

Annual Financial Statements 2021

***insuring
more, more
responsibly***

Annual financial statements 2021

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

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

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NOTE:

Company names have been shortened in the text below. A list of full company names is provided on page 50.

Company profile

MORE INSURANCE WITH MORE RESPONSIBILITY

With around 50 companies in 30 countries, Vienna Insurance Group is one of the leading insurance groups in Central and Eastern Europe. Expanding the VIG Insurance Group's leading market position in the CEE region, creating sustainable value and achieving its ESG-related objectives continue to be important for the Group's promise of "more insurance with more responsibility".

"Our focus is on Central and Eastern Europe, where we offer custom-tailored products and services appropriate for our customers' needs. Our strategy aims to achieve sustainable profitability and continuous earnings growth in order to be a reliable and stable partner in times of dynamic change."

VIG Insurance Group's more than 25,000 employees serve over 22 million customers with the goal of achieving sustainable profitable growth. It relies on diversity as a success factor. The wealth of different languages, cultures and entrepreneurial approaches ensures the greatest possible proximity to customers and promotes innovation and creativity.

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 acts as an interface and promoter for the implementation of local entrepreneurship. The focus is on maintaining an intensive collaborative exchange between all 50 Group companies and their around 25,000 employees in 30 countries that allows both the interests of the individual companies and the Group as a whole to be pursued.

In addition to international collaboration, profitability and sustainable growth are also important objectives for VIG Holding and the Group as a whole. To achieve these objectives, a clear sustainability strategy based on the five areas of core business, customers, employees, society and the environment is used with a regional focus on Central and Eastern Europe, with the aim of further expanding the Group's leading position in the insurance market in the CEE region.

The combination of these strategies has paid off even in difficult times, with VIG Insurance Group managing to increase its premium volume to around EUR 11 billion and improve its combined ratio to 94.2 % in spite of the COVID-19 pandemic.

STRATEGY

To continue its success story, Vienna Insurance Group intensively analysed the trends and developments in the insurance business. The "**VIG 25**" strategic programme, which runs until 2025, is being implemented based on the trends for the insurance industry. Some of the areas that the Group's entrepreneurial activities will be focusing on until 2025 include further optimisation of the business model to increase efficiency, strengthening alternative distribution channels and expanding services. Digitalisation remains a priority. Measures previously implemented in this area were very helpful in maintaining contact with customers and implementing services during the pandemic.

STRONG CAPITAL RESOURCES

VIG Insurance Group's strong capital resources continue to be an important asset for the Group. The VIG Insurance Group solvency ratio of 250 % and VIG Holding solvency rate of 415 % at the end of 2021 show that their solvency is stable even in times of crisis. This large capital buffer allows Vienna Insurance Group to pursue sustainable profitable growth.

The internationally recognised rating agency Standard & Poor's (S&P) once again awarded VIG Insurance Group an A+ rating with stable outlook. As a result, the Group remains the best-rated insurance company in the ATX index.

S&P based its decision on the Group's leading market position in Austria and the CEE region, broad geographical and product-related diversification and established distribution network. S&P also mentioned the VIG Group's excellent capital resources, continued strict underwriting discipline and conservative reinsurance policy as other rating strengths.

Management report 2021

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 2021 (and in the same period in 2020):

	2021			2020		
	Direct business	Indirect business	Total	Direct business	Indirect business	Total
in EUR '000						
Premiums written	186,149	1,098,741	1,284,890	132,753	1,012,385	1,145,138
Net earned premiums	176,543	1,068,386	1,244,929	129,610	999,029	1,128,639
Expenses for claims and insurance benefits	171,709	620,914	792,623	111,982	576,530	688,512
Administrative expenses	14,635	437,708	452,343	13,983	398,674	412,657
Reinsurance balance	15,797	-3,836	11,961	-282	-10,752	-11,034

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 1,284.89 million in 2021, representing a year-on-year increase of 12.2%. Direct premiums written (corporate business) increased 40.2% year-on-year to EUR 186.15 million. Premium income from indirect business (assumed reinsurance) was EUR 1,098.74 million, 8.5% higher than the previous year. The value of assumed reinsurance includes EUR 15,639,000 (EUR 0) for health insurance and EUR 5,133,000 (EUR 0) for life insurance.

VIG Holding retained EUR 1,178.62 million (2020: EUR 1,073.20 million) of the premiums written. EUR 106.27 million was ceded to reinsurers in 2021 (2020: EUR 71.94 million). Gross earned premiums were EUR 1,244.93 million (2020: EUR 1,128.64 million). Net earned premiums increased EUR 81.09 million to EUR 1,139.67 million.

Expenses for claims and insurance benefits

Gross expenses for claims and insurance benefits were EUR 792.62 million in 2021 (2020: EUR 688.51 million). EUR 171.71 million of this amount was attributable to corporate business (2020: EUR 111.98 million), EUR 59.73 million more than the previous year.

The gross claims ratio for direct business (excluding health and life insurance) increased from 85.4% to 96.6%. Expenses for claims and insurance benefits for assumed reinsurance rose 5.5% to EUR 608.11 million. The gross claims ratio for indirect business was 58.0% (2020: 57.7%). After deducting reinsurance of 112.22 million (2020: EUR 55.87 million), expenses for claims and insurance benefits were EUR 667.60 million (2020: EUR 632.65 million).

Administrative expenses

Administrative expenses were EUR 452.34 million in 2021, or 9.6% higher than the previous year (2020: EUR 412.66 million). This change was primarily due to an increase in commissions for indirect business. EUR 14.64 million of the administrative expenses were for the corporate business and EUR 437.71 million for the reinsurance business. After reinsurance commissions for ceded reinsurance business, EUR 447.34 million in administrative expenses remained for VIG Holding. This was an increase of EUR 37.84 million compared to the previous year.

Combined ratio

VIG Holding's combined ratio was 99.6% in 2021 (2020: 98.5%), and 95.0% for direct business (corporate business) (2020: 96.3%). 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 400.55 million (2020: EUR 22.68 million). Impairment of shares in affiliated companies was EUR 105.35 million (2020: EUR 173.67 million). The increase was partly due to higher income from participations and affiliated companies compared to the previous year.

	2021	2020
in EUR '000		
Land and buildings	9,531	11,102
Investments in affiliated companies and participations	599,565	194,888
Other investments	21,130	3,318
Total income (net)	630,225	209,308
Other investment and interest income	16,982	11,673
Expenses for asset management	-117,911	-90,146
Interest expenses	-88,501	-72,488
Other investment expenses	-40,244	-35,668
Investment profit according to income statement	400,551	22,679

Result from ordinary activities

VIG Holding earned a result from ordinary activities of EUR 399.52 million in 2021 (2020: EUR 61.39 million). This increase was mainly due to a larger financial result.

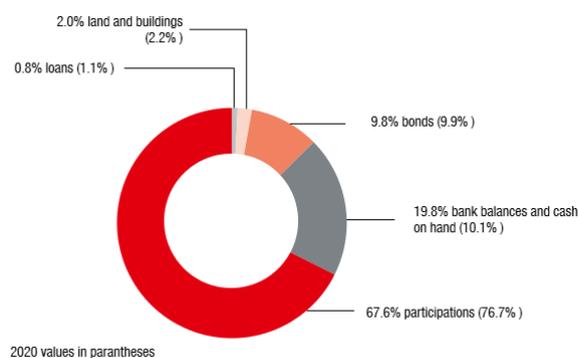
Investments

Investments, including liquid assets, were EUR 6,834.52 million as of 31 December 2021 (2020: EUR 5,675.59 million).

Deposits were EUR 1,092.83 million in 2021 (2020: EUR 1,026.0 million). 67.6% (2020: 76.7%) of the investments at the end of 2021 were participations, 9.8% (2020: 9.9%) were bonds (including pension funds), 0.8% (2020: 1.1%) were loans, 2.0% (2020: 2.2%) were land and buildings, and 19.8% (2020: 10.1%) 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 2021



VIG Holding acquires Aegon N.V. companies

Not all of the official approvals required for closing 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 Turkey have been provided yet. The approvals under competition law have already been provided. The purchase price is EUR 830 million. In addition to the AEGON insurance companies, which generated a premium volume of around EUR 600 million in 2019, the acquisition also includes pension funds with around EUR 5 billion in assets under management and asset management and service companies. The acquisition expands VIG Insurance Group's market position in the CEE region and adds 4.5 million customers to its customer base. The companies being acquired have around 1,650 employees and generated around EUR 50 million in net profits in 2019.

With respect to Hungary, a memorandum of understanding was signed with the Hungarian Ministry of Finance on 23 December 2021 that is aimed at concluding a cooperation agreement between the VIG Group and Corvinus regarding AEGON Hungary and UNION. The plans involve Corvinus holding a direct or indirect 45 % interest in these companies. The total purchase price is around EUR 350 million. The signing took place on 21 February 2022.

