VIG
VIENNA INSURANCE GROUP

Protecting what matters.

Group Annual Report 2020

Key figures ...

		2020	2019	2018	2017
Income statement					
Premiums written	EUR million	10,428.5	10,399.4	9,657.3	9,386.0
Net earned premiums – retention	EUR million	9,336.6	9,317.9	8,729.4	8,509.6
Financial result	EUR million	596.3	1,010.8	1,037.5	924.3
Expenses for claims and insurance benefits – retention	EUR million	-7,030.6	-7,262.7	-6,947.0	-6,872.6
Acquisition and administrative expenses	EUR million	-2,328.5	-2,293.2	-2,140.7	-2,040.3
Result before taxes	EUR million	345.9	521.6	485.4	442.5
Net result of the period after taxes and non-controlling interests	EUR million	231.5	331.3	268.9	297.6
Combined ratio	%	95.0	95.4	96.0	96.7
Claims ratio	%	62.8	63.7	64.7	66.3
Cost ratio	%	32.2	31.7	31.3	30.4
Balance sheet					
Investments[1]	EUR million	42,869.2	43,076.1	44,336.9	44,994.0
Shareholders' equity (including non-controlling interests)	EUR million	5,285.8	5,190.7	5,835.7	6,043.9
Underwriting provisions	EUR million	39,847.3	40,002.1	38,115.3	38,780.9
Total assets	EUR million	50,428.1	50,344.9	51,163.5	51,714.0
Return on Equity (RoE)[2]	%	7.9	10.5	8.9	8.3
Share					
Number of shares	Piece	128,000,000	128,000,000	128,000,000	128,000,000
Market capitalisation	EUR million	2,662.4	3,251.2	2,595.8	3,297.9
Average number of shares traded per day	Piece	~74,000	~65,000	~86,000	~104,000
Book value per share[3]	EUR	33.36	33.67	32.64	31.93
End-of-period price	EUR	20.800	25.400	20.280	25.765
High	EUR	26.350	25.850	28.740	26.520
Low	EUR	13.900	20.000	19.900	21.590
Share performance for the year (excluding dividends)	%	-18.11	25.25	-21.29	20.96
Dividend per share	EUR	0.75[4]	1.15	1.00	0.90
Dividend yield	%	3.61	4.53	4.93	3.49
Earnings per share[5]	EUR	1.81	2.59	2.04	2.23
Price-earnings ratio as of 31 December		11.49	9.81	9.94	11.55
Employees					
Number of employees (average for the year)		25,680	25,736	25,947	25,059

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

[1] Incl. unit-linked and index-linked life insurance investments and excl. cash and cash equivalents

[2] RoE is the ratio of Group result before taxes to total average shareholders' equity.

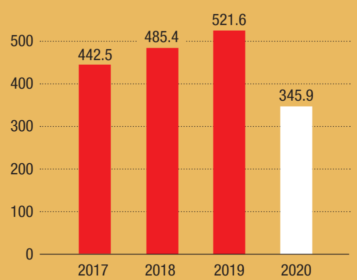
[3] The value is calculated using shareholders' equity before non-controlling interests, less the revaluation reserve and less hybrid bonds in 2018 and 2017.

[4] Planned dividend

[5] The calculation of this figure includes the proportional interest expenses for hybrid capital in 2018 and 2017. The undiluted earnings per share equals the diluted earnings per share (in EUR).

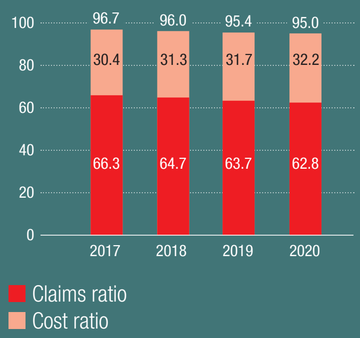
PROFIT BEFORE TAXES

in EUR million



COMBINED RATIO

in per cent



... at a glance

VIG INSURANCE GROUP BY SEGMENTS IN THE YEAR 2020

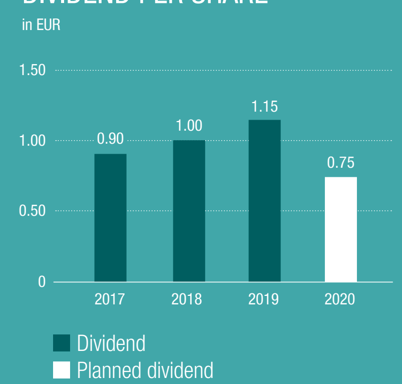
Country	Premium volume	Result before taxes	Combined ratio	Employees
	in EUR '000	in EUR '000	in %	Number
Austria	4,030,707	178,727	92.7	5,027
Czech Republic	1,732,393	192,072	90.7	4,925
Slovakia	729,520	51,394	89.0	1,655
Poland	1,196,236	22,552	96.7	2,464
Romania	493,804	14,235	99.0	1,792
Baltic states	492,915	9,498	97.2	1,905
Hungary	287,750	8,444	97.0	520
Bulgaria	199,640	-36,722	91.2	878
Turkey/Georgia	251,652	-883	95.4	1,202
Remaining CEE[1]	439,610	-15,650	92.6	4,451
Other Markets[2]	279,997	26,728	81.1	132
Central Functions[3]	1,736,522	-107,567	–	729

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

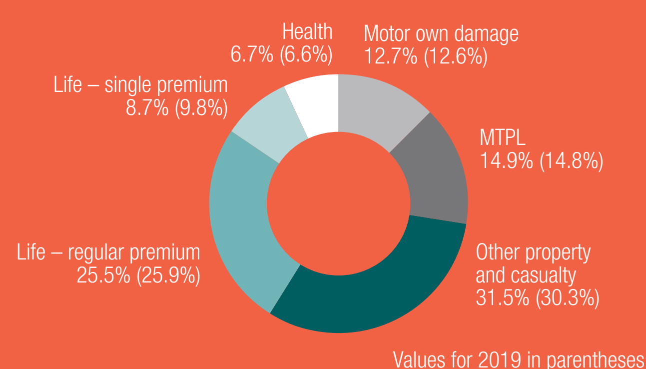
[2] Other Markets: Germany, Liechtenstein

[3] Central Functions: VIG Holding, VIG Re, Wiener Re, VIG Fund, non-profit societies, corporate IT service providers and intermediate holding companies

DIVIDEND PER SHARE



PREMIUMS BY LINE OF BUSINESS



Highlights 2020

Group premiums of EUR 10.4 billion (+0.3%)
10 billion threshold exceeded in 2020 in spite of the COVID-19 pandemic. **Page 35**

Result before taxes of EUR 345.9 million
Solid result before taxes despite COVID-19-related impairments. **Page 36**

Combined ratio (net) of 95.0%
As a result, the goal of reducing the combined ratio to 95% in the medium term was achieved in 2020. **Page 37**

Dividend per share of 75 cents
A dividend of 75 cents per share will be proposed at the Annual General Meeting under the dividend policy which foresees a distribution of 30 to 50% of Group net profits to shareholders. **Page 149**

Solvency ratio of 238%
VIG Insurance Group therefore continues to have excellent capitalisation. **Page 130**

A+ with a stable outlook
The A+ rating was affirmed again. VIG Insurance Group continues to have the best credit rating of all companies listed in the Austrian index ATX.

Repeated listing in the VÖNIX and FTSE4Good indices
VIG shares remain listed in the two sustainability indices in 2020.

Anniversary

30 years, 30 countries

30 years ago, Wiener Städtische took the first step to expand into Central and Eastern Europe. VIG Insurance Group now operates in 30 countries. Premium volume has increased more than tenfold since the start of the expansion.

Growth

VIG Insurance Group expands its market leadership in CEE

VIG Insurance Group signed a share purchase agreement with the Dutch company Aegon N.V. in 2020 to acquire its companies in Hungary, Poland, Romania and Turkey. This will increase the customer base by 4.5 million. The Group will consolidate its leading position in the CEE region and will be No. 1 in Hungary for the first time. The formal closing of the acquisition is expected in the 2nd half of 2021.

Personnel changes

Hartwig Löger joined the VIG Managing Board on 1 January 2021

Deputy General Manager Franz Fuchs left the Board at the end of June 2020

Investments

More investments in green bonds

VIG Insurance Group considers social and environmental criteria in its investment strategy. The Group held EUR 238.2 million in green bonds at the end of 2020.

More information on the highlights is available in the online report at **www.annual-report.vig/2020**

More information is available in the video by Elisabeth Stadler in our online report at **www.annual-report.vig/2020**

PROTECTING WHAT MATTERS

Dear Shareholders,
Ladies and Gentlemen!

The year 2020 will likely be remembered by all of us for a long time to come. The worst pandemic in 100 years led to the worst economic crisis in 90 years. VIG Insurance Group managed to make it through these difficult times comparatively well. We showed that we are resilient and able to withstand unforeseeable events. This stability is our greatest asset, as it is needed for us to keep our promise of protecting what matters. It is essential in order to be a reliable partner for our customers, investors and all other stakeholders at all times.

We have succeeded in achieving profitable growth over the years. We owe this to our long-term strategy, which ensures stability, and our flat hierarchies, which let us act quickly and flexibly. They enable us to deal with unforeseen developments as well as special local circumstances. This combination of a long-term strategy and flexibility proved to be particularly effective in 2020, allowing us to deal with this exceptional situation in the best possible way.

Economic stability is not simply due to good key figures. Agenda 2020, our strategic work programme from 2017 to 2020, had one goal above all others, namely keeping our business model fit for the future in a world of change. Our sustainability strategy also shows that we think in terms of generations. We continuously monitor long-term trends in all our lines of business, from climate change and demographic trends all the way to the digital transformation. Ultimately, however, our actions are governed by our values: proximity to our customers and responsibility, as well as diversity, which is part of the DNA of our Group. Our diversity across countries, brands, products and distribution channels has helped us manage risks better and deal with turbulence in individual areas, especially in 2020.

Solid results and dividend

VIG Insurance Group's business operations achieved solid performance in 2020, in spite of the exceptional situation due to the pandemic. New business was particularly affected by the first lockdown period in the spring. The countries in Central and Eastern Europe (CEE) were more affected by the second wave of infections >

"We showed that we are resilient and able to withstand unforeseeable events."

>

than Austria and the Western European countries. We recorded a total premium volume of EUR 10.4 billion in 2020, once again exceeding the 10 billion treshold and increasing Group premiums slightly by 0.3%, thanks to a strong start into the year.

The result before taxes of EUR 345.9 million was greatly affected by the decrease in the financial result due to the COVID-19 pandemic. In addition, the result takes into account the goodwill impairments for the Bulgarian, Croatian and Georgian markets in the first half of 2020. These were the result from the event-related goodwill review in connection with COVID-19. The combined ratio development was particularly pleasing in 2020. At 95.0%, our goal of reducing it to around 95% in the medium term was achieved in 2020.

In view of the solid results that were achieved in spite of the environment and our continued good capitalisation, we will propose a dividend of 75 cents to the Annual General Meeting. We are committed to being a stable, reliable partner for our shareholders and allowing them to participate in the performance of the Group. We have paid a dividend every year without exception since 1994, even during the financial crisis of 2007 and 2008. We want to continue this positive track record – considering the specific situation and the interests of all stakeholders.

Aegon acquisition: Consolidating our leadership position

VIG Insurance Group further consolidated its leading market position in Eastern Europe in 2020. In November, we signed a share purchase agreement with the Dutch company Aegon N.V. to acquire its companies in Hungary, Poland, Romania and Turkey. This is a major step for us. It will increase our customer base by 4.5 million. We will become the market leader in Hungary for the first time, and enter the Turkish life insurance market. Also, acquiring the pension fund companies in Hungary, Poland and Romania will strengthen our activities in the area of retirement provisions. Due to demographic trends, particularly in Central and Eastern Europe, the potential for growth is good in this area. It is also in line with our goal of enabling our customers to live a safer and better life – and therefore also being a partner for asset accumulation and retirement provisions. We expect the acquisition to be formally concluded in the second half of 2021. This underscores the fact that we are well positioned and can take advantage of growth opportunities in the region at any time – even in exceptional periods.

Agenda 2020: A foundation for the future

Our strategic work programme Agenda 2020 significantly increased the Group's future viability and created a foundation for future success. The measures we implemented from 2017 to 2020 increased our profitability, with systematic anti-fraud management, closed file review and company mergers improving operating performance and reducing our combined ratio. We also implemented measures to expand lines of business – from bancassurance to health insurance – and open up new business opportunities. We are continuing, for example, to expand our assistance services and reinsurance business. And we are working intensively with start-ups to create innovative products and services that satisfy new customer needs. We have been promoting the digital transformation throughout the Group for years. Under Agenda 2020, we invested around EUR 200 million and there were more than 180 digitalisation projects. The following are a few of the current highlights. Beesafe, our own Group start-up, brought the first completely digital motor vehicle insurance policy to the market in Poland. We made an investment in the ViveLaCar subscription car platform. And the Austrian insurance company Wiener Städtische used our own shared viesure innovation hub to expand its digital healthcare services, even during the COVID-19 pandemic, and introduced its "Losleben" app to the market.

