to EUR 66,443,734.10 by issuing 64,000,000 no-par value bearer or registered shares or a combination of the two in one or more tranches on or before 20 May 2026 against cash or in-kind contributions. The terms of the shares, the exclusion of shareholder pre-emption rights, and other terms and conditions of the share issue are decided by the Managing Board, subject to Supervisory Board approval. Preferred shares without voting rights may also be issued, with rights equivalent to those of existing preferred shares. The issue prices of common and preferred shares may differ.

The General Meeting of 21 May 2021 authorised the Managing Board to issue, subject to Supervisory Board approval, one or more tranches of convertible bonds in accordance with Section 174 AktG with a total nominal value of up to EUR 2,000,000,000.00 on or before 20 May 2026, with conversion or subscription rights for up to 30,000,000 bearer ordinary shares of the Company representing a share of up to EUR 31,145,500.36 of the share capital, including authorisation to exclude shareholder pre-emption rights.

The share capital has consequently been raised in accordance with Section 159 (2) (1) AktG by a contingent capital increase of up to EUR 31,145,500.36 through the issue of up to 30,000,000 bearer ordinary shares. The contingent capital increase will only be implemented to the extent that holders of convertible bonds issued on the basis of the General Meeting resolution of 21 May 2021 exercise the subscription or exchange rights they were granted. The Managing Board has not adopted any resolutions to date concerning the issuance of convertible bonds based on the authorisation granted on 21 May 2021.

The General Meeting of 21 May 2021 further authorised the Managing Board to issue, subject to Supervisory Board approval in accordance with Section 174 (2) AktG, income bonds with a total nominal value of up to EUR 2,000,000,000.00

in one or more tranches on or before 20 May 2026, including authorisation to exclude shareholder pre-emption rights. The Managing Board has not adopted any resolutions to date regarding the issuance of income bonds based on this authorisation.

The General Meeting of 26 May 2023 authorised the Managing Board to acquire bearer ordinary shares in accordance with Sections 65 (1) (8), (1a) and (1b) AktG to the maximum extent permissible by law during a period of 30 months following the date the General Meeting resolution was adopted. The amount paid upon repurchase of the Company's own shares may not be more than a maximum of 50% below, or more than a maximum of 10% above, the average unweighted closing price on the Vienna Stock Exchange on the ten stock exchange trading days preceding the repurchase. The Managing Board may choose to make the purchase on the stock exchange, through a public offer or in any other legally permissible and expedient manner. If the repurchase is performed via a public offer, the end of the calculation period is determined based on the date on which the intention to make a public offer is announced (Sections 5 (2) and (3) of the Austrian Takeover Act (Übernahmegesetz)).

The General Meeting of 26 May 2023 authorised the Managing Board for a period of five years from the date of the resolution to use own shares, while excluding shareholder pre-emption rights,

- for servicing convertible bonds issued based on the resolution adopted by the General Meeting of 21 May 2021; and
- for sales in a manner permitted by law other than via the stock market or by means of a public offer.

The written report on the reasons for exclusion of shareholder pre-emption rights was submitted to the General Meeting. The Managing Board has not made use of these authorisations to date. The Group held none of its own shares on the balance sheet date.

On 9 October 2013 the Company issued a subordinated bond with a nominal value of EUR 500,000,000.00 and a maturity of 30 years. The Company can call the bond in full for the first time on 9 October 2023 and on each following coupon date. The subordinated bond bears interest at a fixed rate of 5.5% p.a. during the first ten years of its term and variable interest after that. The subordinate bond satisfies the tier 2 requirements of Solvency II. The bonds are traded on the Vienna Stock Exchange. On 15 June 2022, an early partial redemption of the subordinated bonds took place. Approximately 43% (EUR 215.6 million) was bought back. The remaining outstanding volume of the bonds (EUR 284.4 million) was terminated with effect from 9 October 2023.

On 2 March 2015 the Company issued a subordinated bond with a nominal value of EUR 400,000,000.00 and a maturity of 31 years. The Company can call the bond in full for the first time on 2 March 2026 and on each following coupon date. The subordinated bond bears interest at a fixed rate of 3.75% p.a. during the first eleven years of its term and variable interest after that. The subordinate bond satisfies the tier 2 requirements of Solvency II and is listed on the Luxembourg Stock Exchange. On 21 April 2023, an early partial redemption of the subordinated bonds took place. Approximately 46% (EUR 185.6 million) was bought back. The remaining outstanding volume of the bonds (EUR 214.4 million) continues to be recognised under the subordinated liabilities item.