Underwriting provisions

Underwriting provisions were EUR 1,422.75 million as of 31 December 2021 (2020: EUR 1,308.74 million). This corresponds to a year-on-year increase of 8.7 %, which was primarily due to provisions for outstanding claims arising from direct business. The reinsurers' share was EUR 179.14 million (2020: EUR 124.02 million).

Solvency ratio

VIG Holding's solvency ratio of 415 % is high due to an outstanding endowment of capital resources combined with a low capital requirement, and also includes its function as a holding company in the Group.

NON-FINANCIAL PERFORMANCE INDICATORS

For the 2021 reporting year, VIG Holding is publishing its fifth sustainability report that addresses the sustainability strategy for the Group. This strategy and much more information on sustainability activities in the Group companies can be read in this report, which is available for download free of charge at www.vig.com/Nachhaltigkeitsberichte. A few examples of the VIG Holding's own initiatives are presented below.

Social involvement – Example: Social Active Day

Social Active Day, which was initiated by VIG Insurance Group's principal shareholder Wiener Städtische Versicherungsverein, celebrated its 10th anniversary in 2021. Starting in 2011, VIG Insurance Group employees have been able to use one working day per year for a socially valuable cause. They can volunteer their time in many ways for Social Active Day. The employees of VIG Holding, for example, decided to support the Caritas "Lebensmittel und Orientierung" (Food and Orientation) project in 2021, where they helped with sorting food for people in need. During the Christmas season, a generous donation of biscuits from many VIG Holding employees benefited the Caritas Canisibus soup bus, Juca residence and Gruft homeless facility in Vienna. VIG Holding employees also used their Social Active Day to take refugee families living in the Caritas Damaris residence on a trip to the Schönbrunn Zoo. Due to the ongoing Covid-19 pandemic, collecting litter along the Danube was attractive to employees, as it was relatively easy to observe social distancing rules while making a contribution to environmental protection at the same time.

195 (72) VIG Holdings employees took part in this Group-wide initiative in 2021.

Cultural involvement – Example: Gustav Mahler Youth Orchestra

The Gustav Mahler Youth Orchestra (GMYO) was founded in Vienna in 1986/87 on the initiative of Claudio Abbado and is considered the world's leading youth orchestra today. In addition to promoting and working with young musicians, Abbado also wanted to help young Austrian musicians play music with their colleagues from the former Czechoslovakia and Hungary. As a result, the GMYO became the first international youth orchestra to hold free auditions in the

countries of the former Eastern Bloc. In 1992, the GMYO was opened to musicians up to the age of 26 from all of Europe. On its 25th anniversary, it was appointed ambassador for UNICEF Austria.

The GMYO has been a regular guest of concert organisers and festivals around the world for years. The coronavirus pandemic also posed major challenges for the GMYO in 2021. It is therefore all the more impressive that the orchestra was able to be so active, which was due in part to its diversity and flexibility.

In 2021, in addition to performing the opening concert in the Wiener Musikverein (twice in a row) after the end of the lockdown in May, it was also able to stand in at short notice for the opening concert of the Salzburg Festival. The GMYO also played two pieces at the "Youth for Eternal Hope" concert (commemorative event for the 80th anniversary of the establishment of the Theresienstadt Ghetto), and presented a new CD at the end of 2021.

VIG Holding has supported the Gustav Mahler Youth Orchestra for many years and continued its support even during the difficult period of the coronavirus pandemic. Diversity and peaceful coexistence have been core values of the orchestra since it was founded and are also part of the day-to-day life in the VIG Group.

VIG Holding promotes peace – Example: Children's Peace Image of the Year

The Global Peace Photo Award was inspired by Nobel Peace Prize winner Hermann Fried. Launched in 2013, it honours photographers who go beyond the raw brutality of the images in the media today to capture the humane and peaceful aspects of our lives. The prize is awarded in cooperation with the World Press Photo Foundation, UNESCO and the Austrian Parliament, among others. More than 16,000 images from 114 countries were submitted for the Global Peace Photo Award in 2021.

Since 2017, there has also been a separate children's and youth category, the Children's Peace Image of the Year, with a prize of EUR 1,000 awarded by VIG Holding. In addition to underlying the core business of the Group, our commitment to thinking in terms of generations and assuming responsibility is also reflected in our support for

projects like this. In 2021, 7-year-old Aadhyaa Aravind Shankar from India won the prize for her image Lap of Peace.

Employees

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

Together with the Austrian VIG companies, VIG Holding introduced a redesigned “VIG Talk” employee annual review in 2021. These meetings between employees and managers take place once a year and consist of two parts. The “Target Talk” focuses on mutual feedback and work priorities and objectives, and “Talent Talk” provides an opportunity to think about the VIG Talent Toolset and discuss personal and professional development.

In addition, a diversity concept that focuses on the criteria of gender, internationality and generations has been used for several years. More information on this concept is available in the Corporate Governance Report. The advisory company Boston Consulting Group and “trend” business magazine published the BCG Gender Diversity Index Austria, which rates gender parity in Austria’s 50 largest listed companies, for the third time. After ranking second in 2018 and first in 2019, VIG Holding once again received second place in the ranking for 2020, which was published in financial year 2021.

Flexible working hours, a company cafeteria, company kindergarten and sports and health programmes and other medical services increase the attractiveness of the work environment. 2021 was especially challenging due to the ongoing COVID-19 pandemic. The VIG Group focuses on “life balance” in the Company because the term is better at expressing the idea that “work” and “life” are closely connected and inseparable than “work-life balance”. Human Resource Management 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 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 has also included a wellbeing platform with videos, podcasts and articles since January 2022. VIG Holding employees also provided information about their needs and desires with respect to health and prevention in an internal survey. One consequence of this was the integrated concept of “Keep Moving” for improving sustainability, mobility and health.

Since March 2020, the motto has been “home office before office” and many employees have been working primarily from home since then. Human Resources quickly developed measures and virtual programmes to help them work from home. These programmes were further expanded in 2021. The “Masterplan” online platform, for example, offers an extensive selection of training courses.

VIG Holding was included in the “Leading Employers Austria” list. Based on the world’s most comprehensive study of employer characteristics, the study was performed as a meta-analysis and used a wide range of criteria to produce an overall rating. The largest annual recruiting study by “Best Recruiters” uses around 250 criteria to rank the employer branding activities and recruiting of companies in Germany, Austria, Switzerland and Liechtenstein. VIG Holding once again received the gold award for the insurance industry in the German-speaking region of Germany, Austria and Switzerland.

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

There were an average of 311 employees, including Managing Board members, in 2021.

Research and development

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

Viesure was also established for this purpose as an internal “innovation hub” focusing mainly on Austria.