Further acceleration of the digital transformation

The great progress we achieved in digitalisation has proven its value during periods of lockdown and social distancing. From one day to the next, thousands of employees in our companies switched over to working from home. Email, video calls and even the good old telephone were used to communicate with each other and provide customer support. This allowed us to successfully maintain our business operations. The COVID-19 pandemic further accelerated this transformation at the same time. Many customers increased their use of digital channels, or began using them for the first time, in order to communicate with us, buy policies or submit claim notifications – and they noticed how quick and easy this is. Many employees have also developed a liking for their home office. According to a survey conducted at VIG Holding, 94% of the respondents who participated in the survey would like to continue working from home more in the future. We therefore develop a concept to allow mobile work to continue even after COVID-19. This will make us more digital, more flexible and faster – and, above all, an even more attractive employer.

Continuing our successful strategy

The strategy update we present in the 2nd quarter of 2021 will focus on continuing the successes achieved in these areas. Our programme will continue to aim for cost efficiency, digitalisation and profitable growth. Our regional focus will remain on Central and Eastern Europe – and, 30 years after the start of our expansion into the CEE region, this is more important than ever before. We will be supported by Hartwig Löger, who previously worked on the strategy update in an advisory capacity and has been a member of the Managing Board since the beginning of 2021, where he contributes his 35 years of insurance experience and good knowledge of the CEE region.

Given current conditions, the outlook for 2021 is highly uncertain. It is still not possible to estimate the medium-term economic effects of COVID-19. We have handled this exceptional situation well so far and believe our home region of Central and Eastern Europe offers good long-term growth potential. Before COVID-19, for many years economic growth in the CEE region was on average twice as high as in Western Europe. Based on forecasts by economic experts, we expect this will continue to be the case over the long term. Our excellent position in the region will allow us to continue benefiting from the ongoing economic catch-up process and existing growth potential.

Our mission remains unchanged, even in exceptional times: protecting what matters! That is what our more than 25,000 employees, whether in the office or virtual, are working for in all our markets. On behalf of all of them, I would like to thank you, our shareholders, business partners, customers and all our stakeholders, for your interest and confidence in our Group.

Stay healthy!
Yours sincerely,

Elisabeth Stadler
Chairwoman of the Managing Board

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“Our acquisition of the Aegon companies allows us to further consolidate our leading market position in Eastern Europe.”

Company

Contents

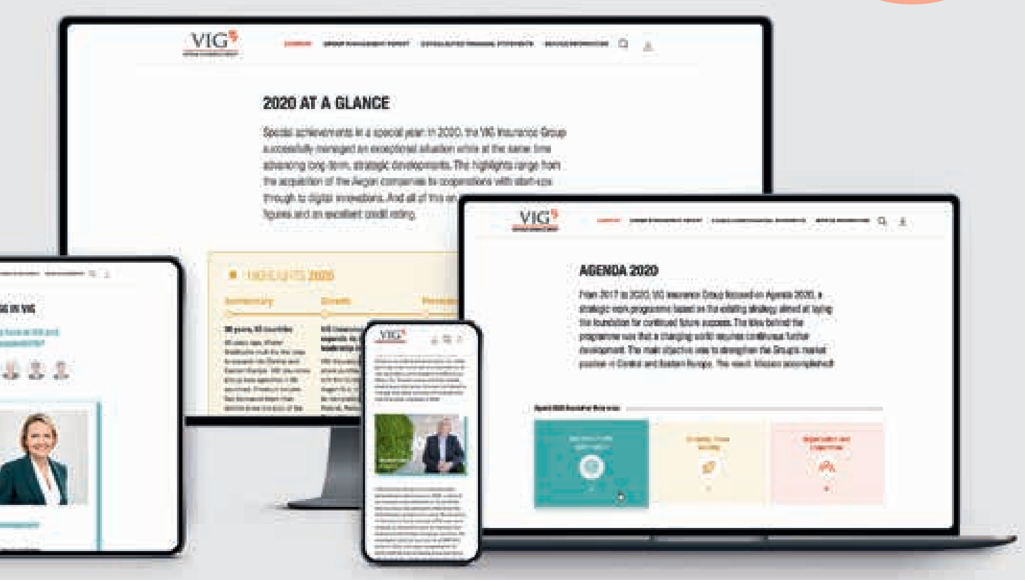
Group management report

VIG Insurance Group does more than protect what is dear to its customers' hearts today. Due to its position on sustainability, it also protects all the values that will become more important in the future, such as a clean environment and social solidarity. Read more in our Sustainability Report 2020, or at **www.vig.com/corporate-responsibility**

Consolidated financial statements

Service information

Our goal was to make the Group 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.



Read what counts

Background information for financial year 2020 is available online at
www.annual-report.vig/2020

The additional information includes:

- A **video** with Chairwoman of the Managing Board Elisabeth Stadler
- Detailed information on the **most important events** in financial year 2020
- The **Members of the Managing Board** state their position: How important is sustainability at VIG Insurance Group?
- The successes of **Agenda 2020**

All VIG Holding publications are available at
www.vig.com/annual-reports

VIG INSURANCE GROUP AT A **GLANCE**

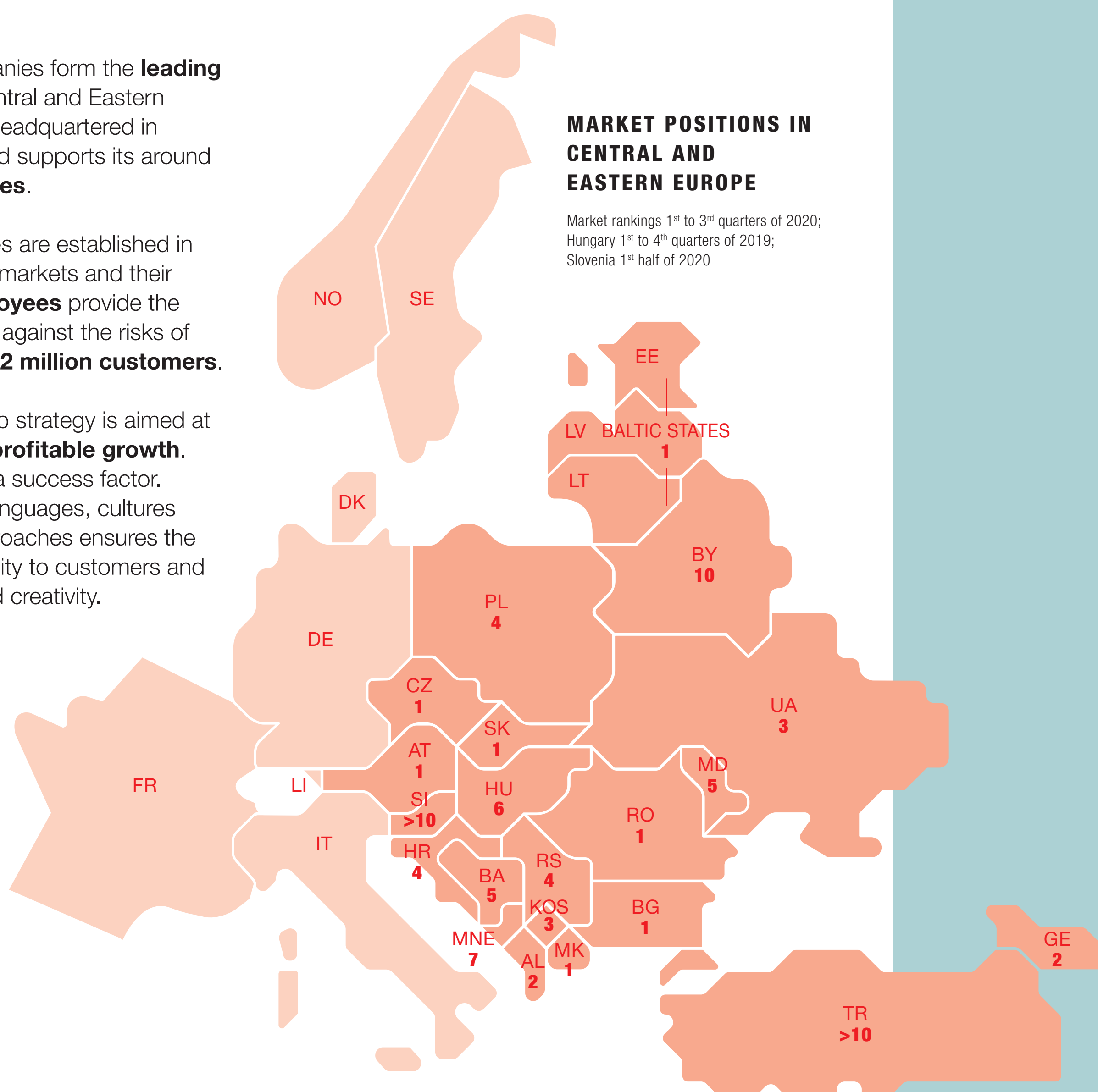
Together, the VIG companies form the **leading insurance group** in Central and Eastern Europe. VIG Holding is headquartered in Vienna and manages and supports its around **50 insurance companies**.

The insurance companies are established in their respective regional markets and their more than **25,000 employees** provide the best possible protection against the risks of day-to-day life for over **22 million customers**.

The VIG Insurance Group strategy is aimed at achieving **sustainable profitable growth**. It relies on **diversity** as a success factor. The variety of different languages, cultures and entrepreneurial approaches ensures the greatest possible proximity to customers and promotes innovation and creativity.

MARKET POSITIONS IN CENTRAL AND EASTERN EUROPE

Market rankings 1st to 3rd quarters of 2020; Hungary 1st to 4th quarters of 2019; Slovenia 1st half of 2020



more than **22,000,000** customers

more than **25,000** employees

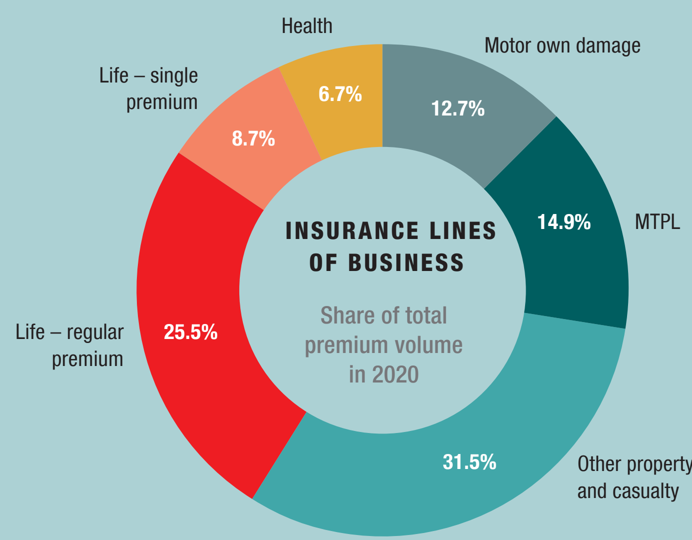
around **50** insurance companies

operating in **30** countries

Number **1** in CEE

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

1990 first expansion step into the former Czechoslovakia



on the Vienna Stock Exchange since **1994**

dual listing on the Prague stock exchange since **2008**

free float of around **28**%

around **72**% of the shares are held by Wiener Städtische Versicherungsverein

OUR **PRINCIPLES**

Our company mission statement and strategy define the principles that guide VIG Insurance Group in its business activities.

OUR VISION

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

OUR MISSION

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

OUR VALUES

Diversity
Customer proximity
Responsibility

OUR PROMISE

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

Primary strategic objective

Expanding market leadership and taking advantage of growth potential in Central and Eastern Europe (CEE)

Key strategic elements

Core business insurance

VIG insurance companies concentrate on their core business, namely providing insurance solutions and other services that best address the security and future provision needs of people.

Focus on CEE

The Group focuses on CEE, with the aim of exploiting growth opportunities in this region. The economic and insurance-related differences between the markets also ensure broad risk diversification.

Management principles

Local entrepreneurship

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

Multi-brand policy

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

Multi-channel distribution

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

Conservative investment and reinsurance policies

The consolidated VIG companies are responsible for EUR 36,646.3 million in total investments (incl. cash and cash equivalents and excl. investments for unit-linked and index-linked life insurance). Security and sustainability are the focus of the investment strategy. Most of the investments are therefore in bonds. Diligence also guides the reinsurance policy. To obtain the optimal risk balance, risks are bundled at the Group level and partially placed on the international reinsurance market.

Non-financial objectives

Corporate social responsibility

In addition to its economic objectives, VIG Insurance Group also pursues social and environmental objectives to protect what will matter. Detailed information on VIG Insurance Group's sustainability strategy is provided on pages 12 to 15 of the Sustainability Report.

Employer of choice

VIG Insurance Group can only protect what matters if it has the right employees. The appreciation of different experiences and expectations creates a work environment that allows every employee to follow their ideal development path. Further information on VIG Insurance Group's position as an attractive employer with an international background is provided in the Sustainability Report starting on page 38.

Strategic measures

Agenda 2020 was the strategic work programme for the period from 2017 to 2020. It focused on three areas:

1. Business model optimisation
2. Ensuring future viability
3. Organisation and cooperation

>

CLEAR FOCUS: STRATEGIC MEASURES OF **AGENDA 2020**

A changing world requires continuous further development. VIG Insurance Group used the strategic work programme Agenda 2020 to create a foundation for future success. A broad range of measures focused on three areas.