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

In June 2021, a subordinated bond with a total volume of EUR 300,000,000.00 and an unlimited term was placed privately as a restricted tier 1 instrument and was signed entirely by the principal shareholder of VIG Holding, Wiener Städtische

Versicherungsverein. The subordinated bond bears interest at a fixed rate of 3.2125% p.a. during the first ten years and variable interest after that.

A tier 2 subordinated bond with a total nominal value of EUR 500,000,000.00 was placed on 8 June 2022. The subordinated bond has a term of 20 years and VIG Holding can call it for the first time after 10 years. The 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 bonds are traded on the Vienna Stock Exchange.

Senior sustainability bond
On 18 March 2021, a senior subordinated bond with a total nominal value of EUR 500,000,000.00 and a term of 15 years was issued for the first time. VIG Holding can call the bond in full for the first time on 26 December 2035 and any following day until maturity. The senior sustainability bond bears interest at a fixed rate of 1.00% p.a. until the end of the term. The bond is listed on the Vienna Stock Exchange. The total net proceeds could be made available for green and social projects within the first year following issuance.

THE SUPERVISORY BOARD HAD THE FOLLOWING MEMBERS IN FINANCIAL YEAR 2023:

Chairman:
Günter Geyer

1. Deputy Chairman:
Rudolf Ertl

2. Deputy Chairman:
Robert Lasshofer

Members:
Martina Dobringer
Zsuzsanna Eifert
Gerhard Fabisch
András Kozma
Peter Mihók
Heinz Öhler (until 30 June 2023)
Gabriele Semmelrock-Werzer
Katarína Slezáková
Peter Thirring (from 1 July 2023)
Gertrude Tumpel-Gugerell

THE MANAGING BOARD HAS THE FOLLOWING MEMBERS:

Chairwoman:
Elisabeth Stadler (until 30 June 2023)
Chairman:
Hartwig Löger (from 1 July 2023)

Deputy Chairman of the Managing Board:
Hartwig Löger (until 30 June 2023)
Deputy Chairman of the Managing Board:
Peter Höfinger (from 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 end of the financial year:
Günter Geyer has announced that he will no longer be available as Chairman of the Supervisory Board of the Vienna Insurance Group (VIG) after the end of his current term of office. His term of office will end on 24 May 2024 with the Annual General Meeting resolving on financial year 2023. Christoph Rath has been appointed Deputy Member of the VIG Holding Managing Board with effect from 1 September 2024 (his term of office will end on 30 June 2027).

The average number of employees, including the Managing Board, was 326 (317). These people were employed in the insurance business and resulted in personnel expenses of EUR 47,276,000 (EUR 43,792,000).

There were no loans outstanding to members of the Managing Board or members of the Supervisory Board as of 31 December 2023 (EUR 0).

No guarantees were outstanding for members of the Managing Board or Supervisory Board as of 31 December 2023.

In 2023, the total expenses for severance pay and pensions of EUR 2,595,000 (EUR 2,352,000) included severance pay and pension expenses of EUR 3,261,000 (EUR 2,183,000) for Managing Board members and senior management in accordance with Section 80 (1) of the Austrian Stock Corporation Act (AktG).

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

The members of the Managing Board received EUR 7,527,000 (EUR 7,948,000) from the Company during the reporting period for their services. Managing Board members are provided a company car for both business and personal use. The members of the Managing Board received EUR 25,000 (EUR 17) in the reporting year for their services as a manager or employee of affiliated companies.

The ratio of the fixed and variable income of all VIG Holding employees versus the Managing Board as a whole was 1:10.6 in 2023 (1:11.0).

Former members of the Managing Board received EUR 1,158,000 (EUR 1,075,000).

The members of the Supervisory Board received EUR 866,000 (EUR 758,000) in compensation for their services to the Company in 2023.

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

The taxable earnings of group members are attributed to the head of the tax group.

The head of the tax group has entered into agreements with each group member governing the allocation of positive and negative tax amounts for the purpose of allocating corporate income tax charges according to origin. If positive income is attributed to the parent company, the tax allocation equals 24% (25%) of the attributed positive income. If negative income is attributed to the parent company, the negative tax allocation equals 21.6% (22.5%) of the current tax loss.