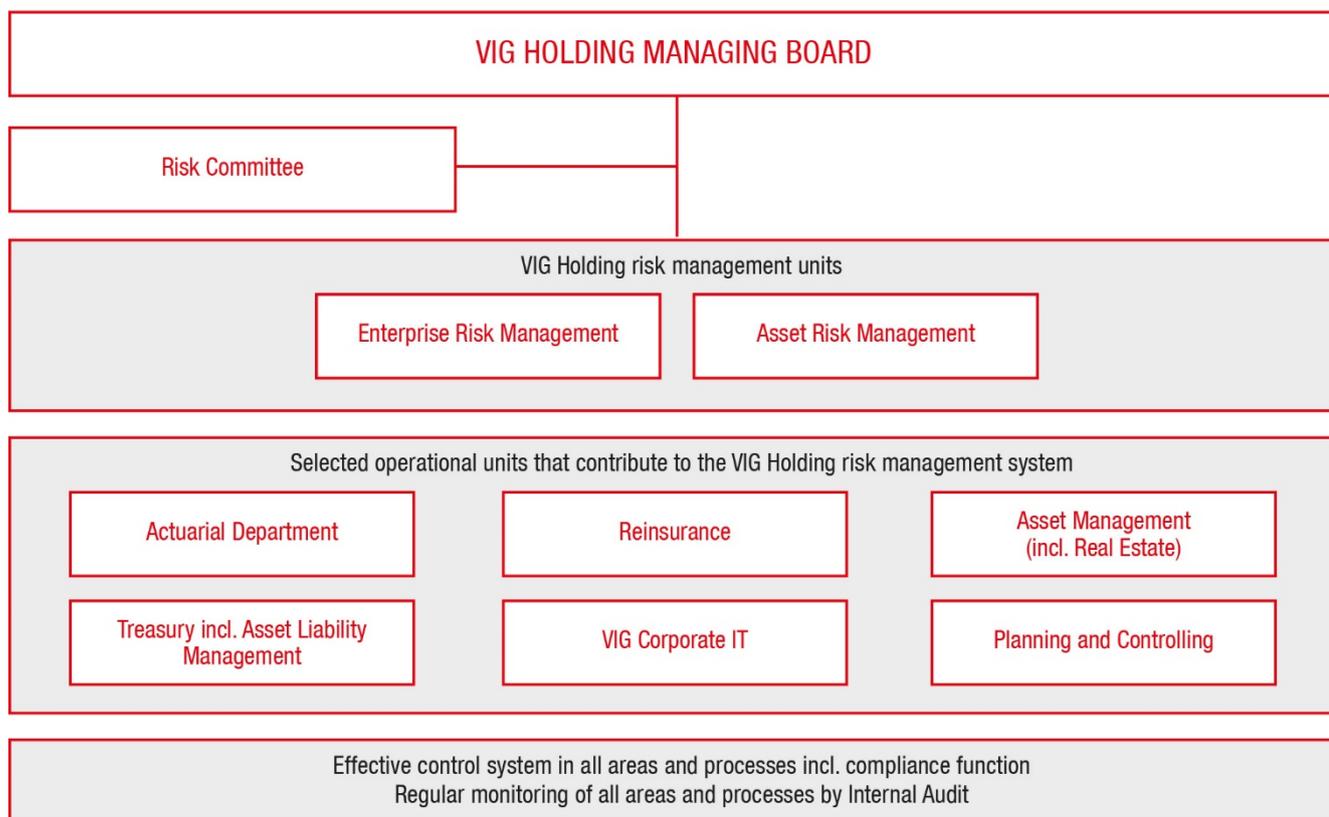
Other Information

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

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

RISK REPORT

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



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

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

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

RISK COMMITTEE

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

ENTERPRISE RISK MANAGEMENT

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

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

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

ASSET RISK MANAGEMENT

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

ASSET MANAGEMENT

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

ACTUARIAL DEPARTMENT

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

REINSURANCE

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

PLANNING AND CONTROLLING

The department is an important part of the integrated risk management approach and reports to Managing Board member Hartwig Löger. The department coordinates business planning over a 3-year horizon. The standardised reports include key figure and variance analyses for planning, forecasts and ongoing performance of VIG

Holding and other insurance companies. Regular monthly premium reports, quarterly reports for each company (aggregated at the country and Vienna Insurance Group level) and cost reports are prepared.

HOLDING IT

The Group IT department reported to Managing Board member Peter Thirring until November of the financial year. As part of the changeover to the new organisational structure, responsibilities at the VIG Holding level were assigned to the Holding IT department. The department reports to Managing Board member Gerhard Lahner. The department is responsible for managing IT at the VIG Holding level (IT strategy, IT governance, IT security, IT projects, etc.). The Austrian business organisation assists Holding IT with this by providing outside IT and telephony services.

TREASURY INCL. ASSET LIABILITY MANAGEMENT

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

CORPORATE BUSINESS

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

INTERNAL AUDIT

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

VIG Holding's overall risk can be divided into the following risk categories:

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

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

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

Underwriting risks: The core business of the Vienna Insurance Group consists of the transfer of risk from policy holders to the insurance company. Underwriting risks in the areas of reinsurance and non-life insurance are primarily the result of changes in insurance-specific parameters, such as loss frequency, loss amount, lapse rates and lapse costs.

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

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

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

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

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

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

With respect to credit risk, consideration is only given to those issuers or contracting parties whose credit quality or reliability can be assessed by VIG Holding, whether on the basis of an in-house analysis, credit assessments/ ratings from recognised sources, provision of security or the possibility of recourse to reliable mechanisms for safeguarding investments. Operational and strategic risks which might be caused by deficiencies or errors in business processes, controls and projects, or changes in the business environment, are also continuously monitored. Limits are used to keep concentrations within the desired margin of safety.

Investments

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

Use of forward exchange transactions

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

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

Sustainability risks

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

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

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

Risks related to the coronavirus pandemic

A further lengthening or worsening of the coronavirus pandemic, and the effects this could have on capital markets and the insurance business, could have a negative effect on the net assets, financial position and results of operations of VIG Insurance Group.

These include, in particular, risks related to possible fluctuations in bond and capital markets that were also observed in the early phase of the coronavirus pandemic. If the coronavirus pandemic continues or worsens again, there are also risks on a smaller scale of an increase in claims and reduction of premium volume.

INTERNAL CONTROL AND RISK MANAGEMENT SYSTEM IN THE ACCOUNTING PROCESS**General structure and organisation**

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

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

Important control elements in the accounting process

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

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

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

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

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

Effectiveness and controls

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

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

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

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

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

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

OUTLOOK

Economic outlook

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

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

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

In the CEE region, the continued robust labour market and a gradual reduction in pent-up demand should provide significant support for further recovery. Regular EU funding and, in particular, the recovery fund should have a noticeable effect on investments (with some political risk of Poland and Hungary not receiving these funds). In addition to the situation in Ukraine, risks related to the COVID-19

pandemic and supply chain bottlenecks also exist here. The more that any restrictions are lifted or downside risks lose their effect, the sooner the region will regain its full potential. The effects of the Russian invasion of Ukraine, which are currently still difficult to assess, will in any case have a negative impact on the growth outlook in the region. As a result, regional GDP growth of only 3.0% is expected for 2022. The pressure on prices due to base effects and, in particular, energy prices is also expected to continue in 2022. Inflation is expected to remain high for at least the first half of 2022. Although inflation is expected to decline during the course of the year as intermediary effects decrease, it is expected to remain higher than the pre-pandemic level, in part because of the relatively strong influence of the labour market. The Erste Group analysts therefore expect an inflation rate of 9.7 % in 2022 followed by a noticeable decline in the price level in 2023.

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

Outlook for VIG Insurance Group

As a market leader in Central and Eastern Europe, VIG Insurance Group with its more than 25,000 employees is in an excellent position to take advantage of the opportunities available in this region and the long-term growth options they offer. It is therefore implementing its "VIG 25" strategic programme, which was developed and initiated together with the CEOs of the VIG insurance companies based on trends and developments in the insurance business and is aimed at further increasing premium volume and improving the combined ratio. Based on the new strategy and current conditions, a range of 150 to 200 % was specified for the VIG Group solvency ratio without taking into account the transitional arrangements for underwriting provisions used by the individual Group companies. The dividend policy, which provides for a distribution in the range of 30 to 50 % of Group net profits, remains unchanged. The dividend per share will continue to be aligned with the Company's performance. The Managing Board of Vienna Insurance Group will propose increasing the dividend to EUR 1.25 for financial year 2021. This corresponds to an increase of 66.7 % compared to the previous year and a dividend payout ratio of 42.6 %.

In addition to creating sustainable value and achieving the sustainability objectives, one of the key objectives of the programme is to expand the leading market position in

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

The further developments in financial year 2022 continue to be influenced by uncertainty factors, above all the war situation in Ukraine and its unforeseeable consequences. The ongoing pandemic, inflation, high commodity prices, supply chain problems and resource shortages are other factors that could increase risk and therefore negatively impact VIG markets. It is currently not possible to estimate the consequences of these uncertainty factors and the resulting impact on business development in 2022. Given that the VIG Group has been able to manage the current challenges in its insurance business operations very well so far, the Group aims to achieve positive operating performance in 2022, subject to the factors mentioned above.

VIG Holding holds bonds issued by the Russian Federation and companies related to the Russian Federation with a nominal value of EUR 7.2 million.

Outlook for VIG Holding

VIG Holding has set a goal for financial year 2022 of increasing its premium volume from international reinsurance and cross-border corporate business. VIG Holding will also work with the insurance companies to further focus on the strategic priorities in the new “VIG 25” strategic programme and optimise processes and earning power.

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

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

Vienna, 16 March 2022

The Managing Board:



Elisabeth Stadler

General Manager, Chairwoman of the Managing Board



Hartwig Löger

Deputy General Manager, Deputy Chairman of the Managing Board



Liane Hirner

CFRO, Member of the Managing Board



Peter Höfinger

Member of the Managing Board



Gerhard Lahner

COO, Member of the Managing Board



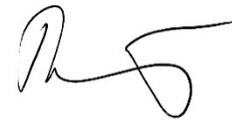
Gábor Lehel

CIO, Member of the Managing Board



Harald Riener

Member of the Managing Board



Peter Thirring

CTO, Member of the Managing Board

Separate financial statements

BALANCE SHEET AS OF 31. DECEMBER 2021

Assets	31.12.2021	31.12.2020
	in EUR	in EUR '000
A. Intangible assets	21,456,336.17	16,059
I. Other intangible assets	21,456,336.17	16,059
B. Investments	6,781,243,739.42	6,136,577
I. Land and buildings	134,258,531.33	125,070
II. Investments in affiliated companies and participations	5,039,921,567.55	4,763,484
1. Shares in affiliated companies	4,593,705,496.36	4,328,867
2. Bonds and other securities of affiliated companies and loans to affiliated companies	421,500,000.00	409,700
3. Participations	24,216,071.19	24,417
4. Bonds and other securities of and loans to companies in which an ownership interest is held	500,000.00	500
III. Other investments	514,237,911.95	222,066
1. Shares and other non-fixed-interest securities	132,419,043.70	128,085
2. Bonds and other fixed-interest securities	168,792,657.43	80,891
3. Mortgage receivables	2,100,000.01	2,178
4. Other loans	926,210.81	912
5. Bank deposits	210,000,000.00	10,000
IV. Deposits on assumed reinsurance business	1,092,825,728.59	1,025,957
C. Receivables	283,039,661.32	214,795
I. Receivables from direct insurance business	71,388,081.23	19,596
1. from policyholders	6,733,314.92	6,998
2. from insurance intermediaries	134,143.25	82
3. from insurance companies	64,520,623.06	12,516
II. Receivables from reinsurance business	75,568,584.41	39,758
III. Other receivables	136,082,995.68	155,441
D. Pro rata interest	7,644,442.11	7,401
E. Other assets	1,147,833,128.50	566,868
I. Tangible assets (not incl. land and buildings)	1,735,804.91	1,898
II. Current bank balances and cash on hand	1,146,097,323.59	564,970
F. Deferred charges	14,423,951.45	5,618
Total ASSETS	8,255,641,258.97	6,947,318