More information on the successes of Agenda 2020 is available in the online report at www.annual-report.vig/2020

1.

Business model optimisation

VIG Insurance Group is improving its operating performance, increasing cost efficiency and reducing its combined ratio.

Shared services and mergers
Back office functions are combined in a country or region to create cost benefits. Group companies are also merged if the resulting synergies outweigh the benefits of a separated market presence in the long term.

Optimising the profitability of motor vehicle insurance
Use of a selective underwriting policy and advanced analytics for setting prices is increasing earnings in the motor line of business. Targeted measures for claims management and the establishment of a central foreign claims team are improving profitability.

Antifraud management
A Group-wide best practice approach prevents unjustified claims.

Closed file review
A systematic review of closed claims identifies weak points in the claims handling process, prevents future overpayments, and establishes best practices.

Company

2.

Ensuring future viability

Demographic change, social trends and technological innovations are changing the economic rules of the game. VIG insurance companies ensure that their business models change with the times, allowing them to make use of future opportunities.

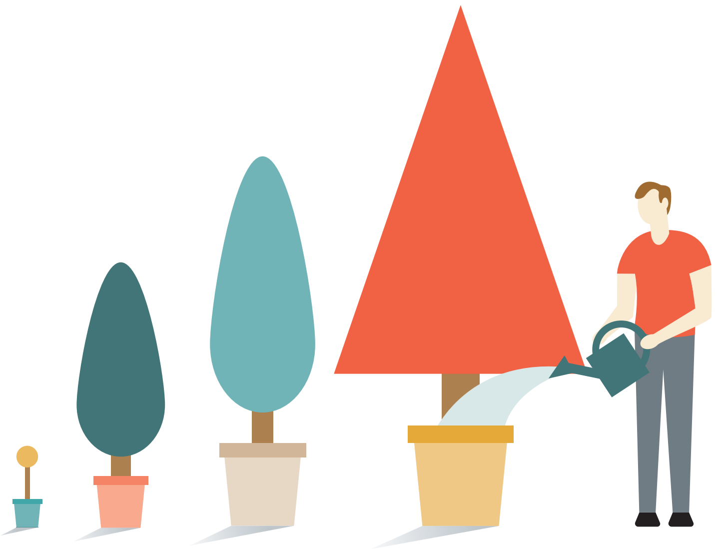
Expansion of business areas
Promotion of particularly promising areas such as:

- Bancassurance
- Health insurance
- Reinsurance
- SME business

Insurance of the future
Technological developments are changing the business model for insurance. Traditional motor vehicle insurance, for example, could change into a solution for mobility risks due to autonomous vehicles, and traditional life insurance could transform into a comprehensive pension instrument. In addition to protecting against risks, VIG insurance companies also want their products to offer added value.

Digitalisation
Based on its digital vision, VIG Holding is assisting its insurance companies with the digital transformation of their business models. According to the motto “anywhere, anytime, any way” the customer experience is being improved and processes are being automated, when reasonable. A Groupwide culture of innovation helps to better meet challenges.

Assistance
Internal Group assistance services are being expanded. The business model for traditional insurance products is being expanded with suitable supplementary services, while at the same time forming a basis for future digital additions. With this, the insurance companies are creating competitive advantages.



3.

Organisation and cooperation

Clear rules and targets, an effective management model and an efficient infrastructure for the exchange of best practices and innovations ensure efficient and effective collaboration within the Group, thereby ensuring the future success of all VIG companies.

Corporate governance report

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

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

VIG Holding is committed to application and compliance with the January 2021 version of the Austrian Code of Corporate Governance. § 243c UGB and § 267b UGB (Consolidated Corporate Governance Report) were also applied when preparing this report.

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

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

The Managing Board, Supervisory Board and employees consider observance of and compliance with the rules of the Austrian Code of Corporate Governance to be highly important for the practical implementation of corporate governance. All information on the members, procedures and remuneration of the Managing Board and Supervisory Board are clearly organised and presented below.

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

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

All of the rules of the Austrian Code of Corporate Governance were observed.

The Group’s scope of consolidation also includes capital market-oriented subsidiaries that are required by the legal systems applicable to them to prepare and publish corporate governance reports. These include: Ray Sigorta (Turkey) and Makedonija Osiguruvanje (North Macedonia). The corporate governance reports can be accessed through their respective company websites: www.raysigorta.com.tr (About > Investor Relations), www.insumak.mk (website link: https://www.insumak.mk/about-us/financial-reports/?lang=en as an integral part of the annual report). Reference is made to the information in this regard.

The shareholder structure is available at www.vig.com/shareholder-structure.

MEMBERS OF THE MANAGING BOARD AND THEIR RESPONSIBILITIES

The VIG Holding Managing Board had the following seven members as of 31 December 2020:

- Elisabeth Stadler (General Manager, Chairwoman of the Managing Board)
- Liane Hirner
- Peter Höfinger
- Gerhard Lahner
- Gábor Lehel
- Harald Riener
- Peter Thirring

Changes during and after the end of the financial year:
Hartwig Löger was appointed to the VIG Holding Managing Board starting 1 January 2021.

Deputy General Manager Franz Fuchs left his position on the Managing Board at the end of his term of office on 30 June 2020.

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

Elisabeth Stadler
General Manager (CEO),
Chairwoman of the Managing Board
Year of birth: 1961
Date first appointed: 1 January 2016
End of current term of office:
30 June 2023

Elisabeth Stadler studied actuarial mathematics at the Vienna Technical University and began her career in the Austrian insurance industry as a Managing Board Member and Chairwoman. In May 2014, she was awarded the professional title of professor by Federal Minister Gabriele Heinisch-Hosek for her merits for the insurance industry. She held the position of General Manager at Donau Versicherung from September 2014 to March 2016, and has been CEO of VIG Holding since 2016.

Areas of responsibility: Management of the VIG Group, Strategy, General Secretariat and Legal, Corporate Social Responsibility, Affiliated companies department, European Affairs, Group Communications & Marketing, Group Sponsoring, Bancassurance and international partnerships, Human Resources

Country responsibilities: Austria, Czech Republic

Supervisory board positions or comparable positions in other Austrian and foreign companies outside the Group: OMV Aktiengesellschaft, voestalpine AG, Institute of Science and Technology Austria, Austrian Red Cross

Elisabeth Stadler is also active in the Supervisory Boards of significant* Vienna Insurance Group companies: Wiener Städtische (Austria), Donau Versicherung (Austria), Kooperativa (Czech Republic), ČPP (Czech Republic), Compensa Non-Life (Poland), InterRisk (Poland), VIG Re (Czech Republic).

*All companies that contribute at least 2% of written premiums and at least 2% of profit before taxes are considered to be “significant”.

Liane Hirner, CFO
Year of birth: 1968
Date first appointed: 1 February 2018
End of current term of office:
31 January 2023

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

Areas of responsibility: Finance and accounting, Enterprise Risk Management, Asset-Risk Management, Data Management & Processes

Country responsibilities: Germany, Liechtenstein, Belarus

Peter Höfinger
Year of birth: 1971
Date first appointed: 1 January 2009
End of current term of office:
30 June 2023

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

Areas of responsibility: Corporate and large customer business, Vienna International Underwriters (VIU), Group Reinsurance

Country responsibilities: Albania, Baltic states, Bulgaria, Kosovo, Montenegro, Nordics, Serbia

Peter Höfinger is also active in the Supervisory Boards of significant* Vienna Insurance Group companies: VIG Re (Czech Republic).

*All companies that contribute at least 2% of written premiums and at least 2% of profit before taxes are considered to be "significant".

Gerhard Lahner
Year of birth: 1977
Date first appointed: 1 January 2020
End of current term of office:
30 June 2023

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

Areas of responsibility: Asset Management, Asset Liability Management, Group Treasury

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

Gerhard Lahner is also active in the Supervisory Boards of significant* Vienna Insurance Group companies: Kooperativa (Czech Republic), ČPP (Czech Republic), VIG Re (Czech Republic).

Gábor Lehel
Year of birth: 1977
Date first appointed: 1 January 2020
End of current term of office:
30 June 2023

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

Areas of responsibility: Actuarial Department, Personal Insurance

Country responsibilities: Bosnia-Herzegovina, Croatia, North Macedonia, Hungary

Gábor Lehel is also active in the Supervisory Boards of significant* Vienna Insurance Group companies: Kooperativa (Slovakia).

*All companies that contribute at least 2% of written premiums and at least 2% of profit before taxes are considered to be "significant".

Hartwig Löger
Year of birth: 1965
Date first appointed: 1 January 2021
End of current term of office:
30 June 2023

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

Areas of responsibility: Group Development and Strategy, Planning and Controlling

Supervisory board positions or comparable positions in other Austrian and foreign companies outside the Group: Managing Partner of V.I.P. Consulting Löger KG (ending)

Harald Riener
Year of birth: 1969
Date first appointed: 1 January 2020
End of current term of office:
30 June 2023

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

Areas of responsibility: Sales Initiatives Customers & SME, Assistance

Country responsibilities: Moldova, Poland, Romania, Ukraine

Harald Riener is also active in the Supervisory Boards of significant* VIG Group companies: Omniasig (Romania), Compensa Non-Life (Poland), Interrisk (Poland).

*All companies that contribute at least 2% of written premiums and at least 2% of profit before taxes are considered to be "significant".

Peter Thirring
Year of birth: 1957
Date first appointed: 1 July 2018
End of current term of office:
30 June 2023

Peter Thirring studied law at the University of Vienna. He has used his more than 30 years of insurance experience in the Generali insurance group. He was General Manager of Donau Versicherung from March 2016 to the end of June 2018. Peter Thirring was appointed to the VIG Holding Managing Board on 1 July 2018.

Areas of responsibility: Motor and Property Insurance, External Incoming Reinsurance, Group IT, Business Organisation

Country responsibilities: Georgia, Slovakia, Turkey

Peter Thirring is also active in the Supervisory Boards of significant* Vienna Insurance Group companies: Kooperativa (Slovakia), Donau Versicherung (Austria), Wiener Städtische (Austria), VIG Re (Czech Republic).

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

The curriculum vitae of the members of the Managing Board are available on the website at www.vig.com/management.

*All companies that contribute at least 2% of written premiums and at least 2% of profit before taxes are considered to be "significant".

MEMBERS OF THE SUPERVISORY BOARD

The Supervisory Board had the following ten members as of 31 December 2020:

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

Rudolf Ertl
1st Deputy Chairman
Year of birth: 1946
Date first appointed: 2014
End of current term of office: 2024
Rudolf Ertl is Doctor of Laws and has been with the insurance group since 1972. He was a Member of the Managing Board of Wiener Städtische until the end of 2008 and a Member of the Managing Board of Donau Versicherung until June 2009. He was a Member of the Managing Board of Wiener Städtische Wechselseitiger Ver-

sicherungsverein, the principal shareholder of VIG Holding, until the end of 2020 and has been a Member of the Supervisory Board of Wiener Städtische Wechselseitiger Versicherungsverein since January 2021. The insurance expertise he has accumulated over many years, and his knowledge of the CEE region make Rudolf Ertl a major asset to the Company as 1st Deputy Chairman of the Supervisory Board.

Georg Riedl
2nd Deputy Chairman
Year of birth: 1959
Date first appointed: 2014
End of current term of office: 2024
After completing his legal studies at the University of Vienna, Georg Riedl has worked as an independent lawyer since 1991. His areas of expertise include company and tax law, mergers & acquisitions, as well as private foundation law and contract law, at which his activities cover national and international transactions.

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

Gerhard Fabisch
Year of birth: 1960
Date first appointed: 2017
End of current term of office: 2024
Gerhard Fabisch studied business administration and economics. He joined the Steiermärkische Bank und Sparkassen AG in 1985 and was made a member of the Managing Board in 2001 and Chairman of the Managing Board in 2004. Steiermärkische Bank und Sparkassen AG has a number of affiliated companies abroad, including in Croatia, Serbia and Bosnia-Herzegovina. Gerhard Fabisch is a member of the Board of Directors of ESBG (European Savings and Retail Banking Group) and WSBI (World Savings Banks Institute). He has been President of the Austrian Sparkassenverband since 2014.

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

Heinz Öhler
Year of birth: 1945
Date first appointed: 2002
End of current term of office: 2024
Heinz Öhler joined the Tiroler Gebietskrankenkasse in 1970, where he initially held a position as head of the Finance Department and later held an executive position until 2011. In this position he managed country-wide projects and represented regional health insurance funds in a variety of ministerial committees, among other things. In March 2007, he was awarded the Grand Decoration of Honour in Gold for Services to the Republic of Austria for his work related to Austrian social security. He has held many positions in the sports world, including being appointed as a Member of the Tyrolean State Sports Council in November 2016.

Gabriele Semmelrock-Werzer
Year of birth: 1958
Date first appointed: 2017
End of current term of office: 2024
After holding positions at the Austrian branches of Chase Manhattan Bank AG and Crèdit Lyonnais AG, Gabriele Semmelrock-Werzer worked for Erste Group Bank AG in a

variety of areas starting in 1995. She headed the Group Investor Relations department from 1999 to 2010, and in addition to international communications also actively assisted the expansion of the Erste Group into the CEE region and spent time in Prague and Bucharest. Since 2011, she has been Chairwoman of the Managing Board of Kärntner Sparkasse AG, which also holds a 70% interest in Sparkasse d.d. in Slovenia.