A receivable of EUR 147,973,000 (EUR 126,376,000) is owed by the parent company.

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

VI. GLOBAL MINIMUM TAX

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 was transposed into Austrian law with the Minimum Taxation Reform Act (MinBestRefG) published on 30 December 2023. The core element is the Minimum Taxation Act (MinBestRefG), which came into force on 31 December 2023 and applies to financial years beginning on or after 31 December 2023. The amendments to the Austrian Commercial Code (UGB) associated with this Act are applicable to financial years ending on or after 30 November 2023.

The amendments to the UGB relate to the accounting and reporting of deferred taxes in line with the amendment to IAS 12 for IFRS accounting. With regard to deferred taxes, the 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. This exemption from recognition also applies to the UGB. 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.

The effects of the global minimum taxation on the Group cannot be reliably estimated for 2024 and beyond at present. The VIG Insurance Group is currently working on an implementation project for global minimum taxation.

The provisions on global minimum taxation would result in an insignificant amount of additional taxes for the fully consolidated companies of the VIG Group based on the results for 2023.

VII. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

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

PROPOSED APPROPRIATION OF PROFITS

VIENNA INSURANCE GROUP AG Wiener Versicherung Gruppe (VIG Holding) ended financial year 2023 with net retained profits of EUR 396,846,778.80. The following appropriation of profits will be proposed in 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 net retained profit of financial year 2023 of EUR 217.646.778,80 remaining after the distribution is to be carried forward to the new account.

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

AUDITOR'S REPORT

REPORT ON THE FINANCIAL STATEMENTS

Audit Opinion
We have audited the financial statements of

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

which comprise the Balance Sheet as of 31 December 2023, the Income Statement for the year then ended, and the Notes.

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of 31 December 2023 and its financial performance for the year then ended, in accordance with Austrian Generally Accepted Accounting Principles and other legal or regulatory requirements for insurance companies.

Basis for our Opinion
We conducted our audit in accordance with Regulation (EU) 537/2014 ("AP Regulation") and Austrian Standards on Auditing. These standards require the audit to be conducted in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the "Auditor's Responsibilities" section of our report. We are independent of the Company, in accordance with Austrian company law and professional regulations, and we have fulfilled our other responsibilities under those relevant ethical requirements. We believe that the audit evidence we have obtained up to the date of the auditor's report is sufficient and appropriate to provide a basis for our audit opinion on this date.

Key Audit Matters
Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements. These matters were addressed in the context of our audit of the financial statements as a whole, however, we do not provide a separate opinion thereon.

Recoverability of investments in affiliated insurance companies
Refer to notes chapter "I. Summary of significant accounting policies", "II. Notes to the balance sheet" and "IV. Significant participations"

Risk for the Financial Statements
Investments in affiliated insurance companies represent a significant part of VIENNA INSURANCE GROUP AG Wiener Versicherung Gruppe assets.

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

To assess the recoverability or value recovery, the book values are compared with the proportionate equity and fair values of the companies. The determination of the fair values is complex and based on discretionary factors. Those factors include in particular the expected future cash flows of the subsidiary, which are primarily based on past experience as well as on the management's assessment of the expected market environment and the future business development. Other factors are the assumed long-term growth rate as well as the underlying region-specific costs of capital.

Our Response
We have carried out the following main audit procedures in connection with the recoverability of investments in affiliated insurance companies:

- We have compared the respective book values with the proportionate equity of the companies.
- We have assessed the appropriateness of key assumptions, of discretionary decisions and of the valuation method applied for investments in affiliated companies.
- We have reconciled the expected future cash flows used in the calculation in samples with the strategic business planning approved by the management. We used analytical procedures to verify the plausibility of the detailed planning for future years.
- Furthermore, we have dealt with the key planning assumptions and reconciled the assumptions regarding the market development with general and sector-specific market expectations.
- We have analyzed the consistency of planning data using information from prior periods.
- Given that minor changes in the applied cost of capital rate significantly impact the determined fair value, we have, together with our valuation specialists, assessed the determination of the applied cost of capital rate and comprehended the derivation of the underlying parameters.

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

Our opinion on the financial statements does not cover other information and we do not provide any kind of assurance thereon.

In conjunction with our audit, it is our responsibility to read this other information and to assess whether, based on knowledge gained during our audit, it contains any material inconsistencies with the financial statements or any apparent material misstatement of fact. If we conclude that there is a material misstatement of fact in other information, we must report that fact. We have nothing to report in this regard.