BALANCE SHEET AS OF 31. DECEMBER 2021

Liabilities and shareholders' equity	31.12.2021	31.12.2020
	in EUR	in EUR '000
A. Shareholders' equity	3,790,773,691.82	3,440,911
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	1,006,715,354.17	756,716
IV. Risk reserve	45,586,845.00	44,845
V. Net retained profits	338,351,602.38	239,231
of which brought forward	143,230,814.01	153,751
B. Subordinated liabilities	1,400,000,000.00	1,100,000
I. Hybrid bond	300,000,000.00	0
II. Supplementary capital bond	1,100,000,000.00	1,100,000
C. Underwriting provisions – retention	1,422,745,506.78	1,308,738
I. Unearned premiums	133,602,554.44	114,011
1. Gross	138,371,833.95	118,050
2. Reinsurers' share	-4,769,279.51	-4,039
II. Mathematical reserve	5,145,486.87	0
1. Gross	5,145,486.87	0
III. Provision for outstanding claims	1,267,124,806.47	1,177,741
1. Gross	1,441,492,021.91	1,297,726
2. Reinsurers' share	-174,367,215.44	-119,985
IV. Equalisation provision	14,017,184.00	14,754
V. Other underwriting provisions	2,855,475.00	2,232
1. Gross	2,855,475.00	2,232
D. Non-underwriting provisions	211,344,644.71	167,631
I. Provision for severance pay	838,750.00	846
II. Provision for pensions	63,592,303.00	56,555
III. Tax provisions	3,500,357.14	3,500
IV. Other provisions	143,413,234.57	106,730
E. Other liabilities	1,429,770,634.31	928,233
I. Liabilities from direct insurance business	144,936,428.02	112,485
1. to policyholders	41,587,730.98	31,895
2. to insurance intermediaries	710,328.62	777
3. to insurance companies	102,638,368.42	79,813
II. Liabilities from reinsurance business	11,672,654.26	18,388
III. Liabilities from bonds (not including supplementary capital)	503,835,616.53	0
IV. Liabilities to financial institutions	227,985,349.79	192,751
V. Other liabilities	541,340,585.71	604,609
F. Deferred charges	1,006,781.35	1,805
Total LIABILITIES AND SHAREHOLDERS' EQUITY	8,255,641,258.97	6,947,318

INCOME STATEMENT FOR THE FINANCIAL YEAR FROM 1. JANUARY TO 31. DECEMBER 2021

Underwriting account	2021	2020
	in EUR	in EUR '000
1. Net earned premiums	1,139,671,121.75	1,058,581
Premiums written	1,178,622,973.47	1,073,201
Gross	1,284,890,731.00	1,145,138
Ceded reinsurance premiums	-106,267,757.53	-71,937
Change in unearned premiums	-38,951,851.72	-14,620
Gross	-39,961,492.19	-16,499
Reinsurers' share	1,009,640.47	1,879
2. Investment income from underwriting business	8,520,031.64	11,364
3. Other underwriting income	866,339.55	454
4. Expenses for claims and insurance benefits	-680,406,090.37	-632,646
Payments for claims and insurance benefits	-594,219,251.85	-561,102
Gross	-651,936,958.37	-573,924
Reinsurers' share	57,717,706.52	12,822
Change in provision for outstanding claims	-86,186,838.52	-71,544
Gross	-140,686,175.77	-114,587
Reinsurers' share	54,499,337.25	43,043
5. Increase in underwriting provisions	-5,768,961.87	-325
Mathematical reserve	-5,145,486.87	0
Gross	-5,145,486.87	0
Other underwriting provisions	-623,475.00	-325
Gross	-623,475.00	-325
6. Administrative expenses	-447,341,057.49	-409,499
Acquisition expenses	-448,341,643.83	-410,404
Other administrative expenses	-4,001,058.42	-2,253
Reinsurance commissions and profit commissions from reinsurance cessions	5,001,644.76	3,158
7. Other underwriting expenses	-2,231,370.24	-867
8. Change in the equalisation provision	736,567.00	-2,008
Underwriting result	14,046,579.97	25,054

INCOME STATEMENT FOR THE FINANCIAL YEAR FROM 1. JANUARY TO 31. DECEMBER 2021

	2021	2020
	in EUR	in EUR '000
Underwriting result	14,046,579.97	25,054
Non-underwriting account:		
1. Income from investments and interest income	763,615,905.94	432,012
Income from participations	672,188,424.94	315,882
Income from land and buildings	12,775,057.98	13,415
Income from other investments	25,844,322.11	26,434
Income from appreciations	32,900,120.00	53,298
Income from the disposal of investments	2,926,382.69	11,310
Other investment and interest income	16,981,598.22	11,673
2. Expenses for investments and interest expenses	-363,064,855.74	-409,333
Expenses for asset management	-117,910,842.22	-90,146
Depreciation of investments	-110,278,925.44	-208,435
Interest expenses	-88,500,883.53	-72,488
Losses from the disposal of investments	-6,130,538.06	-2,596
Other investment expenses	-40,243,666.49	-35,668
3. Investment income transferred to the underwriting account	-8,520,031.64	-11,364
4. Other non-underwriting income	11,878,296.95	30,571
5. Other non-underwriting expenses	-18,432,201.01	-5,555
6. Result from ordinary activities	399,523,694.47	61,385
8. Taxes on income	46,338,928.90	24,095
8. Profit for the period	445,862,623.37	85,480
9. Transfer to reserves	-250,741,835.00	0
Transfer to free reserves	-250,000,000.00	0
Transfer to risk reserve	-741,835.00	0
10. Profit for the year	195,120,788.37	85,480
11. Retained profits brought forward	143,230,814.01	153,751
Net retained profits	338,351,602.38	239,231

NOTES TO THE FINANCIAL STATEMENTS FOR 2021

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The annual financial statements as of 31 December 2021 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 2021.

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

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

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

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

Valuation using the less strict lower-of-cost-or-market principle resulted in write-downs of EUR 503,000 (EUR 24,000) 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.

Six forward exchange transactions in the CZK and PLN currencies with terms limited to 18 May 2022 existed as of the 31 December 2021 balance sheet date. The transactions are being used to hedge future dividends in foreign currency. A provision for expected losses in the

amount of EUR 2,380,000 (EUR 1,069,000) was formed for the four forward exchange transactions whose market values were negative as of the reporting date.

The remaining two forward exchange transactions had a positive market value of EUR 41,000 on the reporting date (EUR 515,000).

Amounts denominated in **foreign currencies** are translated 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 3,219,000 (EUR 1,524,000).

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 7,713,000 (EUR 783,000) were included.

The **indirect business** includes assumed property and casualty insurance as well as health and life insurance business. In indirect business, provisions for outstanding claims and the mathematical reserve are primarily based on reports from ceding companies as of the 31 December 2021 balance sheet date. The reported amounts were increased where this was considered necessary in light of past experience.

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

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

The **provisions for severance pay, pensions, and anniversary bonuses** are based on the pension insurance calculation principles of the Actuarial Association of Austria (AVÖ), AVÖ 2018-P (Employees), assuming a wage growth rate of 2.25% (2.00%) and a discount rate of 0.76% (0.97%) p.a. for the severance provision, 1.42% (1.68%) for the pension provision and 1.02% (1.21%) 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 3,223,000 (EUR 3,108,000) in provisions have been formed for direct pension obligations. A portion of the direct benefits equal to EUR 252,000 (EUR 252,000) will be administered as an occupational group insurance plan after an insurance contract has been concluded in accordance with §§ 93-98 VAG, so that the provision will equal the overall obligation less the outsourced plan assets.

The severance pay provision required under Austrian commercial law for 2021 was EUR 2,712,000 (EUR 2,520,000).

The amount earmarked for satisfying the outsourced severance pay obligations that was held by the outside insurance company was EUR 1,873,000 (EUR 1,675,000).

The difference of EUR 839,000 (EUR 846,000) between the size of the severance pay provisions to be formed under Austrian commercial law and the deposit held by the outside insurance company is reported under provisions for severance pay in the balance sheet.