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

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

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

Changes during the reporting year
Maria Kubitschek (year of birth: 1962) was a Member and 2nd Deputy Chairwoman of the Supervisory Board from 1 January 2020 to 25 September 2020 in the financial year 2020. She left the Supervisory Board on 25 September 2020.

Katarína Slezáková was elected to the Supervisory Board on 25 September 2020.

SUPERVISORY BOARD INDEPENDENCE

In accordance with Rule 53 of the Austrian Code of Corporate Governance, the Supervisory Board of VIG Holding has established the following criteria defining independence:

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

The Supervisory Board as a whole is considered to be independent if at least 50% of the members elected by the Annual General Meeting satisfy the criteria above for the independence of a Supervisory Board Member.

Each Member of the Supervisory Board has declared whether they can be considered independent based on the criteria specified by the Supervisory Board. Peter Mihók has stated that he is not independent based on the independence criteria specified by the Supervisory Board. All other Supervisory Board Members were independent based on the criteria indicated.

No Supervisory Board Member holds more than 10% of the Company's shares.

The following Supervisory Board Members exercised supervisory mandates or comparable positions in other Austrian or foreign listed companies as of 31 December 2020:

Georg Riedl
AT & S Austria Technologie & Systemtechnik Aktiengesellschaft

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

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

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

The Managing Board meets when needed (generally each week or every two weeks) to discuss current business developments and makes the necessary decisions and resolutions during these meetings. The Managing Board Members continuously exchange information with each other and the heads of various departments.

Supervisory Board
The Supervisory Board performs all activities defined under the law, articles of association and the procedural rules of the Supervisory Board. In order to ensure effectiveness and efficiency of its activities and procedures, the Supervisory Board examines its procedures regularly, but at least once a year in the form of a self-evaluation. The Supervisory Board's evaluation of its activities in 2020 found that its organisational structure and procedures were satisfactory in terms of efficiency and in compliance with the law. It found no need for change or desire for change in the practices followed to date.

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

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

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

Due to the current situation in connection with COVID-19, the Audit Committee also dealt with the report on the ad hoc ORSA 2020 and reported on this to the Supervisory Board in 2020.

The Audit Committee and Supervisory Board as a whole also received the 2020 sustainability report (consolidated non-financial report) from the Managing Board, and reviewed and carefully examined it.

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

When preparing the nomination to the Annual General Meeting regarding the election of a new Supervisory Board Member, the latter takes the professional and personal requirements set by law and the Austrian Corporate Governance Code into account which a Supervisory Board Member must satisfy and observe.

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

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

The Supervisory Board also dealt with IT security issues in financial year 2020.

The Supervisory Board also dealt with the topic of remuneration policy. The Managing Board and Supervisory Board prepared a remuneration report for financial year 2020.

During the reporting period, the Nomination Committee and Supervisory Board also dealt with the appointment of a new member of the Managing Board. In 2020 the Supervisory Board appointed Hartwig Löger to the Managing Board starting 1 January 2021.

SUPERVISORY BOARD COMMITTEES

COMMITTEE FOR URGENT MATTERS (WORKING COMMITTEE)

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

Günter Geyer (Chairman)
Substitute: Gertrude Tumpel-Gugerell

Rudolf Ertl
Substitute: Martina Dobringer

Georg Riedl
Substitute: Martina Dobringer

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

1. to monitor the accounting process and provide recommendations or suggestions to ensure its reliability;

2. to monitor the effectiveness of the Company's internal control system and the internal audit function and risk management system;

3. to monitor the audit of the financial statements and consolidated financial statements taking into account findings and conclusions in reports published by the supervisory authority for financial statement auditors in accordance with § 4 (2)(12) of the Austrian Auditor Supervision Act (APAG);

4. to check and monitor the independence of the financial statement auditor (consolidated financial statement auditor), in particular with respect to the additional services provided for the audited company; Art. 5 of Regulation (EU) No. 537/2014 and § 271a (6) UGB apply;

5. to report the results of the financial statement audit to the Supervisory Board and explain how the financial statement audit has contributed to the reliability of the financial reports and the role of the Audit Committee in this;

6. to audit the annual financial statements and prepare their approval, examine the proposal for appropriation of profits, the management report, the solvency and financial condition report and corporate governance report, and present a report on the results of the audit to the Supervisory Board;

7. to audit the consolidated financial statements and Group management report, the solvency and financial condition report at Group level and the corporate governance report at consolidated level, and report the results of the audit to the Supervisory Board;

8. to perform the procedure to elect the financial statement auditor (consolidated financial statement auditor) taking into account the appropriateness of the fees in accordance with Art. 4 of Regulation (EU) No. 537/2014 and the rotation periods in Art. 17 of Regulation (EU) No. 537/2014, and recommend appointment of a financial statements auditor (consolidated financial statements auditor) to the Supervisory Board in accordance with Art. 16 of Regulation (EU) No. 537/2014.

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

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

Chairwoman:
Gertrude Tumpel-Gugerell

Deputy Chairwoman:
Martina Dobringer

Other members:
Rudolf Ertl
Günter Geyer
Peter Mihók
Georg Riedl
Katarína Slezáková

If a member is unable to attend, Gabriele Semmelrock-Werzer will attend the meeting, and if she is also unable to attend, Heinz Öhler will attend. If Gertrude Tumpel-Gugerell is unable to attend, the meeting will be chaired by Martina Dobringer.

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

Günter Geyer (Chairman)
Rudolf Ertl
Georg Riedl

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

Günter Geyer (Chairman)
Substitute: Gertrude Tumpel-Gugerell

Rudolf Ertl
Substitute: Martina Dobringer

Georg Riedl
Substitute: Gabriele Semmelrock-Werzer

Peter Mihók
Substitute: Katarína Slezáková

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

Günter Geyer (Chairman)
Rudolf Ertl
Georg Riedl
Martina Dobringer

The Supervisory Board gave its consent to VIG Holding and other companies in VIG Insurance Group that allowed them to use the legal services of Georg Riedl, Supervisory Board Member, and engage him or his law firm to act as a representative and provide advisory services on a project-related basis under normal market terms. Georg Riedl provided consultancy services as a lawyer, for which he received total (net) fees of EUR 5,337.50 plus cash expenses and 20% value added tax in financial year 2020 (of which EUR 5,337.50 plus cash expenses and 20% VAT were for VIG Holding). Supervisory Board Members Gerhard Fabisch and Gabriele Semmelrock-Werzer are members of the managing boards of companies with which distribution agreements were concluded under normal market and industry terms and conditions. The Company did not enter into any other agreements with Supervisory Board Members in 2020 that would have required the approval of the Supervisory Board.

NUMBER OF MEETINGS OF THE SUPERVISORY BOARD AND ITS COMMITTEES IN THE FINANCIAL YEAR 2020

One Annual General Meeting and five Supervisory Board meetings distributed across the financial year were held in 2020. Five meetings of the Audit Committee were also held. The meetings of the Supervisory Board and Audit Committee 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 statements and consolidated financial statements auditor, KPMG Austria GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft (KPMG), attended three Audit Committee meetings and the Supervisory Board meeting in 2020 that addressed the audit of the 2019 annual financial statements and the 2019 consolidated financial statements as well as formal approval of the 2019 annual financial statements, and also attended the Annual General Meeting. Five meetings of the Committee for Managing Board Matters (Personnel Committee) were held in 2020. The Nomination Committee held one meeting in 2020. The Committee for Urgent Matters (Working Committee) held three meetings in 2020. The Strategy Committee did not meet in 2020. Strategic matters were handled by the Supervisory Board as a whole.

No Member of the Supervisory Board attended less than half of the Supervisory Board meetings.

MANAGING BOARD AND SUPERVISORY BOARD REMUNERATION

The Company remuneration guidelines are based on the provisions of Solvency II and include standards intended to prevent the remuneration rules from creating incentives to assume excessive risk and to avoid conflicts of interest to the extent possible. The Company guidelines include further provisions for key positions – in particular variable remuneration for these positions – that are generally aimed at promoting sustainability and careful dealing with risks. Corresponding Group guidelines apply to all insurance and reinsurance companies within the insurance group and therefore apply to all significant subsidiaries included in the consolidation scope.

Remuneration policy for Managing Board Members of the Company

Managing Board remuneration takes into account the importance of the Group and the responsibility that goes with it, the economic situation of the Company, and the appropriateness of the remuneration in the market environment.

The remuneration policy includes, in particular, detailed provisions concerning the relationships between the remuneration components, the provision of a company pension and other details. It also outlines situations in which deviations from the provisions of the remuneration policy are permitted.

In addition to specifying the maximum amount of variable remuneration in relation to fixed remuneration, it also specifies – in accordance with statutory requirements – the relationship between fixed remuneration, contractual bonuses and any special remuneration included in total remuneration.

The remuneration policy describes in detail the provisions concerning Managing Board bonuses that are aimed at ensuring the sustainability of company performance.

The remuneration policy also stipulates that Managing Board members with terms of office beginning in 2020 may only be granted an entitlement to a company pension starting at the beginning of their term of office if they have already held positions in the Group for at least 5 years and that the maximum amount of the entitlement granted depends on the length of time the position is held.

A variety of fringe benefits provided to Managing Board members, such as anniversary bonuses, company cars and insurance, are also described in detail.

Detailed information for financial year 2020 will be available in the remuneration report, which will be published on the Company website by the legally required deadline.

Remuneration policy for Supervisory Board Members

The remuneration policy specifies the remuneration to be received by the members of the Supervisory Board, including their objectives and principles, and is to be approved by the Annual General Meeting.

Detailed information for financial year 2020 will be available in the remuneration report, which will be published on the Company website by the legally required deadline.

Supervisory Board remuneration does not include stock options or similar instruments.

DIVERSITY CONCEPT

With around 50 insurance companies and more than 25,000 employees in Austria and Central and Eastern Europe, VIG Insurance Group combines many countries, languages and cultural backgrounds. Diversity is a key priority in its HR strategy.

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

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

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

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

The criteria of gender, generations and internationality are also taken into account when new Supervisory Board Members are proposed for election at General Meetings.

VIG Insurance Group has relied on the concept of local entrepreneurship for decades, thereby also promoting a very internationally diverse "community" of Group Managing Board Members and CEOs.

The topic of diversity is a key element in Group-wide management development training programmes, in terms of content as well as the participants and lecturers.

Level of the VIG insurance companies
Based on the principle of local entrepreneurship, the VIG insurance companies choose their own priorities against the background of priorities set for diversity at VIG Holding and at Group level.

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

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

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

Nomination procedures for Group-wide training programmes for management, high potentials and experts are also required to have as balanced a gender representation as possible, with the local human resources department bearing ultimate responsibility.

Female Supervisory Board Members
Women hold 21.8% of the positions on the Supervisory Boards of the fully consolidated VIG insurance companies across Europe (as of 31 December 2020) and 40.0% of the Supervisory Board positions in VIG Holding.

Female Managing Board Members
Women hold 25.4% of the positions on the Managing Boards of the fully consolidated VIG insurance companies and 23.7% of the Chairpersons are women. Elisabeth Stadler is the Chairwoman of the VIG Group.

Females in management positions
Including distribution, women hold 45.9% of the management positions at the level directly below the managing board of fully consolidated VIG insurance companies across Europe (not including distribution: 52.1%).

GENERATIONS AND INTERNATIONALITY

The average age of all Managing Board Members of the fully consolidated insurance companies is 49.5 years (as of 31 December 2020), and the average age of Supervisory Board Members is 56.7 years. 21 different nationalities (based on citizenship) are represented in the Managing Boards of the fully consolidated VIG insurance companies, and 19 different nationalities in the Supervisory Boards. Further information is available in the Employees section of the Sustainability Report.

EXTERNAL EVALUATION REPORT

C-Rule 62 of the Austrian Code of Corporate Governance provides voluntary external evaluation of compliance with the C-Rules of the Code at least every three years. VIG Holding had this evaluation performed for the 2020 consolidated corporate governance report. All of the evaluations came to the conclusion that all requirements in the Code had been observed. The summarised information on these evaluations is available on the website of VIG Insurance Group.

Vienna, 17 March 2021

The Managing Board:

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

Liane Hirner
CFO, Member of the
Managing Board

Peter Höfinger
Member of the Managing Board

Gerhard Lahner
Member of the Managing Board

Gábor Lehel
Member of the Managing Board

Hartwig Löger
Member of the Managing Board

Harald Riener
Member of the Managing Board

Peter Thirring
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, strategy, business development (overall and in individual regions), risk management, the internal control system, internal audit activities, the compliance function, actuarial function and reinsurance, both at VIG Holding and Group level, and other important topics for the Company and the Group were discussed at 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 2020 reporting year. Detailed information on the principles underlying the remuneration system is available in the remuneration policy and 2020 remuneration report. Detailed information for financial year 2020 will be available in the remuneration report, which will be published on the Company website by the legally required deadline. Please refer to the remuneration policy and 2020 remuneration report for this information.

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 2020 consolidated corporate governance report.