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

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

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

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

Regulation and Austrian Standards on Auditing (and therefore ISAs), will always detect a material misstatement, if any. Misstatements may result from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with AP Regulation and Austrian Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit.

Moreover:

- We identify and assess the risks of material misstatements in the financial statements, whether due to fraud or error, we design and perform audit procedures responsive to those risks and obtain sufficient and appropriate audit evidence to serve as a basis for our audit opinion. The risk of not detecting material misstatements resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- We obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.
- We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- We conclude on the appropriateness of management’s use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our audit report to the respective note in the financial statements. If such disclosures are not appropriate, we will modify our audit opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- We evaluate the overall presentation, structure and content of the financial statements, including the notes, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- We communicate with the audit committee regarding, amongst other matters, the planned scope and timing of our audit as well as significant findings, including any significant deficiencies in internal control that we identify during our audit.
- We communicate to the audit committee that we have complied with the relevant professional requirements in respect of our independence, that we will report any relationships and other events that could reasonably affect our independence and, where appropriate, the related safeguards.
- From the matters communicated with the audit committee, we determine those matters that were of most significance in the audit i.e. key audit matters. We describe these key audit matters in our auditor’s report unless laws or other legal regulations preclude public disclosure about the matter or when in very rare cases, we determine that a matter should not be included in our audit report because the negative consequences of doing so would reasonably be expected to outweigh the public benefits of such communication.

REPORT ON OTHER LEGAL REQUIREMENTS

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

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

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

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

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

Additional Information in accordance with Article 10 AP Regulation
We were elected as auditors at the Annual General Meeting on 20 May 2022 and were appointed by the supervisory board on 13 June 2022 to audit the financial statements of the company 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 Financial Statements" section of our report is consistent with our additional report to the audit committee, in accordance with Article 11 AP Regulation.

We declare that we have not provided any prohibited non-audit services (Article 5 Paragraph 1 AP Regulation) and that we have ensured our independence throughout the course of the audit, from the audited Company.

ENGAGEMENT PARTNER

The engagement partner for the audit is Mr Thomas Smrekar.

Vienna, 26 March 2024

KPMG Austria GmbH
Wirtschaftsprüfungs- und Steuerberatungsgesellschaft

signed by:

Thomas Smrekar

Auditor
(Austrian Chartered Accountant)

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

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

DECLARATION BY THE MANAGING BOARD

We declare to the best of our knowledge that the annual financial statements of VIENNA INSURANCE GROUP AG Wiener Versicherung Gruppe prepared in accordance with the requirements of Austrian commercial law and the Austrian Insurance Supervision Act (VAG) give a true and fair view of the Company's net assets, financial position and results of operations, the management report presents the business development, performance and position of the Company so as to give a true and fair view of its net assets, financial position and results of operations, and the management report provides a description of the principal risks and uncertainties to which the Company is exposed.

Vienna, 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. In 2024, the Supervisory Board plans to update the remuneration policy and also address issues such as childcare and parental leave.

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. In addition, four meetings of the Audit Committee (Accounts Committee) were held and one resolution of the Audit Committee was passed by circular resolution. The financial statement and consolidated financial statement auditor, KPMG Austria GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft, FN 269873y (KPMG), attended four Audit Committee meetings and three Supervisory Board meetings in 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. KPMG also informed the Audit Committee about the planning and procedure used to audit the financial statements and consolidated financial statements for 2023. Two meetings of the Committee for Managing Board Matters (Human Resources 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 issues were dealt with by the full Supervisory Board.

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 fewer 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.

KPMG was elected as the auditor of the financial statements and consolidated financial statements for financial year 2023 by the Annual General Meeting on 20 May 2022 by way of a selection procedure in accordance with the Audit Regulation (Regulation (EU) No. 537/2014) for the appointment of the auditor and Group auditor for financial year 2023. It was elected on the basis of the recommendation and in accordance with the preference of the Audit Committee on the proposal and motion of the Supervisory Board. In consequence, KPMG performed these tasks in financial year 2023.

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 (consolidated) financial statements auditor on the specification of two-way communications and audit planning.