II. NOTES TO THE BALANCE SHEET

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

	Intangible assets	Land and buildings	Shares in affiliated companies	Bonds and other securities of affiliated companies and loans to affiliated companies	Participations	Bonds and other securities of and loans to companies in which an ownership interest is held
<i>in EUR '000</i>						
As of 31. December 2020	16,059	125,070	4,328,867	409,700	24,417	500
Additions	8,883	15,684	477,527	20,000	200	0
Disposals	0	1,880	140,065	8,200	401	0
Appreciation	0	0	32,726	0	0	0
Depreciation	3,486	4,615	105,350	0	0	0
As of 31. December 2021	21,456	134,259	4,593,705	421,500	24,216	500

Intangible assets with a value of EUR 464,000 (EUR 827,000) were acquired from affiliated companies during the financial year. The value of developed and undeveloped properties was EUR 28,376,000

(EUR 30,134,000) as of 31 December 2021. The **carrying amount of self-used property** was EUR 22,703,000 (EUR 22,501,000).

The investments have the following carrying amounts and fair values:

Items under § 144 Abs. 2 VAG	Book Value	Fair value	Book Value	Fair value
	2021	2021	2020	2020
in EUR '000				
Land and buildings	134,259	606,434	125,070	561,474
thereof appraisal reports 2016	0	0	1,880	2,890
thereof appraisal reports 2017	1,443	2,420	301	2,420
thereof appraisal reports 2018	3,020	3,080	15,511	147,350
thereof appraisal reports 2019	42,637	219,200	40,149	219,200
thereof appraisal reports 2020	31,437	94,124	67,229	189,614
thereof appraisal reports 2021	55,722	287,610	0	0
Shares in affiliated companies	4,593,705	8,974,398	4,328,867	8,448,271
Bonds and other securities of affiliated companies and loans to affiliated companies	421,500	503,759	409,700	514,241
Participations	24,216	40,458	24,417	28,297
Bonds and other securities of and loans to companies in which an ownership interest is held	500	525	500	553
Shares and other non-fixed-interest securities	132,419	139,328	128,086	136,274
Bonds and other fixed-interest securities	168,793	177,129	80,891	92,340
Mortgage receivables	2,100	2,238	2,178	2,396
Other loans	926	1,300	912	1,371
Bank balances	210,000	210,000	10,000	10,000
Deposits receivables	1,092,826	1,092,826	1,025,956	1,025,956
Total	6,781,244	11,748,394	6,136,577	10,821,173

Hidden reserves rose by EUR 282,555,000 to a total of EUR 4,967,151,000 (EUR 4,684,596,000).

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**.

The **other loans** not secured by insurance contracts are loans of EUR 926,000 (EUR 912,000) to the Republic of Austria and loans of EUR 0 (EUR 0) to other borrowers. The other loans do not include any loans (EUR 0) with remaining terms of up to one year.

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

Name	2021	2020
in EUR '000		
RT1 Supplementary capital bond 2021	300,000	0
Supplementary capital bond 2013 - 2043	500,000	500,000
Supplementary capital bond 2015 - 2046	400,000	400,000
Supplementary capital bond 2017 - 2047	200,000	200,000
Total	1,400,000	1,100,000

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

	Affiliated companies		Companies in which an ownership interest is held	
	2021	2020	2021	2020
in EUR '000				
Mortgage receivables	2,100	2,178	0	0
Deposits receivables	1,092,826	1,025,956	0	0
Receivables from direct insurance business	25,079	224	0	0
Receivables from reinsurance business	31,240	15,724	0	0
Other receivables	120,148	143,895	8	8
Liabilities from direct insurance business	4,077	2,348	0	0
Liabilities from reinsurance business	9,324	14,296	0	0
Other liabilities	451,210	532,646	0	0

The change in **personnel provisions** was recognised in personnel expenses. The interest expenses for personnel provisions of EUR 6,694,000 (EUR 4,917,000) are reported under investment and interest expenses.

The **other provisions** of EUR 143,413,000 (EUR 106,730,000) mainly consist of IT provisions of EUR 95,861,000 (EUR 79,655,000), provisions for unused vacation time of EUR 3,115,000 (EUR 2,516,000), provisions for variable salary components of EUR 9,311,000 (EUR 8,550,000), provisions for customer support and marketing of EUR 467,000 (EUR 489,000) and provisions for anniversary bonuses of EUR 1,263,000 (EUR 1,088,000).

The amount shown under **other liabilities** includes EUR 101,000 (EUR 7,000) in tax liabilities and EUR 570,000 (EUR 552,000) in social security liabilities.

Other financial obligation. On 29 November 2020, VIENNA INSURANCE GROUP AG Wiener Versicherung Gruppe reached agreement with Aegon N.V. to acquire its insurance business in Hungary, Poland, Romania and Turkey. The purchase price is EUR 830,000,000. The transaction is subject to the approvals required under supervisory law. Approval under competition law has already been provided. This financial obligation is partially offset by the agreement reached with Corvinus under which it will acquire a direct or indirect 45 % interest in AEGON Hungary and UNION for a total purchase price of around EUR 350,000,000.

The following disclosures are provided for **off-balance sheet contingent liabilities**: Letters of comfort totalling EUR 75,000,000 (EUR 75,000,000) have been issued for affiliated companies in connection with borrowing. VIG Holding issued a guarantee to its subsidiary Wiener Städtische Versicherung AG Vienna Insurance Group in December 2019 that obligates it to subscribe to up to EUR 350,000,000 in deeply subordinated bonds upon

demand by Wiener Städtische. The guarantee has a term of 10 years.

Liabilities arising from the use of off-balance sheet tangible assets were EUR 2,073,000 (EUR 2,186,000) for the following financial year and EUR 11,007,000 (EUR 11,608,000) 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 2021:

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	155,856	150,263	157,818	11,216	24,736
Liability insurance	4,565	3,980	2,166	953	-702
Marine, aviation and transport insurance	2,634	2,893	2,643	696	325
Other non-life insurance	23,094	19,407	9,082	1,770	-8,562
Total direct business	186,149	176,543	171,709	14,635	15,797
(Previous year values)	132,753	129,610	111,982	13,983	-282
Indirect business					
Marine, aviation and transport insurance	0	0	19	1	20
Other insurance	1,077,969	1,047,614	608,087	434,991	-3,856
Total indirect business	1,077,969	1,047,614	608,106	434,992	-3,836
(Previous year values)	1,012,385	999,029	576,530	398,674	-10,752
Total direct and indirect business	1,264,118	1,224,157	779,815	449,627	11,961
(Previous year values)	1,145,138	1,128,639	688,512	412,657	-11,034

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 37,649,000 (EUR 15,912,000) for financial year 2021.

In **indirect business**, EUR 15,639,000 (EUR 0) in premiums written in the health insurance line of business and EUR 5,133,000 (EUR 0) in the life insurance line of

business were assumed. The reinsurance balance from assumed health and life insurance business was EUR 0 (EUR 0).

The result from **indirect business** was EUR 13,139,000 (EUR 35,190,000). The net earned premiums of EUR 1,068,386,000 (EUR 999,029,000) 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:

	2021	2020
<i>in EUR '000</i>		
Income from participations	669,205	313,837
Income from other investments	21,982	22,324
Income from land and buildings	873	672

The funds in the portfolio distributed EUR 1,654,000 (EUR 2,029,000) during the financial year.

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

Losses on disposals of investments were EUR 6,131,000 (EUR 2,596,000) in financial year 2021.

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

	2021	2020
<i>in EUR '000</i>		
Wages and salaries	32,741	30,807
Expenses for severance benefits and payments to company pension plans	701	664
Expenses for retirement provisions	898	1,814
Expenses for statutory social contributions and income-related contribution and mandatory contributions	6,460	6,020
Other social security expenses	166	126

Commissions of EUR 9,502,000 (EUR 9,678,000) were incurred for direct business in financial year 2021.

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

Deferred profit taxes of EUR 0 (EUR 0) were recognised due to temporary differences between earnings under commercial law and taxable earnings. A tax rate of 22.5 % was chosen for deferred taxes based on the provisions of the tax allocation agreement with the parent company.