One Annual General Meeting and five Supervisory Board meetings distributed across the financial year were held in 2020. Five meetings of the Audit Committee (Accounts Committee) were also held. The meetings of the Supervisory Board and Audit Committee 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 statements and consolidated financial statements auditor, KPMG Austria GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft, company number FN 269873y (KPMG), attended three Audit Committee meetings and the Supervisory Board meeting in 2020 that addressed the audit of the 2019 annual financial statements and the 2019 consolidated financial statements as well as formal approval of the 2019 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. Five meetings of the Committee for Managing Board Matters (Personnel Committee) were held in 2020. The Nomination Committee held one meeting in 2020. The Committee for Urgent Matters (Working Committee) held three meetings. The Strategy Committee did not meet in 2020. Strategic matters were handled by the Supervisory Board as a whole.

No agenda items were discussed in Supervisory Board meetings in 2020 without the participation of members of the Managing Board.

No Member of the Supervisory Board attended less than half of the Supervisory Board meetings. 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 24 May 2019 selected KPMG to be the financial statements auditor and consolidated financial statements auditor for financial year 2020, and KPMG consequently performed these duties in financial year 2020.

The Audit Committee mainly dealt with the following topics in 2020:

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 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. Due to the current situation in connection with COVID-19, the Audit Committee also dealt with the report on the ad hoc ORSA 2020 and reported on this to the Supervisory Board in 2020. 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 Company's Solvency and Financial Condition Report (SFCR) and reported its findings to the Supervisory Board. The Supervisory Board found no grounds for objection.

In 2020, the Audit Committee also dealt with the selection of the financial statements and consolidated financial statements auditor for financial year 2021. 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 2021.

The Audit Committee also received the 2020 annual financial statements, management report, 2020 consolidated corporate governance report and 2020 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 2020 consolidated financial statements and Group management report. In addition, the auditor's reports prepared by (consolidated) financial statements auditor KPMG for the 2020 annual financial statements and management report and the 2020 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 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 2020.

The Supervisory Board also dealt with the topic of remuneration policy. The Managing Board and Supervisory Board prepared a remuneration report for financial year 2020.

During the reporting period, the Nomination Committee and Supervisory Board also dealt with the appointment of a new member of the Managing Board. In 2020, the Supervisory Board appointed Hartwig Löger to the Managing Board starting 1 January 2021.

The 2020 annual financial statements together with the management report and 2020 consolidated corporate governance report, the 2020 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 sustainability issues. Topics such as the further integration of social and ecological aspects into the core business as well as environmental and employee issues and the importance of diversity and the Group's social commitment were covered. The Supervisory Board also received the 2020 sustainability report (consolidated non-financial report) from the Managing Board, and reviewed and carefully examined it. As a result of this examination, it found that the 2020 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 2020 annual financial statements and management report and the 2020 consolidated financial statements and Group management report were reviewed by the Supervisory Board and examined. KPMG's audit of the 2020 annual financial statements and management report and the 2020 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 2020, and of the results of operations of the Company for financial year 2020 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 2020, and of the results of operations and cash flows of the Group for financial year 2020 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 2020 sustainability report (consolidated non-financial report) and determined in accordance with § 269 (3) UGB that the 2020 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 2020 annual financial statements prepared by the Managing Board, not to raise any objections to the management report, the 2020 consolidated financial statements and Group management report, the 2020 consolidated corporate governance report and the 2020 sustainability report (consolidated non-financial report) and to agree with the Managing Board proposal for appropriation of profits.

The 2020 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 2021

The Supervisory Board:

Günter Geyer (Chairman)

Group management report 2020

Business development and economic position

ECONOMIC ENVIRONMENT

The COVID-19 pandemic was unquestionably the dominant topic in 2020, and not just for the economy. Massive, repeated measures to contain the spread of the virus had a dramatic effect on growth. The International Monetary Fund (IMF) estimates that global GDP dropped sharply by -3.5% in 2020.

The COVID-19 pandemic also affected, and continues to affect Central and Eastern Europe. Consumption and investment decreased significantly in 2020, and foreign trade recorded an overall drop in the double-digit range. Domestic and cross-border demand also suffered considerably, especially in the 2nd quarter of 2020. Although the plunge in economic output due to containment measures in the spring of 2020 was unprecedented, the subsequent recovery was just as unique in terms of scale.

The large share of industrial production and exports in Central and Eastern Europe was the main reason for the sharp decline in the spring. Containment measures imposed later in the year against the COVID-19 pandemic had a significantly smaller effect, with industrial production in particular proving to be highly resistant during the second wave of infections. This was primarily because foreign demand remained stable and global value chains were not disrupted again.

According to preliminary estimates by Erste Group analysts, the Serbian economy recorded the smallest economic downturn (real GDP in 2020: -1.0%). This positive result was due to the imposition of relatively short-term containment measures and massive political support aimed at dampening the effects of the crisis. Croatia, which is highly dependent on tourism, was at the other end of the scale, recording the largest drop in GDP in the region (real GDP in 2020: -8.5%). Austria was also one of the weaker countries in terms of growth due to the effects on tourism (real GDP in 2020: -7.2%). Overall, Central and Eastern Europe is expected to show a sharp -4.5% decline in growth in 2020.

Even though unemployment rates rose in the region, they remain moderate compared to many Western European markets. Government programmes and robust use of short-time work helped in this case. The simultaneous increase in expenditures and drop in revenues naturally left their mark on government budgets. Regional currencies also weakened during the year. The Hungarian forint, in particular, came close to its historic lows. In spite of the currency effects, inflation was not affected, which gave regional central banks leeway to provide support. Hungary, Serbia and Romania reduced their interest rates and other countries may follow. The most dramatic interest rate reduction was undoubtedly the 200 basis point reduction by the Czech National Bank.

LEGAL ENVIRONMENT

COVID-19 LEGISLATION

Both European and national legislators enacted many pieces of legislation and regulation to manage or mitigate the effects of the COVID-19 pandemic since its outbreak in Europe at the beginning of 2020. This also had significant effects on VIG Holding and the Group. In Austria, for example, company law was changed to allow board meetings to be held without the physical presence of participants, and the deadlines for holding general meetings and preparing annual financial statements were extended. Reporting deadlines were also extended in Austrian insurance supervisory law and for judicial and administrative proceedings. Legal changes with respect to customer areas, workplaces and events, and the lockdown restrictions also had major effects on VIG Holding and its Group companies.

SUSTAINABLE FINANCE

The European Commission aims to make Europe the first climate-neutral continent in the world by 2050 under its “European Green Deal” initiative. This political goal will become legally binding on all Member States and therefore indirectly applicable to VIG Holding and the Group under the first European Climate Law.

A number of directly applicable European regulations were adopted in 2019 and 2020 to achieve this goal, in particular the so-called “Taxonomy Regulation” and “Disclosure Regulation”. The first creates a system for classifying environmentally sustainable activities and represents a minimum standard for classifying VIG Holding and Group investments starting as of 1 January 2022. The second applies to Group companies that offer insurance-based investment products and includes pre-contractual and periodic information duties to make disclosures at both the company and product levels with respect to sustainability risks and the adverse sustainability impacts of investments for all life insurance policies concluded on or after 10 March 2021.

DIGITAL RESILIENCE

Regulating the digital security of the financial sector was also a focus of attention at the European level during the reporting period. In September 2020, the European Commission published a legislative proposal for a Digital Operational Resilience Act (DORA) that is aimed at requiring financial market participants to implement all the security measures needed to mitigate cyberattacks and other risks. Based on current information, it is not expected to be applicable before 2023.

BREXIT

31 December 2020 was the last day of the transition period after the withdrawal of the United Kingdom of Great Britain and Northern Ireland from the European Union that took place on 31 January 2020. A Trade and Cooperation Agreement was concluded to govern the future relationship between the United Kingdom of Great Britain and Northern Ireland and the European Union, but there are still questions that need to be clarified, particularly in the area of financial services. With respect to direct insurance, the loss of the freedom to provide services means the possibilities for offering and providing reciprocal services are now very limited. Some countries have therefore adopted transitional legislation. With respect to reinsurance, it remains to be seen whether the European Commission will issue a decision on the equivalence of supervisory regimes and therefore whether reinsurance companies with registered offices in the United Kingdom are to be treated the same as those with registered offices in the European Union.

GROUP BUSINESS DEVELOPMENT AND FINANCIAL PERFORMANCE INDICATORS

GENERAL INFORMATION

The around 50 VIG insurance companies operate in the following reporting segments: Austria, Czech Republic, Slovakia, Poland, Romania, Baltic states, Hungary, Bulgaria, Turkey/Georgia, Remaining CEE, Other Markets and Central Functions. These twelve segments are explained in the segment reporting section.

The Remaining CEE segment includes the countries of Albania incl. Kosovo (a branch of an Albanian company is located in Kosovo), Bosnia-Herzegovina, Croatia, Moldova, North Macedonia, Serbia and Ukraine.

The Montenegro and Belarus markets were not included in the scope of consolidation in 2020 due to immateriality. More information on the scope of consolidation and consolidation methods is provided on page 96 of the notes to the consolidated financial statements. The notes to the consolidated financial statements provide detailed information on changes in the scope of consolidation starting on page 97.

VIG Insurance Group operates with more than one company and brand in most of its markets. The market presence of each company in a country is also aimed at different target groups. Their product portfolios differ accordingly. Use of this multi-brand strategy does not mean, however, that potential synergies remain unexploited. Structural efficiency and the cost-effective use of resources are examined regularly. Back offices that perform administrative tasks for more than one company are already being used successfully in many countries. Specific country responsibilities also exist at Managing Board level to ensure uniform management of each country. Mergers of insurance companies are considered if the additional synergies that can be achieved outweigh the benefits of a diversified market presence.

To improve readability, company names have been shortened throughout the entire report. A list of full company names is provided starting on page 197. In order to avoid duplicate information, reference will be made below to appropriate information in the notes. Changes in significant balance sheet and income statement items are presented in both the segment reporting and the notes to the financial statements. Additional disclosures in the management report below are intended to explain these data in more detail.

FINANCIAL PERFORMANCE INDICATORS

The key financial performance indicators that form the basis for assessing the business development are presented below.

KEY FIGURES FROM THE CONSOLIDATED INCOME STATEMENT

in EUR millions	2020	2019	Δ in %	Δ absolute
Premiums written – gross	10,428.5	10,399.4	0.3%	29.0
Net earned premiums – retention	9,336.6	9,317.9	0.2%	18.7
Expenses for claims and insurance benefits – retention	-7,030.6	-7,262.7	-3.2%	232.2
Acquisition and administrative expenses	-2,328.5	-2,293.2	1.5%	-35.3
Financial result excl. result from shares in at equity consolidated companies	624.8	986.8	-36.7%	-362.0
Result from shares in at equity consolidated companies	-28.5	24.1	-218.4%	-52.6
Other income and expenses	-228.0	-251.2	-9.3%	23.3
Result before taxes	345.9	521.6	-33.7%	-175.7

Premium volume
A detailed disclosure of premium development is included in Note 15. Premiums written – gross in the notes to the consolidated financial statements.

VIG Insurance Group wrote EUR 10,428.5 million in premiums in 2020, thereby keeping premiums stable at the previous year level with a slight increase of 0.3% (2019: EUR 10,399.4 million). It retained EUR 9,415.8 million of the gross premiums written (2019: EUR 9,420.7 million). EUR 1,012.6 million was ceded to reinsurance companies (2019: EUR 978.7 million).

The other property and casualty (+4.7%) and health insurance (+1.4%) lines of business recorded particularly good premium increases in 2020. Premiums growth was especially strong in the Austria (+2.2%), Poland (+5.7%) and Romania (+5.5%) segments. In the Remaining CEE segment, Croatia (+4.0%), and Serbia (+5.5%) showed particularly dynamic premium gains. Overall, the Group generated 60.2% of its premiums outside Austria in 2020.

Net earned premiums rose 0.2%, from EUR 9,317.9 million in 2019 to EUR 9,336.6 million in 2020. Net reinsurance cessions were EUR 1,005.8 million (2019: EUR 944.7 million).

Expenses for claims and insurance benefits
A detailed disclosure of expenses for claims and insurance benefits is included in Note 19. Expenses for claims and insurance benefits – retention in the notes to the consolidated financial statements.

Group expenses for claims and insurance benefits less reinsurers' share were EUR 7,030.6 million in 2020, representing a year-on-year decrease of 3.2% (2019: EUR 7,262.7 million).

Acquisition and administrative expenses
A detailed disclosure of acquisition and administrative expenses is included in Note 20. Acquisition and administrative expenses in the notes to the consolidated financial statements.

Acquisition and administrative expenses for all consolidated VIG companies increased 1.5% year-on-year to EUR 2,328.5 million in 2020 (2019: EUR 2,293.2 million). This was mainly due to an increase in commissions and operating expenses.