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

The Audit Committee also reviewed and monitored the independence of the auditor of the financial statements and consolidated financial statements, and after reviewing suitable documents and supporting records submitted to the Committee, particularly with respect to the appropriateness of the fee and the additional services provided to the Company, was satisfied with the auditor's independent status. The Audit Committee dealt with authorised non-audit services and, when reviewing and monitoring the independence of the auditor of the financial statements and consolidated financial statements, was unable to identify any circumstances that would cast doubt on 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, internal audit and the risk management system by obtaining descriptions of the processes and organisation of these systems from the Managing Board, the (consolidated) financial statements auditor and the individuals directly responsible for these areas and deemed them, including the IT security measures, to be effective. The Audit Committee reported on these monitoring activities to the full 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 discussed the selection of the auditor of the financial statements and consolidated financial statements for financial year 2024. It was determined that there were no grounds for exclusion of KPMG or circumstances that would give rise to concerns about impartiality, and that sufficient protective measures had been taken to ensure an independent and impartial audit.

The Audit Committee reported to the Supervisory Board on the findings of these investigations and proposed KPMG to the Supervisory Board and subsequently to the Annual General Meeting for election as auditor of the financial statements and consolidated financial statements. The General Meeting selected KPMG as auditor of the financial statements and consolidated financial statements for 2024.

The Audit Committee also received the 2023 annual 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 (consolidated) financial statements auditor KPMG for the 2023 annual 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 annual financial statements be accepted. The Supervisory Board found no grounds for objection.

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

The Supervisory Board dealt with the following topics in particular:

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

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

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

The 2023 annual 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. In the year under review, issues addressed included the VIG 25 sustainability programme, the new legal framework for sustainability reporting and transition plans to mitigate climate change. 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 (consolidated) financial statements auditor KPMG for the 2023 annual 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 annual 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 annual financial statements comply with statutory requirements and give a true and fair view of the net assets and financial position of the Company as of 31 December 2023, and of the results of operations of the Company for financial year 2023 in accordance with Austrian generally accepted accounting principles. The management report is consistent with the annual financial statements. The disclosures pursuant to Section 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 financial year 2023 in accordance with IFRS as adopted by the EU and Section 138 of the Austrian Insurance Supervision Act (VAG) in combination with Section 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 Section 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 financial statements and consolidated financial statements.

After thorough examination, the Supervisory Board therefore adopted a unanimous resolution to approve the 2023 annual 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 appropriation of profits proposed by the Managing Board.

The 2023 annual financial statements have therefore been approved in accordance with Section 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)

Service

Actuarial Services
Werner Matula
Tel.: +43 (0) 50 390-21999
E-mail: werner.matula@vig.com

Asset Management (incl. Real Estate)
Gerald Weber
Tel.: +43 (0) 50 390-22914
E-mail: gerald.weber@vig.com

Assistance
Markus Maurer
Tel.: +43 (0) 50 390-20147
E-mail: markus.maurer@vig.com

CO³ I Communication, Internal Cooperation & Collaboration
Karin Kafesie
Tel.: +43 (0) 50 390-21211
E-mail: karin.kafesie@vig.com

Business Organisation
Robert Redl
Tel.: +43 (0) 50 390-22193
E-mail: robert.redl@vig.com

Compliance (incl. AML)
Jasmin Schwarz
Tel.: +43 (0) 50 390-20249
E-mail: jasmin.schwarz@vig.com

Corporate Business
Gerald Netal
Tel.: +43 (0) 50 390-26900
E-mail: gerald.netal@vig.com

Josef Aigner
Tel.: +43 (0) 50 390-26112
E-mail: josef.aigner@vig.com

Customer Experience (Competence Center)
Rafal Mosionek
Tel.: +48 60 903 8530
E-mail: rafal.mosionek@compensa.pl

Data & Analytics
Carsten Dehner
Tel.: +43 (0) 50 390-26719
E-mail: carsten.dehner@vig.com

European Affairs
Dieter Pscheidl
Tel.: +43 (0) 50 390-20079
E-mail: dieter.pscheidl@vig.com

Finance and Accounting Austria
Hartwig Fuhs
Tel.: +43 (0) 50 350-21810
E-mail: hartwig.fuhs@vig.com

General Secretariat and Legal
Philipp Bardas
Tel.: +43 (0) 50 390-21062
E-mail: philipp.bardas@vig.com

Group Finance & Regulatory Reporting
Roland Goldsteiner
Tel.: +43 (0) 50 390-21865
E-mail: roland.goldsteiner@vig.com

Group Treasury & Capital Management
Hannes Gruber
Phone: +43 (0) 50 390-21174
E-mail: hannes.gruber@vig.com