Deferred taxes

	31.12.2021	31.12.2020
<i>in EUR '000</i>		
Shares in affiliated companies	22,153	33,257
investments	2,394	1,161
Tangible assets (not incl. land and buildings) and inventories	85	43
Valuation reserve	-19,983	-20,533
subordinated liabilities	6,357	4,501
Underwriting provision – retention	83,497	78,442
Long-term personnel provisions	41,132	35,323
other provisions	56,039	69,156
Temporary differences	191,674	201,350
Not subject to tax	-191,674	-201,350
Total differences	0	0
Resulting deferred taxes as at 31 December (22.5 %)	0	0
Deferred taxes changed as follows:		
As of 1 January	0	0
Changes recognised in the income statement	0	0
As of 31 December	0	0

IV. SIGNIFICANT PARTICIPATIONS

Company	Direct interest in capital (%)	Equity capital (EUR '000)	Share of Capital (EUR '000)	Result of the year (EUR '000)	Share of profit for the year (EUR '000)	Last annual financial statements
Affiliated companies						
ASIGURAREA ROMANEASCA - ASIROM VIENNA INSURANCE GROUP S.A., Bucharest	88.76	79,960	70,972	-3,705	-3,289	2021
ATBIH GmbH, Vienna	68.97	173,509	119,669	11,021	7,601	2021
BCR Asigurari de Viata Vienna Insurance Group S.A., Bucharest	93.98	48,074	45,180	6,240	5,864	2021
BTA Baltic Insurance Company AAS, Riga	100.00	64,005	64,005	8,561	8,561	2021
Beesafe Spolka z Ograniczona Odpowiedzialnoscia, Warsaw	77.03	9,596	7,391	-9,607	-7,400	2020
Compania de Asigurari "DONARIS VIENNA INSURANCE GROUP" Societate pe Actiuni, Chisinau	99.99	5,639	5,638	531	531	2021
Ceská podnikatelská pojist'ovna, a.s., Vienna Insurance Group, Prague	100.00	114,722	114,722	30,282	30,282	2021
Compensa Life Vienna Insurance Group SE, Tallinn	100.00	45,469	45,469	6,630	6,630	2021
Compensa Towarzystwo Ubezpieczen Na Zycie Spolka Akcyjna Vienna Insurance Group, Warsaw	84.14	59,036	49,673	4,395	3,698	2021
Compensa Towarzystwo Ubezpieczen Spolka Akcyjna Vienna Insurance Group, Warsaw	70.67	96,104	67,917	19,602	13,853	2021
Compensa Vienna Insurance Group, akcine draudimo bendrove, Vilnius	100.00	86,338	86,338	7,832	7,832	2021
DONAU Versicherung AG Vienna Insurance Group, Vienna	74.24	108,482	80,537	4,442	3,298	2021
ELVP Beteiligungen GmbH, Vienna	100.00	23,324	23,324	2	2	2021
Foreign limited liability company "InterInvestUchastie", Minsk	99.95	238	238	12	12	2020
GLOBAL ASSISTANCE SERVICES SRL, Bucharest	40.00	225	90	29	12	2020
GLOBAL ASSISTANCE SERVICES s.r.o., Prague	100.00	322	322	77	77	2020
GLOBAL ASSISTANCE SLOVAKIA s.r.o., Bratislava	40.00	54	22	12	5	2020
GLOBAL ASSISTANCE, a.s., Prague	60.00	6,134	3,680	2,416	1,450	2021
Global Assistance Polska Spolka z ograniczona odpowiedzialnoscia, Warsaw	30.77	110	34	-91	-28	2020
Global Services Bulgaria JSC, Sofia	50.00	352	176	25	13	2020
INSURANCE ONE-SHAREHOLDER JOINT-STOCK COMPANY BULSTRAD VIENNA INSURANCE GROUP EAD, Sofia	100.00	76,845	76,845	22,815	22,815	2021
INTERSIG VIENNA INSURANCE GROUP Sh.A., Tirana	89.98	6,648	5,982	764	687	2021
Insurance Company Vienna osiguranje d.d., Vienna Insurance Group, Sarajevo	100.00	11,649	11,649	255	255	2021
Stock Company for Insurance and Reinsurance MAKEDONIJA Skopje - Vienna Insurance Group, Skopje	94.26	27,280	25,714	893	842	2021
InterRisk Towarzystwo Ubezpieczen Spolka Akcyjna Vienna Insurance Group, Warsaw	100.00	72,346	72,346	14,899	14,899	2021
InterRisk Versicherungs-AG Vienna Insurance Group, Wiesbaden	100.00	56,120	56,120	17,850	17,850	2021
Joint Stock Insurance Company WINNER LIFE - Vienna Insurance Group Skopje, Skopje	100.00	4,020	4,020	99	99	2020
KOMUNALNA poistovna, a.s. Vienna Insurance Group, Bratislava	100.00	74,869	74,869	2,646	2,646	2021
KOOPERATIVA poist'ovna, a.s. Vienna Insurance Group, Bratislava	94.37	385,574	363,866	38,801	36,617	2021
KUPALA Belarusian-Austrian Closed Joint Stock Insurance Company, Minsk	52.34	12,100	6,333	3,003	1,572	2020

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	682,480	654,089	404,104	387,293	2021
LVP Holding GmbH, Vienna	100.00	622,534	622,534	30,941	30,941	2021
OMNIASIG VIENNA INSURANCE GROUP S.A., Bucharest	99.54	143,913	143,251	1,819	1,811	2021
Private Joint-Stock Company "Insurance company" Ukrainian insurance group", Kiev	6.90	18,653	1,287	656	45	2021
PRIVATE JOINT-STOCK COMPANY "UKRAINIAN INSURANCE COMPANY "KNAZHA VIENNA INSURANCE GROUP", Kiev	90.56	11,478	10,394	1,380	1,250	2021
Private Joint-Stock Company "INSURANCE COMPANY "KNAZHA LIFE VIENNA INSURANCE GROUP", Kiev	97.94	3,407	3,337	408	400	2021
RISK CONSULT Sicherheits- und Risiko-Managementberatung Gesellschaft m.b.H., Vienna	41.00	718	294	404	166	2020
Ray Sigorta Anonim Sirketi, Istanbul	12.67	28,867	3,657	6,499	823	2021
SIA "Global Assistance Baltic", Riga	33.33	277	92	-23	-8	2021
SIGMA INTERALBANIAN VIENNA INSURANCE GROUP Sh.A., Tirana	89.05	16,501	14,694	1,871	1,666	2021
TBI BULGARIA EAD in Liquidation, Sofia	100.00	529	529	-39,908	-39,908	2021
UNION Vienna Insurance Group Biztosító Zrt., Budapest	98.64	50,774	50,083	7,290	7,191	2021
VIG AM Real Estate, a.s., Prague	100.00	797	797	160	160	2020
VIG Management Service SRL, Bucharest	52.08	8,130	4,234	132	69	2020
VIG Properties Bulgaria AD, Sofia	99.97	3,748	3,747	20	20	2021
VIG RE zajist'ovna, a.s., Prague	55.00	179,835	98,909	21,136	11,625	2021
VIG Services Ukraine, LLC, Kiev	6.98	1,438	100	-195	-14	2021
VIG-CZ Real Estate GmbH, Vienna	90.00	147,538	132,784	40	36	2021
Vienna Insurance Group Polska Spolka z ograniczona odpowiedzialnoscia, Warsaw	51.43	18,546	9,538	59	30	2020
Vienna International Underwriters GmbH, Vienna	100.00	410	410	50	50	2020
Vienna Life Towarzystwo Ubezpieczen na Zycie S.A. Vienna Insurance Group, Warsaw	100.00	4,976	4,976	2,609	2,609	2021
Vienna-Life Lebensversicherung AG Vienna Insurance Group, Bendorf	100.00	9,535	9,535	-33	-33	2021
WIENER STÄDTISCHE OSIGURANJE akcionarsko drustvo za osiguranje Beograd, Belgrade	100.00	55,964	55,964	10,027	10,027	2021
WIENER STÄDTISCHE VERSICHERUNG AG Vienna Insurance Group, Vienna	90.82	559,209	507,874	86,935	78,954	2021
Joint Stock Insurance Company WINNER-Vienna Insurance Group, Skopje	100.00	7,461	7,461	315	315	2021
Wiener Osiguranje Vienna Insurance Group a.d., Banja Luka	100.00	8,919	8,919	72	72	2021
Akcionarsko drustvo za zivotno osiguranje Wiener Städtische Podgorica, Vienna Insurance Group, Podgorica	100.00	5,420	5,420	322	322	2020
Wiener Towarzystwo Ubezpieczen Spolka Akcyjna Vienna Insurance Group, Warsaw	100.00	34,035	34,035	9,197	9,197	2021
Wiener osiguranje Vienna Insurance Group dionicko drustvo za osiguranje, Zagreb	97.82	98,736	96,584	6,365	6,226	2021
twinformatics GmbH, Vienna	20.00	2,887	577	340	68	2021
Participations						
Erste Asset Management GmbH, Vienna	0.76	136,660	1,039	73,119	556	2021
Wiener Börse AG, Vienna	8.50	166,278	14,134	41,396	3,519	2020

V. OTHER DISCLOSURES

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

The Managing Board is not aware of any restrictions on voting rights or the transfer of shares.

Wiener Städtische Versicherungsverein holds (directly or indirectly) approximately 72.47 % of the share capital.

No shares have special rights of control. See the following paragraph for information on the rights of the shareholder Wiener Städtische Versicherungsverein.

The Managing Board must have at least three and no more than eight members. The Supervisory Board has between three and twelve members (shareholder representatives). The shareholder Wiener Städtische Versicherungsverein 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 mandatory by law or the articles of association.