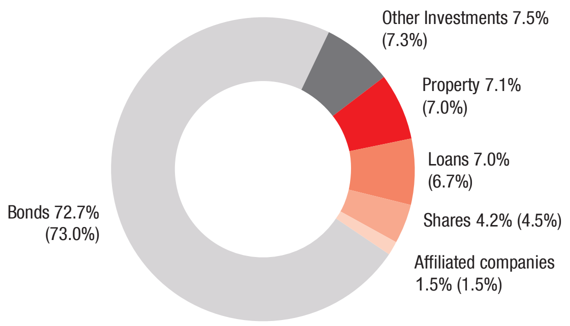
Financial result
A detailed disclosure of the financial result (excluding shares in at equity consolidated companies) is included in Note 16. Financial result excl. result from shares in at equity consolidated companies in the notes to the consolidated financial statements.

The financial result (incl. the result from shares in at equity consolidated companies) was EUR 596.3 million in 2020. The 41.0% drop compared to the same period in the previous year was due to COVID-19-related impairments and the change in consolidation method of the non-profit societies starting as of 31 July 2019.

Result before taxes
The Group result before taxes was EUR 345.9 million in 2020 (2019: EUR 521.6 million). The 33.7% decrease in profits was mainly due to a decrease in the financial result. It also takes into account goodwill impairments totalling EUR 118.1 million that were performed in the first half of 2020 in Bulgaria, Croatia and Georgia. This impairment was the result from the event-related goodwill review in connection with COVID-19.

Investments
A brief presentation of the investments is included in the notes to the consolidated financial statements starting on page 108.

BREAKDOWN OF INVESTMENTS 2020



2019 values in parentheses

Total investments (including cash and cash equivalents) were EUR 36,646.3 million as of 31 December 2020. This was higher than the previous year value of EUR 35,899.1 million as of 31 December 2019.

The investments include all property, all shares in at equity consolidated companies and all financial instruments, using the look-through approach for consolidated special funds, as well as other fund investments allocated to the asset classes. This does not include investments for unit-linked and index-linked life insurance, which decreased 7.6% in 2020, from EUR 8,620.3 million in 2019 to EUR 7,968.0 million, mainly due to an increase in policy expirations in Austria.

Shareholders' equity
Shareholders' equity increased 1.8% to EUR 5,285.8 million in 2020 (2019: EUR 5,190.7 million). This development was primarily due to the positive performance of the available for sale financial instruments recognised directly in equity and reinvested profits. Shareholders' equity was negatively affected by exchange rate changes affecting subsidiaries accounted for in foreign currencies. The shareholders' equity attributable to shareholders increased from EUR 5,074.1 million in 2019 to EUR 5,162.7 million in 2020 for the reasons indicated above.

Underwriting provisions
A detailed disclosure of underwriting provisions is included in Note 10. Underwriting provisions – gross in the notes to the consolidated financial statements.

Underwriting provisions (excluding underwriting provisions for unit-linked and index-linked life insurance) were EUR 32,230.1 million as of 31 December 2020, representing an increase of 1.1% compared to the previous year (2019: EUR 31,886.1 million).

Cash flow
The cash flow from operating activities decreased in 2020, falling from EUR 1,298.8 million in 2019 to EUR 310.6 million in 2020. This was primarily due to an increase in expirations of unit-linked and index-linked life insurance policies. Financial instruments for unit-linked and index-linked life insurance were sold for the same reason, causing the cash flow from investing activities to increase from EUR -886.0 million in 2019 to EUR 98.6 million in 2020. Financing activities produced a cash flow of EUR -123.6 million in 2020 (2019: EUR -240.3 million). The positive development year-on-year was mainly due to the fact that the non-profit societies made large loan repayments in the first seven months of the previous year. The Group had cash and cash equivalents of EUR 1,745.1 million at the end of 2020 (2019: EUR 1,443.4 million). The amount of interest and dividends included was EUR 754.5 million in 2020 (2019: EUR 822.3 million).

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

Earnings per share were EUR 1.81 in 2020 (2019: EUR 2.59). This therefore represented a decrease of 30.1% compared to the previous year.

Return on equity (RoE)
Return on equity (RoE) measures the profitability of the Group by expressing the result before taxes as a ratio of the capital employed. This ratio is calculated by dividing the result before taxes and non-controlling interests by the average shareholders' equity. Shareholders' equity adjusted for a provision for unrealised gains and losses is used for this purpose.

The Group earned a return on equity before taxes of 7.9% in 2020 (2019: 10.5%).

Return on Equity	31.12.2020	31.12.2019	31.12.2018
in EUR millions			
Shareholders' equity	5,285.8	5,190.7	5,835.7
Unrealised gains and losses recognised in equity	-906.6	-764.3	-370.1
Adjusted shareholders' equity	4,379.1	4,426.4	5,465.6
Average adjusted shareholders' equity	4,402.8	4,946.0	
Result before taxes	345.9	521.6	
RoE in %	7.9	10.5	

Combined ratio significantly below 100%
The combined ratio is calculated as the sum of all underwriting income and expenses, and net payments for claims and insurance benefits, including the net change in underwriting provisions, divided by net earned premiums in the property and casualty balance sheet unit.

The Group combined ratio improved to 95.0% in 2020, primarily due to the positive development in the Austria and Czech Republic segments (2019: 95.4%).

Combined ratio	2020	2019
in EUR millions		
Net earned premiums – retention	5,358.8	5,220.4
Expenses for claims and insurance benefits – retention	-3,367.4	-3,325.0
Acquisition and administrative expenses, including other underwriting income and expenses	-1,724.6	-1,653.7
Total expenses	-5,092.0	-4,978.7
Combined ratio in %	95.0	95.4

BRANCH OFFICES

VIG insurance companies have branch offices in Germany, France, Italy, Kosovo, Slovenia, the Baltic countries of Estonia, Latvia and Lithuania, and the Northern European countries of Sweden, Norway and Denmark. Information on existing branch offices and any significant changes compared to the previous year are discussed in more detail for the applicable regional segments in the section below. A list of the addresses of the insurance companies and branch offices is also provided on page 206.

BUSINESS DEVELOPMENT AND FINANCIAL PERFORMANCE INDICATORS BY SEGMENT

Developments in the segments Austria, Czech Republic, Slovakia, Poland, Romania, Baltic states, Hungary, Bulgaria, Turkey/Georgia, Remaining CEE, Other Markets and Central Function are explained below. The discussion focuses on presenting business developments in these segments and outlines areas of change in the various insurance markets. A detailed presentation of the consolidated income statement by regional segments and premiums written by regional segments and lines of business is provided on page 105 in the notes to the consolidated financial statements and in Note 15. Premiums written – gross on page 159.

PREMIUMS WRITTEN BY SEGMENT

in EUR millions	2020	2019	Δ in %	Δ absolute
Austria	4,030.7	3,943.3	2.2%	87.4
Czech Republic	1,732.4	1,745.8	-0.8%	-13.4
Slovakia	729.5	798.9	-8.7%	-69.3
Poland	1,196.2	1,132.0	5.7%	64.3
Romania	493.8	468.2	5.5%	25.6
Baltic states	492.9	500.3	-1.5%	-7.4
Hungary	287.8	289.5	-0.6%	-1.8
Bulgaria	199.6	223.9	-10.8%	-24.3
Turkey/Georgia	251.7	234.9	7.1%	16.8
Remaining CEE[1]	439.6	446.9	-1.6%	-7.3
Other Markets[2]	280.0	380.4	-26.4%	-100.4
Central Functions[3]	1,736.5	1,623.5	7.0%	113.0
Consolidation	-1,442.3	-1,388.2	3.9%	-54.1
Total	**10,428.5**	10,399.4	**0.3%**	**29.0**

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

[2] Other Markets: Germany, Liechtenstein

[3] Central Functions: VIG Holding, VIG Re, Wiener Re, VIG Fund, non-profit societies, corporate IT service providers and intermediate holding companies

RESULT BEFORE TAXES BY SEGMENT

in EUR millions	2020	2019	Δ in %	Δ absolute
Austria	178.7	207.3	-13.8%	-28.6
Czech Republic	192.1	172.5	11.4%	19.6
Slovakia	51.4	48.9	5.1%	2.5
Poland	22.6	69.2	-67.4%	-46.7
Romania	14.2	-101.8	n/a	116.1
Baltic states	9.5	7.7	24.1%	1.8
Hungary	8.4	8.7	-2.6%	-0.2
Bulgaria	-36.7	15.8	n/a	-52.5
Turkey/Georgia	-0.9	6.7	n/a	-7.5
Remaining CEE[1]	-15.7	27.1	n/a	-42.7
Other Markets[2]	26.7	22.6	18.5%	4.2
Central Functions[3]	-107.6	36.5	n/a	-144.0
Consolidation	3.0	0.7	> 100%	2.3
Total	**345.9**	521.6	**-33.7%**	**-175.7**

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

[2] Other Markets: Germany, Liechtenstein

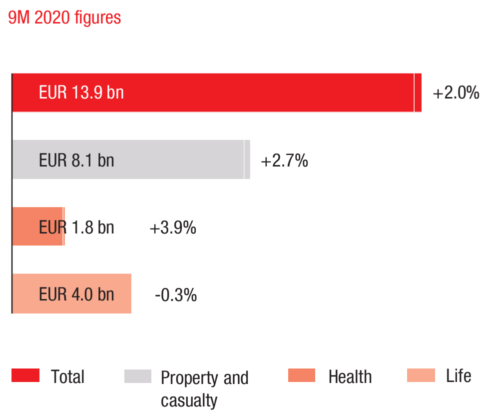
[3] Central Functions: VIG Holding, VIG Re, Wiener Re, VIG Fund, non-profit societies, corporate IT service providers and intermediate holding companies

AUSTRIA

AUSTRIAN INSURANCE MARKET

The top 5 insurance groups in the country generated around 72% of the premium volume in Austria in the 1st to 3rd quarters of 2020. The two largest insurance groups generated around 45%.

MARKET GROWTH IN THE 1ST TO 3RD QUARTERS OF 2020 COMPARED TO THE PREVIOUS YEAR



Source: Austrian Insurance Association

The Austrian insurance companies generated a total premium volume of EUR 13.9 billion in the first three quarters of 2020. Premiums rose strongly at the beginning of 2020, recording an increase of 4.1% in the 1st quarter of 2020 according to the Austrian Insurance Association (VVO). In the second and third quarters of 2020, the sharp economic downturn caused by the COVID-19 pandemic also had an effect on the insurance industry. This led to a moderate year-on-year increase of 2.0% being recorded for the 1st to 3rd quarters of 2020. The increase was due to growth in property and casualty insurance (+2.7%) and health insurance (+3.9%). Life insurance recorded its fifth consecutive year of losses with a slight decrease of 0.3%.

Motor own damage insurance, which recorded a year-on-year increase of 5.0%, was the main driver of growth in property and casualty insurance. The positive change was due to an increase in the number of policies and a change in prices. Motor third party liability recorded an increase of 0.8%. The non-motor lines of business rose 2.8%, with travel insurance recording a sharp decline of 52.5% due to COVID-19.

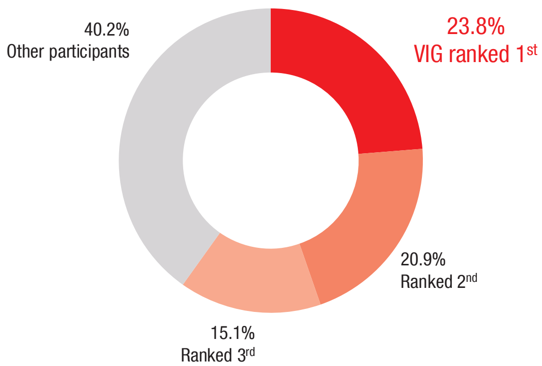
While regular premium life insurance fell 2.1% in the 1st to 3rd quarters of 2020, single premium life insurance rose. After declining strongly in the previous four years, single premium business recorded double-digit growth (+13.5%) in the first nine months of 2020.

Health insurance premiums recorded a year-on-year increase of 3.9%.

According to Axco Global Statistics, a per capita average of EUR 1,967 was spent on insurance in Austria in 2019. Of this, EUR 1,356 was spent in the non-life insurance area and EUR 611 in the life insurance area.

MARKET SHARES OF THE MAJOR INSURANCE GROUPS

Per cent of total premium volume



Source: Austrian Insurance Association; as of 9M 2020

VIG COMPANIES IN AUSTRIA

VIG Insurance Group is represented by the two insurance companies Wiener Städtische and Donau Versicherung in Austria. s Versicherung, which was merged with Wiener Städtische in 2018, continues to exist as a brand for bancassurance customers. Wiener Städtische also operates via branches in Italy and Slovenia. VIG Holding operates out of Austria as a reinsurer of the insurance group and as an insurer in the cross-border corporate business. Since 2019, it has also been active in the traditional industrial insurance business through branch offices in the Northern European countries of Sweden, Norway and Denmark. VIG Holding is assigned to the Central Functions segment.

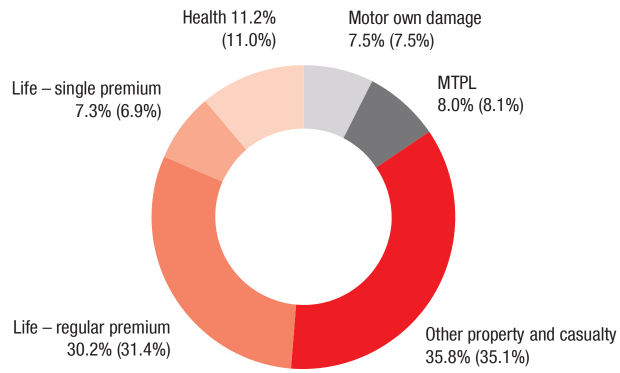
With a market share of 23.8% the VIG insurance companies represent Austria's largest insurance group. Together they hold first place in the market in property and casualty and in life insurance, and second place in health insurance.