Human Resources
Barbara Hohl
Tel.: +43 (0) 50 390-21845
E-mail: barbara.hohl@vig.com

Internal Audit
Martin Pongratz
Tel.: +43 (0) 50 390-21047
E-mail: martin.pongratz@vig.com

Investor Relations
Nina Higatzberger-Schwarz
Tel.: +43 (0) 50 390-21920
E-mail: nina.higatzberger@vig.com

New Businesses
Ulrike Praun
Tel.: +43 (0) 50 390-20364
E-mail: ulrike.praun@vig.com

Opportunity Management
Klaus Mühleder
Tel.: +43 (0) 50 390-21363
E-mail: klaus.muehleder@vig.com

Planning and Controlling
Nicolas Mucherl
Tel.: +43 (0) 50 390-21900
E-mail: nicolas.mucherl@vig.com

Process & Project Management
Gabor Megyesi
Tel.: +43 (0) 50 390-25247
E-mail: gabor.megyesi@vig.com

Reinsurance
Gerald Klemensich
Tel.: +43 (0) 50 390-21161
E-mail: gerald.klemensich@vig.com

Retail Insurance & Business Support
Robert Wasner
Tel.: +43 (0) 50 390-23717
E-mail: robert.wasner@vig.com

Risk Management
Bernhard Reisecker
Phone: +43 (0) 50 390-25439
E-mail: bernhard.reisecker@vig.com

Sponsoring
Alexandra Mühlbachler
Tel.: +43 (0) 50 390-21118
E-mail:
alexandra.muehlbachler@vig.com

Subsidiaries and M&A
Sonja Raus
Tel.: +43 (0) 50 390-21953
E-mail: sonja.raus@vig.com

Tax Reporting and Transfer Pricing

Anke Naderer
Tel.: +43 (0) 50 390-20283
E-mail: anke.naderer@vig.com

Transformation & Research

Ryszard Dyszkiewicz
Tel.: +43 (0) 50 390-21365
E-mail: ryszard.dyszkiewicz@vig.com

Wolfgang Riebler
Tel.: +43 (0) 50 390-20367
E-mail: wolfgang.riebler@vig.com

VIG IT

Markus Deimel
Tel.: +43 (0) 50 390-26448
E-mail: markus.deimel@vig.com

ABBREVIATIONS USED IN THE TEXT

Abbreviation	Full company name
Erste Group	Erste Group Bank AG
VIG, VIG-Versicherungsgruppe, VIG-Gruppe	Alle konsolidierten Konzerngesellschaften
VIG Holding bzw. Vienna Insurance Group AG[1]	VIENNA INSURANCE GROUP AG Wiener Versicherung Gruppe, Wien
VIG Re	VIG Re zajišťovna, a.s., Prag
Wiener Städtische	Wiener Städtische Versicherung AG Vienna Insurance Group
Wiener Städtische Versicherungsverein	Wiener Städtische Wechselseitiger Versicherungsverein – Vermögensverwaltung – Vienna Insurance Group, Wien

[1]used when referring to the listed individual company

NOTICE

This annual report includes forward-looking statements based on current assumptions and estimates that were made by the management of VIENNA INSURANCE GROUP AG Wiener Versicherung Gruppe to the best of its knowledge. Disclosures using the words "expected", "target" or similar formulations are an indication of such forward-looking statements. Forecasts related to the future development of the Company are estimates made on the basis of information available as of the date this report went to press. Actual results may differ from the forecasts if the assumptions underlying the forecast prove to be wrong or if unexpectedly large risks occur.

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

The annual report was prepared with great care to ensure that all information is complete and accurate. The possibility of rounding, type-setting or printing errors, however, cannot be ruled out completely.

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.

ADDRESS

VIENNA INSURANCE GROUP AG
Wiener Versicherung Gruppe
Schottenring 30
1010 Vienna

Tel.: +43 (0) 50 390 22000
www.vig.com

GENERAL INFORMATION

Editor and media owner:
VIENNA INSURANCE GROUP AG Wiener Versicherung Gruppe Commercial register: 75687 f Data Processing Register No. (DVR): 0016705

Economic environment and outlook:
CEE Equity Research, Erste Group Bank AG

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In case of doubt, the German version is authoritative.

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VIENNA INSURANCE GROUP

Annual Financial Statements 2023

17PG001/HE23 (24.02 – J202410333)