Employees who hold shares exercise their voting rights without a proxy during General Meetings.

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

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

The share capital has consequently been raised in accordance with § 159 (2) no. 1 AktG by a contingent capital increase of up to EUR 31,145,500.36 through the issue of up to 30,000,000 bearer ordinary shares. The contingent capital increase will only be implemented to the extent that holders of convertible bonds issued on the basis of the General Meeting resolution of 21 May 2021 exercise the subscription or exchange rights they were granted. The Managing Board has not adopted any resolutions to date concerning the issuance of convertible bonds based on the authorisation granted on 21 May 2021.

The General Meeting of 21 May 2021 further authorised the Managing Board to issue, subject to Supervisory Board approval in accordance with § 174 (2) AktG, income bonds with a total nominal value of up to EUR 2,000,000,000.00 in one or more tranches on or before 20 May 2026, including authorisation to exclude shareholder pre-emption rights. The Managing Board has not adopted any resolutions to date regarding the issuance of income bonds based on this authorisation.

The General Meeting of 21 May 2021 authorised the Managing Board to acquire the Company's own ordinary shares in accordance with § 65(1) no. 8 and (1a) and (1b) AktG to the maximum extent permissible by law during a period of 30 months following the date the General Meeting resolution was adopted.

The amount paid upon repurchase of the Company's own shares may not be more than a maximum of 50 % below, or more than a maximum of 10 % above, the average unweighted closing price on the Vienna Stock Exchange on the ten stock exchange trading days preceding the repurchase.

The Managing Board may choose to make the purchase on the stock exchange, through a public offer or in any other legally permissible and expedient manner. If the repurchase is performed via a public offer, the end of the calculation period is determined based on the date on which the intention to make a public offer is announced (§ 5 (2) and (3) of the Austrian Takeover Act (Übernahmegesetz)).

The General Meeting of 21 May 2021 also 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;
- 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-emptive rights was submitted to the General Meeting.

The Managing Board has not made use of these authorisations to date. The Company held no own shares as of 31 December 2021.

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

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

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 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. The bond is listed on the Luxembourg Stock Exchange.

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

The interest rate is 3.75% p.a. until 13 April 2027, after which the bond pays variable interest.

On 15 March 2021, VIG Holding placed a EUR 300,000,000.00 hybrid capital bond with the principal shareholder of Vienna Insurance Group, Wiener Städtische Versicherungsverein, in a private placement. The private placement has an interest rate of 3.21% and an unlimited term. VIG Holding can call the hybrid capital bond for the first time after 10 years. It satisfies the Solvency II requirements for a restricted tier 1 instrument and qualifies as capital based on the requirements of the S&P rating agency.

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 term. The bond is listed on the Vienna Stock Exchange.

THE SUPERVISORY BOARD HAD THE FOLLOWING MEMBERS IN FINANCIAL YEAR 2021:

Chairman:

Günter Geyer

1st Deputy Chairman:

Rudolf Ertl

2nd Deputy Chairperson:

Robert Lasshofer (since 6 September 2021)

Georg Riedl (until 6 September 2021)

Members:

Martina Dobringer

Zsuzsanna Eifert (since 15 July 2021)

Gerhard Fabisch

Peter Mihók

Robert Lasshofer (from 15 July to 6 September 2021)

Heinz Öhler

Georg Riedl (since 6 September 2021)

Gabriele Semmelrock-Werzer

Katarína Slezáková

Gertrude Tumpel-Gugerell

There were **an average of 311 (296) employees, including Managing Board members**. These employees were employed in the insurance business and resulted in personnel expenses of EUR 40,967,000 (EUR 39,431,000).

There were no loans outstanding to **members of the Managing Board** or members of the Supervisory Board as of 31 December 2021 (EUR 0).

No **guarantees were outstanding for members of the Managing Board** or Supervisory Board as of 31 December 2021.

THE MANAGING BOARD HAS THE FOLLOWING MEMBERS:

Chairwoman:

Elisabeth Stadler

Deputy Chairman of the Managing Board:

Hartwig Löger (since 15 September 2021)

Members:

Liane Hirner

Peter Höfingger

Gerhard Lahner

Gábor Lehel

Hartwig Löger (until 14 September 2021)

Harald Riener

Peter Thirring

In 2021, the total expenses for severance pay and pensions of EUR 1,599,000 (EUR 2,479,000) included severance pay and pension expenses of EUR 1,626,000 (EUR 2,369,000) for members of the Managing Board and senior management in accordance with § 80(1) of the Austrian Stock Corporation Act (AktG).

The Managing Board manages the Company and is also responsible for management of the Group.

The members of the Managing Board received EUR 7,243,000 (EUR 6,279,000) from the Company during the reporting period for their services. Managing Board members are provided with a company car for both business and personal use.

The ratio of the fixed and variable income of all VIG Holding employees versus the Managing Board as a whole was 1 to 11.2 (1 to 11.5) in 2021.

Former members of the Managing Board received EUR 1,330,000 (EUR 1,149,000).

The **members of the Supervisory Board** received EUR 695,000 (EUR 578,000) in compensation for their services to the Company in 2021.

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

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

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

A receivable of EUR 97,576,000 (EUR 118,520,000) is owed by the parent company.

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

VI. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

AEGON Hungary

On 16 February 2022, VIG Holding and the Hungarian state-owned holding company Corvinus Nemzetközi Befektetési Zrt. ("Corvinus") reached agreement on the details of their cooperation, whose main features had been set down in the memorandum of understanding of 23 December 2021. Corvinus will receive a 45 % interest in the Hungarian VIG companies under the cooperation. The agreement was signed on 21 February 2022 in Budapest.

The Hungarian VIG companies will be held by the Hungarian holding company (VIG Magyarország Befektetési Zrt.) and two Dutch holding companies (Aegon Hungary Holding B.V., Aegon Hungary Holding II B.V.) in the future. Corvinus will acquire a non-controlling 45 % minority interest in each of these three holding companies. The total purchase price agreed for the three 45 % interests in the holding companies is around EUR 350 million.

Closing of the transaction is subject to the approvals required under supervisory and competition law.

Conflict between Russia and Ukraine

The current political situation in Ukraine is also creating uncertainty in financial markets, among other things. VIG Holding holds bonds issued by the Russian Federation and companies related to the Russian Federation with a nominal value of EUR 7.2 million. It was not possible to estimate the degree to which the Company would be affected by the editorial deadline.

Change in the Austrian tax rate

The National Council passed the Austrian 2022 Tax Reform on 20 January 2022. As a result of the reform, the corporate income tax rate will be reduced in stages from 25 % to 24 % in 2023 and to 23 % in 2024. The effect this will have on the calculation of deferred taxes cannot yet be reliably quantified.

PROPOSED APPROPRIATION OF PROFITS

VIENNA INSURANCE GROUP AG Wiener Versicherung Gruppe (VIG Holding) ended financial year 2021 with net retained profits of EUR 338,351,602.38. The following appropriation of profits will be proposed in the Annual General Meeting:

The 128 million shares shall receive a dividend of EUR 1.25 per share. The payment date for this dividend will be 25 May 2022, the record date 24 May 2022, and the ex-dividend date 23 May 2022.

A total of EUR 160,000,000.00 will therefore be distributed. The net retained profits of EUR 178,351,602.38 remaining for financial year 2021 after distribution of the dividend is to be carried forward.

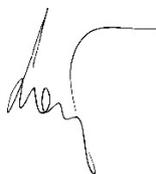
Vienna, 16 March 2022

The Managing Board:



Elisabeth Stadler

General Manager, Chairwoman of
the Managing Board



Hartwig Löger

Deputy General Manager, Deputy
Chairman of the Managing Board



Liane Hirner

CFRO, Member of the Managing
Board



Peter Höfinger

Member of the Managing Board



Gerhard Lahner

COO, Member of the Managing
Board



Gábor Lehel

CIO, Member of the Managing
Board



Harald Riener

Member of the Managing Board



Peter Thirring

CTO, Member of the Managing
Board

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 at 31 December 2021, 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 at 31 December 2021 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 on the future business development. Other factors are the assumed long-term growth rate as well as the underlying region-specific costs of capital.

Our Response

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

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

Other Information

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

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

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

Responsibilities of Management Audit Committee for the Financial Statements

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

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

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

Auditor's Responsibilities

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement – whether due to fraud or error – and to issue an auditor's report that includes our audit opinion. Reasonable assurance represents a high level of assurance, but provides no guarantee that an audit conducted in accordance with AP Regulation and Austrian Standards on Auditing (and therefore ISAs), will always detect a material misstatement, if any. Misstatements may result from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

Moreover:

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

REPORT ON OTHER LEGAL REQUIREMENTS

Management Report

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

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

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

Opinion

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

Statement

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

Additional Information in accordance with Article 10 AP Regulation

We were elected as auditors at the Annual General Meeting on 25 September 2020 and were appointed by the supervisory board on 22 October 2020 to audit the financial statements of VIENNA INSURANCE GROUP AG Wiener Versicherung Gruppe, Vienna.