FINANCIAL PERFORMANCE INDICATORS IN THE AUSTRIA SEGMENT

Premium development

The insurance companies of VIG Insurance Group in Austria wrote EUR 4,030.7 million in premiums in 2020 (2019: EUR 3,943.3 million). This corresponds to a year-on-year increase of 2.2%, which was primarily due to the good performance recorded by other property and casualty insurance. Net earned premiums were EUR 3,275.6 million in 2020 (2019: EUR 3,226.2 million).

PREMIUMS BY LINE OF BUSINESS



Values for 2019 in parentheses

Result before taxes

The Austria segment generated a result before taxes of EUR 178.7 million in 2020 (2019: EUR 207.3 million). This corresponds to a decrease of 13.8%, which was primarily the result of COVID-19-related impairments.

Combined ratio
The combined ratio improved to 92.7% in 2020, mainly due to a significant increase in reinsurance commissions (2019: 93.5%).

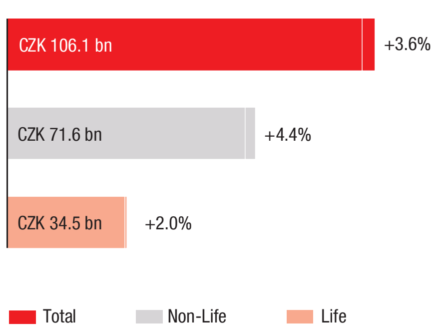
CZECH REPUBLIC

CZECH INSURANCE MARKET

The insurance market in the Czech Republic continued to be dominated by the top 5 insurance groups in 2020, which together continue to generate around 83% of total premium volume.

MARKET GROWTH IN THE 1ST TO 3RD QUARTERS OF 2020 COMPARED TO THE PREVIOUS YEAR

9M 2020 figures



Source: Czech Insurance Association

The growth of the Czech insurance market continued in the first nine months of 2020, in spite of the COVID-19 pandemic. Premium volume rose 3.6% year-on-year (based on the calculation method of the Czech Insurance Association ČAP) from CZK 102.4 billion to CZK 106.1 billion. The increase was due to growth in both the non-life and life sectors.

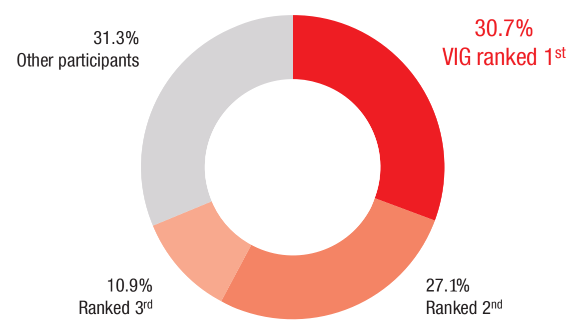
Premiums rose 4.4% in the non-life sector. The increase was driven by gains in the dominant lines of business in this sector, namely motor third party liability (+7.4%) and motor own damage insurance (+7.0%). Both lines continue to benefit from a growing number of newly insured vehicles and rising prices. The non-motor lines of business recorded a moderate increase of 1.4%.

The life insurance sector recorded year-on-year growth of 2.0% in the 1st to 3rd quarters of 2020. This sector is dominated by regular premium life insurance, which generated an increase of 2.7%, while the considerably smaller single premium business fell strongly by 19.6%.

According to Axco Global Statistics, a per capita average of EUR 576 was spent on insurance premiums in the Czech Republic in 2019. EUR 383 of this amount was for non-life insurance and EUR 193 for life insurance.

MARKET SHARES OF THE MAJOR INSURANCE GROUPS

Per cent of total premium volume



Source: Czech Insurance Association; as of 9M 2020

VIG COMPANIES IN THE CZECH REPUBLIC

VIG Insurance Group is represented by two companies, Kooperativa and ČPP, in the Czech Republic.

The 30.7% market share made it the largest insurance group in the Czech Republic in the 1st to 3rd quarters of 2020. VIG Insurance Group also held 1st place in the life insurance sector, and second place in the non-life sector.

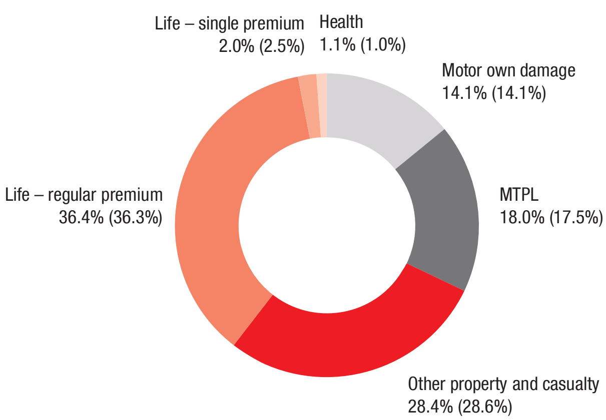
The Group reinsurance company VIG Re, which has its headquarters in Prague, is assigned to the Central Functions segment.

FINANCIAL PERFORMANCE INDICATORS IN THE CZECH REPUBLIC SEGMENT

Premium development

Premiums written in the Czech Republic segment remained almost unchanged at EUR 1,732.4 million in 2020 (2019: EUR 1,745.8 million). The small decrease of 0.8% was mainly due to negative exchange rate effects. After adjusting for this effect, the Czech Republic segment recorded an increase of 2.2% in premiums written. Net earned premiums were EUR 1,295.5 million in 2020, representing a decrease of 1.3% compared to the previous year.

PREMIUMS BY LINE OF BUSINESS



Values for 2019 in parentheses

Result before taxes

A result before taxes of EUR 192.1 million was recorded in the Czech Republic segment in 2020 (2019: EUR 172.5 million). This represents an 11.4% year-on-year increase, which primarily resulted from an improved underwriting result in the life insurance as well as a positive development in the combined ratio.

Combined ratio

Due to significantly higher reinsurance commissions in the motor lines of business, the combined ratio continued to decline compared to the previous year to an excellent 90.7% in 2020 (2019: 92.0%).

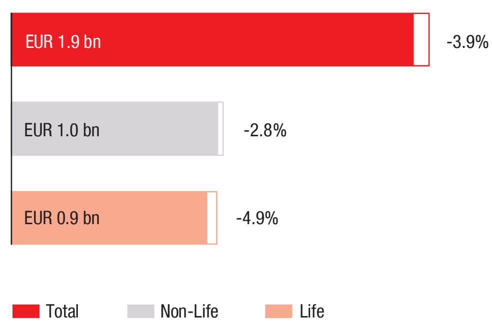
SLOVAKIA

SLOVAKIAN INSURANCE MARKET

The Slovakian insurance market is highly concentrated. The two largest insurance groups had a market share of around 56% in the first three quarters of 2020. The five largest insurance groups even generated around 77% of the premium volume.

MARKET GROWTH IN THE 1ST TO 3RD QUARTERS OF 2020 COMPARED TO THE PREVIOUS YEAR

9M 2020 figures



Source: Slovak Insurance Association

Premium volume was around EUR 1.9 billion in the first three quarters of 2020, representing a year-on-year decrease of 3.9%. Both non-life (-2.8%) and life insurance (-4.9%) contributed to this decline.

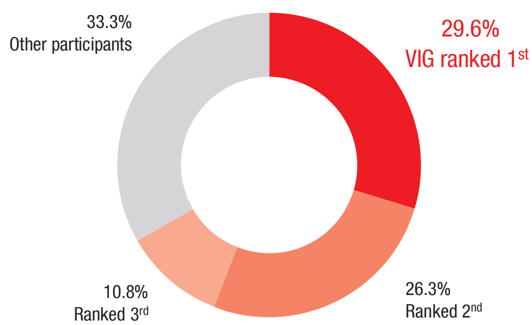
According to the National Bank of Slovakia (NBS), the decrease in the non-life sector was partly due to the marine, aviation and transport (-9.3%), health (-37.2%) and credit and guarantee (-20.6%) lines of business. The motor lines, on the other hand, were the growth drivers, with motor third party liability rising 3.5% and motor own damage insurance generating a solid gain of 5.9% in the first three quarters of 2020. In addition to the COVID-19 pandemic, volume was also depressed by the 8% tax introduced on non-life insurance products (except motor third party liability insurance) in the previous year.

According to NBS, the decrease in life insurance was the result of a 14.5% drop in life insurance with profit participation and a decrease in unit-linked and index-linked life insurance (-8.7%) compared to the same period in the previous year.

According to Axco Global Statistics, a per capita average of EUR 417 was spent on insurance premiums in Slovakia in 2019. EUR 232 of this amount was spent on non-life insurance and EUR 185 on life insurance.

MARKET SHARES OF THE MAJOR INSURANCE GROUPS

Per cent of total premium volume



Source: Slovak Insurance Association; as of 9M 2020

VIG COMPANIES IN SLOVAKIA

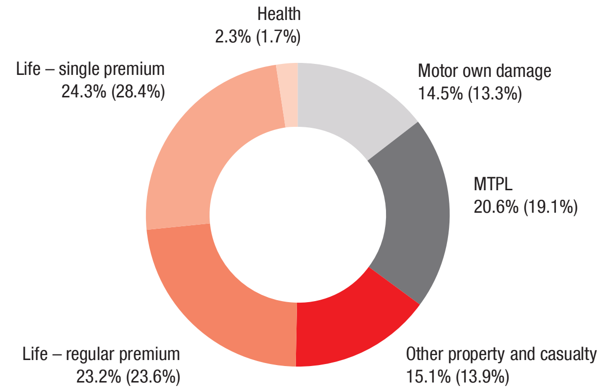
Two VIG insurance companies, Kooperativa and Komunálna, are represented in the Slovakian insurance market. Their market share of 29.6% puts them in first place in Slovakia. They hold second place for non-life insurance and first place for life insurance.

FINANCIAL PERFORMANCE INDICATORS IN THE SLOVAKIA SEGMENT

Premium development

The VIG insurance companies in the Slovakia segment wrote EUR 729.5 million in premiums in 2020, a decrease of 8.7% compared to the previous year (2019: EUR 798.9 million). This was primarily due to a decrease in premiums in the life lines of business. Net earned premiums were EUR 597.3 million in 2020 (2019: EUR 671.6 million).

PREMIUMS BY LINE OF BUSINESS



Values for 2019 in parentheses

Result before taxes

The Slovakian companies generated a result before taxes of EUR 51.4 million in 2020 (2019: EUR 48.9 million). Compared to the previous year, this corresponds to an increase of 5.1%, which was due to the positive development in the combined ratio.

Combined ratio

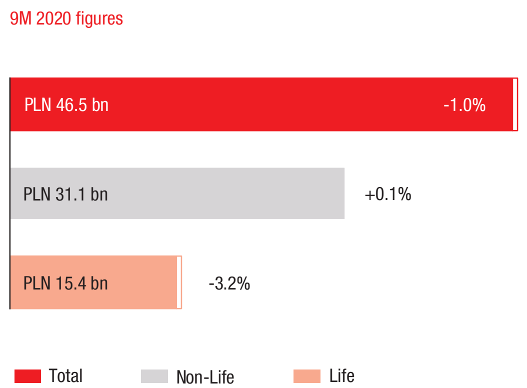
The combined ratio for the VIG insurance companies in Slovakia improved to an excellent 89.0% in 2020 (2019: 97.1%). The improvement was mainly the result of better claims development, which was due to fewer large losses in other property and casualty insurance, among other things.

POLAND

POLISH INSURANCE MARKET

The five largest insurance groups in the country generated around 73% of the total premium volume in the first three quarters of 2020. The three largest insurance groups contributed around 59%.

MARKET GROWTH IN THE 1ST TO 3RD QUARTERS OF 2020 COMPARED TO THE PREVIOUS YEAR



Source: Financial Market Authority Poland

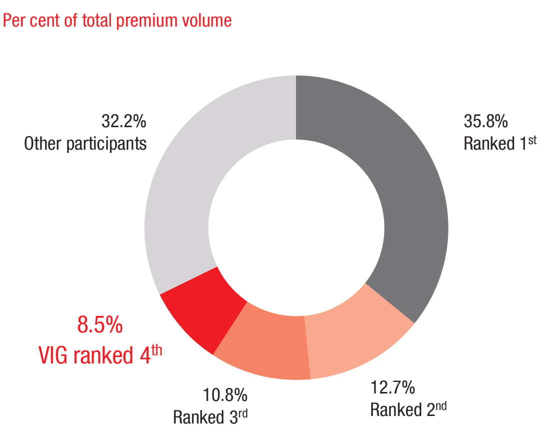
The Polish insurance market recorded a slight year-on-year decrease of 1.0% in local currency terms in the 1st to 3rd quarters of 2020. The decrease was largely due to the life insurance line of business (-3.2%). Non-life insurance remained stable, with an increase of 0.1%.