In addition, during the Annual General Meeting on 21 May 2021, we have been elected as auditors for the following financial year and appointed by the supervisory board on 2 June 2021.

We have been auditors of the Company, without interruption, since the consolidated financial statements at 31 December 2013.

We declare that our opinion expressed in the "Report on the Financial Statements" section of our report is consistent with our additional report to the audit committee, in accordance with Article 11 AP Regulation.

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

ENGAGEMENT PARTNER

The engagement partner is Mr Thomas Smrekar.

Vienna, 16 March 2022

KPMG Austria GmbH
Wirtschaftsprüfungs- und Steuerberatungsgesellschaft

signed by:

Mag. Thomas Smrekar

Wirtschaftsprüfer
(Austrian Chartered Accountant)

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

The 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, 16 March 2022

The Managing Board:



Elisabeth Stadler

General Manager, Chairwoman of the Managing Board



Hartwig Löger

Deputy General Manager, Deputy Chairman of the Managing Board



Liane Hirner

CFRO, Member of the Managing Board



Peter Höfinger

Member of the Managing Board



Gerhard Lahner

COO, Member of the Managing Board



Gábor Lehel

CIO, Member of the Managing Board



Harald Riener

Member of the Managing Board



Peter Thirring

CTO, Member of the Managing Board

SUPERVISORY BOARD REPORT

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

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

The Supervisory Board has formed five committees from its members.

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

One Annual General Meeting and five Supervisory Board meetings distributed across the financial year were held in 2021. Five meetings of the Audit Committee (Accounts Committee) were also held. Some of the meetings were held without the physical presence of the participants in accordance with § 1 of the Austrian Corporate COVID-19 Act (COVID-19-GesG). The Annual General Meeting was

held as a virtual Annual General Meeting on the basis of § 1 (2) COVID-19-GesG and the COVID-19-GesV. The financial statement and consolidated financial statement auditor, KPMG Austria GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft, FN 269873y (KPMG), attended four Audit Committee meetings and three Supervisory Board meetings in 2021, including the Supervisory Board meeting that addressed the audit of the 2020 annual financial statements and the 2020 consolidated financial statements as well as formal approval of the 2020 annual financial statements, and also attended the Annual General Meeting. KPMG also informed the Audit Committee about the planning and procedure used to audit the financial statements and consolidated financial statements. Three meetings of the Committee for Managing Board Matters (Personnel Committee) were held in 2021. The Committee for Urgent Matters (Working Committee) held one meeting. The Strategy Committee and Nomination Committee did not meet in 2021. Strategic matters were handled by the Supervisory Board as a whole.

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

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

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

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

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

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

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

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

The Audit Committee reported on these monitoring activities to the Supervisory Board and stated that no deficiencies had been identified. The Supervisory Board was also given the opportunity during Supervisory Board

meetings to verify the functional adequacy of the existing control and auditing systems. In addition, the audit plan and the quarterly reports prepared by the internal audit department were debated by the Audit Committee and the Supervisory Board and discussed with the head of the internal audit department and the Group internal audit department.

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

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

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

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

The Audit Committee also examined the 2021 consolidated financial statements and Group management report. In

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

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

The Supervisory Board dealt with the following topics in particular:

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

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

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

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

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

The 2021 annual financial statements together with the management report and 2021 consolidated corporate governance report, the 2021 consolidated financial statements together with the Group management report,

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

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

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

view of the net assets and financial position of the Group as of 31 December 2021, and of the results of operations and cash flows of the Group for financial year 2021 in accordance with the IFRS as adopted by the EU and § 138 of the Austrian Insurance Supervision Act (VAG) in combination with § 245a of the Austrian Commercial Code (UGB). The Group management report is consistent with the consolidated financial statements. KPMG also reviewed the 2021 sustainability report (consolidated non-financial report) and determined in accordance with § 269 (3) UGB that the 2021 consolidated corporate governance report had been prepared.

The final results of the review by the Supervisory Board did not provide any basis for reservation either. The Supervisory Board stated that it had nothing to add to the auditor's reports for the financial statements and consolidated financial statements.

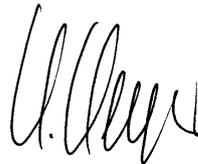
After thorough examination, the Supervisory Board therefore adopted a unanimous resolution to approve the 2021 annual financial statements prepared by the Managing Board, not to raise any objections to the management report, the 2021 consolidated financial statements and Group management report, the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

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

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

Vienna, April 2022

The Supervisory Board:



Günter Geyer (Chairman)

Service

Actuarial Department

Werner Matula

Tel.: +43 (0) 50 390-21999

E-mail: werner.matula@vig.com

Anti Money Laundering

Gerhard Kalcik

Tel.: +43 (0) 50 390-27053

E-mail: gerhard.kalcik@vig.com

Asset Management (incl. Real Estate)

Gerald Weber

Tel.: +43 (0) 50 390-22914

E-mail: gerald.weber@vig.com

Asset Risk Management

Bernhard Reisecker

Tel.: +43 (0) 50 390-25439

E-mail: bernhard.reisecker@vig.com

Assistance

Markus Maurer

Tel.: +43 (0) 50 390-20147

E-mail: markus.maurer@vig.com

Bancassurance and international partnerships

Harald Londer

Tel.: +43 (0) 50 390-25670

E-mail: harald.londer@vig.com

Communication & Marketing

Wolfgang Haas, MSc

Tel.: +43 (0) 50 390-21029

E-mail: wolfgang.haas@vig.com

Compliance

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

Tel.: +43 (0) 50 390-20353

Digitalisation, Finance and Risk

Bernhard Pfahnl

Tel.: +43 (0) 50 390-26922

E-mail: bernhard.pfahnl@vig.com

Enterprise Risk Management

Ronald Laszlo

Tel.: +43 (0) 50 390-25475

E-mail: ronald.laszlo@vig.com

European Affairs and ESG

Dieter Pscheidl

Tel.: +43 (0) 50 390-20079

E-mail: dieter.pscheidl@vig.com

Finance Department

Roland Goldsteiner

Tel.: +43 (0) 50 390-21865

E-mail: roland.goldsteiner@vig.com

General Secretariat and Legal

Philipp Bardas

Tel.: +43 (0) 50 390-21062

E-mail: philipp.bardas@vig.com

Holding IT

Carsten Dehner

Tel.: +43 (0) 50 390-26719

E-mail: carsten.dehner@vig.com

Human Resources

Barbara Hohl

Tel.: +43 (0) 50 390-21845

E-mail: barbara.hohl@vig.com

Innovation

Tel.: +43 (0) 50 390-25696

Insurance Life/Non Life Retail

Robert Wasner

Tel.: +43 (0) 50 390-23717

E-mail: robert.wasner@vig.com

Internal Audit

Martin Pongratz

Tel.: +43 (0) 50 390-21047

E-mail: martin.pongratz@vig.com

Investor Relations

Nina Higtzberger-Schwarz

Tel.: +43 (0) 50 390-21920

E-mail: nina.higtzberger@vig.com

Planning and Controlling

Nicolas Mucherl

Tel.: +43 (0) 50 390-21431

E-mail: nicolas.mucherl@vig.com

Process & Project Management

Tel.: +43 (0) 50 390-24100

Reinsurance

Gerald Klemensich

Tel.: +43 (0) 50 390-21161

E-mail: gerald.klemensich@vig.com

Sponsoring

Barbara Grötschnig

Tel.: +43 (0) 50 390-21027

E-mail: barbara.groetschnig@vig.com

Strategy and Development

Klaus Mühleder

Tel.: +43 (0) 50 390-21363

E-mail: klaus.muehleder@vig.com

Subsidiaries and M&A

Sonja Raus

Tel.: +43 (0) 50 390-21953

E-mail: sonja.raus@vig.com

Tool Box Sales

Tel.: +43 (0) 50 390-20353

Treasury incl. ALM

Hannes Gruber

Tel.: +43 (0) 50 390-21174

E-mail: hannes.gruber@vig.com

VIG Corporate IT

Markus Deimel

Tel.: +43 (0) 50 390-26448

E-mail: markus.deimel@vig.com

ABBREVIATIONS USED IN THE TEXT

Abbreviations	Full company name
Erste Group	Erste Group Bank AG
VIG-Versicherungsgruppe, VIG-Gruppe ¹⁾	VIENNA INSURANCE GROUP AG Wiener Versicherung Gruppe, Wien
VIG Holding bzw. Vienna Insurance Group AG ²⁾	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⁾ Refers to all consolidated VIG (insurance) companies

²⁾ Used when referring to the company itself

NOTICE

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

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

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

Our goal was to make the Annual Report as easy to read and as clear as possible. For this reason we have not used phrasing such as “he/she”, “his/her”, etc. It should be understood that the text always refers to women and men equally without discrimination.

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
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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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Annual Financial Statements 2021