Premium volume in the motor lines of business, which dominate the non-life business with a share of around 56%, decreased in the first nine months of 2020. Motor third party liability insurance fell 2.9%, and motor own damage insurance recorded a decrease of 0.1%. The non-motor lines of business, on the other hand, predominantly showed increases, with fire and natural hazards insurance recording impressive growth of 9.9%. Health insurance products in the non-life sector fell 25.1% compared to the same period in the previous year.

The decrease in life insurance in the 1st to 3rd quarters of 2020 was mainly the result of a sharp drop in single premium business (-24.1%). Premiums from regular premium life insurance, in contrast, grew 2.6%.

According to preliminary data from Axco Global Statistics, an average of EUR 374 per capita was spent on insurance in Poland in 2019. Out of this, EUR 282 was spent on non-life insurance and EUR 92 on life insurance.

MARKET SHARES OF THE MAJOR INSURANCE GROUPS



Source: Financial Market Authority Poland; as of 9M 2020

VIG COMPANIES IN POLAND

VIG Insurance Group is represented by Compensa Life and Non-Life, InterRisk, Vienna Life and Wiener TU in the Polish market. InterRisk also invested in the mutual insurance association TUW "TUW" in 2019. In November 2020, VIG Insurance Group signed a share purchase agreement with the Dutch company Aegon N.V. to acquire its companies in Hungary, Poland, Romania and Turkey. The acquisition will allow VIG Insurance Group to strengthen its market position and significantly expand its potential in the pension fund business in Poland. The acquisition is expected to be formally concluded in the 2nd half of 2021. The transaction is subject to the approvals required under supervisory and competition law.

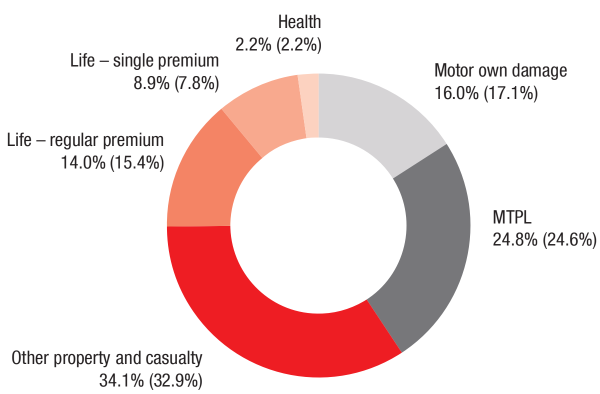
VIG Insurance Group holds fourth place in the overall market with a market share of 8.5%. In the non-life sector it is positioned as fourth in the ranking of top insurers, and in the life sector it is positioned as fifth.

FINANCIAL PERFORMANCE INDICATORS IN THE POLAND SEGMENT

Premium development

The Poland segment recorded total premiums written of EUR 1,196.2 million in 2020, representing an increase of 5.7% compared to the previous year (2019: EUR 1,132.0 million). This increase was mainly due to growth in other property and casualty, motor third party liability and single premium life insurance. Net earned premiums were EUR 926.6 million in 2020, 4.5% higher than in the previous year (2019: EUR 886.5 million).

PREMIUMS BY LINE OF BUSINESS



Values for 2019 in parentheses

Result before taxes

The result before taxes was EUR 22.6 million in 2020 (2019: EUR 69.2 million). The decrease of 67.4% was due to provisions for expenses arising from a change in the surrender terms for the repurchase of certain life insurance products, as well as the positive effects of an asset tax refund in the previous year.

Combined ratio

The combined ratio continued to be at a good level of 96.7% in 2020 (2019: 94.8%).

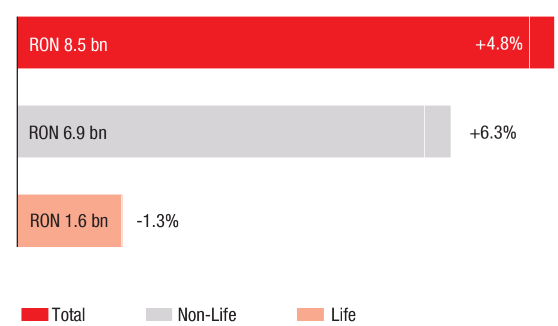
ROMANIA

ROMANIAN INSURANCE MARKET

The top 5 insurance groups generated around 73% of the total premium volume in Romania in the first three quarters of 2020. The two largest insurance groups generated around 40%.

MARKET GROWTH IN THE 1ST TO 3RD QUARTERS OF 2020 COMPARED TO THE PREVIOUS YEAR

9M 2020 figures



Source: Financial Supervisory Authority ASF

The Romanian insurance market grew in the first nine months of 2020, recording a 4.8% increase in premium volume in local currency terms. This was primarily due to a 6.3% increase in non-life insurance. Life insurance recorded a small decrease (-1.3%).

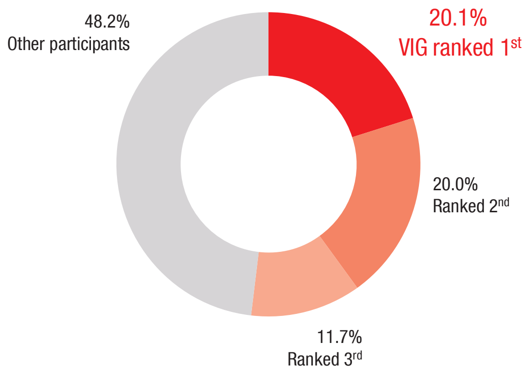
The non-life sector continues to be strongly dominated by the motor lines of business. Motor third party liability insurance, which accounts for around 45% of the non-life business, recorded year-on-year growth of 4.6%. A small increase was also recorded for motor own damage insurance (+3.0%). The non-motor lines of business also showed an increase of 12.5%.

In the life line of business, unit-linked and index-linked life insurance was down 7.6% compared to the same period in the previous year. Traditional life and annuity insurance, which represents 63% of the life business, rose 0.8%.

According to Axco Global Statistics, the insurance density in Romania was EUR 120 per capita in 2019. EUR 97 of this amount was for non-life insurance and EUR 23 for life insurance.

MARKET SHARES OF THE MAJOR INSURANCE GROUPS

Per cent of total premium volume



Source: Financial Supervisory Authority ASF; as of 9M 2020

VIG COMPANIES IN ROMANIA

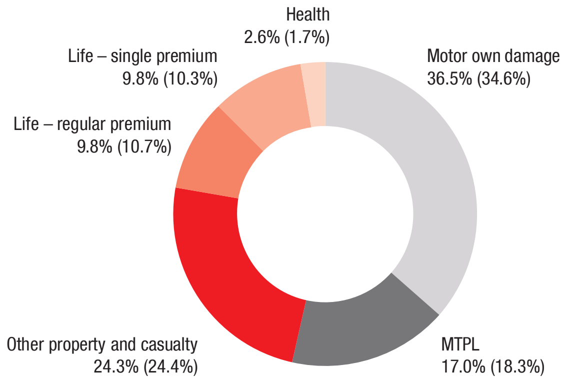
Three VIG insurance companies, the non-life insurer Omniasig, composite insurer Asirom and life insurer BCR Life, operate in the Romanian insurance market. Their market share of 20.1% makes the VIG insurance companies the market leader in Romania. They hold the second place for both life insurance and non-life insurance. In November 2020, VIG Insurance Group signed a share purchase agreement with the Dutch company Aegon N.V. to acquire its companies in Hungary, Poland, Romania and Turkey. The acqui-sition will allow VIG Insurance Group to significantly expand its potential in the pension fund business in Romania. The acquisition is expected to be formally concluded in the 2nd half of 2021. The transaction is subject to the approvals required under supervisory and competition law.

FINANCIAL PERFORMANCE INDICATORS IN THE ROMANIA SEGMENT

Premium development

The VIG insurance companies in the Romania segment wrote EUR 493.8 million in premiums in 2020, representing an increase of 5.5% (2019: EUR 468.2 million). In addition to increases in the other property and casualty and health insurance lines of business, this was primarily due to good premium growth for motor own damage insurance. Net earned premiums were EUR 375.9 million in 2020, 8.4% higher than the value of EUR 346.9 million in the previous year.

PREMIUMS BY LINE OF BUSINESS



Values for 2019 in parentheses

Result before taxes

A profit of EUR 14.2 million was recorded in the Romanian segment in 2020 (2019: loss of EUR 101.8 million). The result of the previous year was affected by a total write-off of goodwill in the amount of EUR 108.8 million. Adjusted for this effect, the result doubled, due in part to an improvement in the combined ratio.

Combined ratio

The combined ratio improved to 99.0% in 2020 due to targeted portfolio adjustments and better claims development (2019: 100.9%).

BALTIC STATES

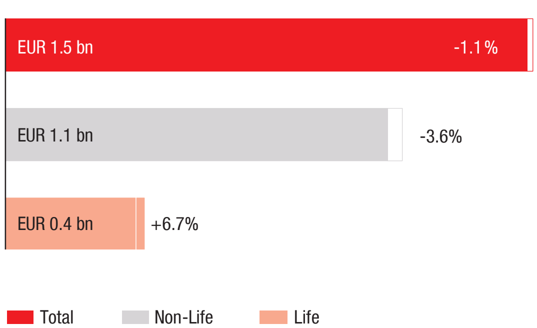
The Baltic states consist of the countries Estonia, Latvia and Lithuania.

THE BALTIC INSURANCE MARKET

The insurance market in the Baltic states is characterised by many companies that have their registered office in one of the three countries and also operate via branches in the other two markets. This leads to an above-average number of market participants. The five largest insurance groups in the Baltic states generated around 80% of the total premium volume.

MARKET GROWTH IN THE 1ST TO 3RD QUARTERS OF 2020 COMPARED TO THE PREVIOUS YEAR

9M 2020 figures



Source: The Estonian National Statistics Board, Latvian Supervisory Authority, Latvian Insurers Association, Central Bank of the Republic of Lithuania

The Baltic states recorded a small year-on-year decrease of 1.1% in premium volume in the first nine months of 2020. The Lithuanian insurance market experienced moderate growth of 0.6%, while premium volume decreased in Latvia (-0.6%) and Estonia (-4.7%). With a 48.3% share of total premium volume, Lithuania generated close to half the premiums in the Baltic states.

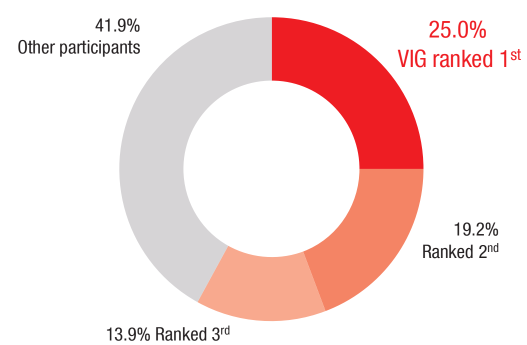
Premium volume declined 3.6% in the non-life sector in the 1st to 3rd quarters of 2020. The biggest drop was recorded by the Latvian insurance market (-4.7%), followed by Estonia (-4.3%) and Lithuania (-2.5%).

The life insurance sector recorded an increase of 6.7% in the first nine months of 2020. Within the Baltic states, Latvia recorded the largest increase in life insurance premiums, with a gain of 11.1%, followed by Lithuania (+8.6%). Estonia, on the other hand recorded a drop of 6.2%.

The average per capita expenditure for insurance in Lithuania was EUR 343 in 2019. EUR 257 of this amount was for non-life insurance and EUR 86 for life insurance. Estonia's insurance density of EUR 373 per capita was higher than in Lithuania. EUR 306 of this amount was spent on non-life insurance and EUR 67 on life insurance. Latvia had the lowest insurance density in the Baltic states, namely EUR 292. EUR 225 was for the non-life sector and EUR 67 for the life sector.

MARKET SHARES OF THE MAJOR INSURANCE GROUPS

Per cent of total premium volume



Source: The Estonian National Statistics Board, Latvian Supervisory Authority, Latvian Insurers Association, Central Bank of the Republic of Lithuania; as of 9M 2020

VIG COMPANIES IN THE BALTIC STATES

VIG insurance companies are represented in all three Baltic states. Compensa Life has its headquarters in Estonia and is also represented by branches in Latvia and Lithuania. BTA Baltic operates in Latvia and has branches in Estonia and Lithuania. After merging in 2020, the non-life companies Compensa Non-Life and Seesam operated in Lithuania as a single company, Compensa Non-Life. It maintains branches in Latvia and Estonia, and operates under the Seesam brand in Estonia.

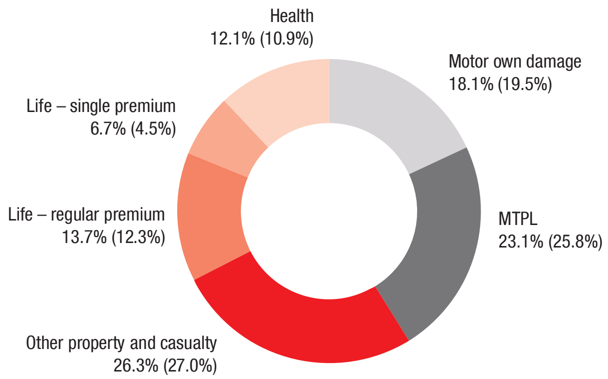
Their market share of 25.0% makes the VIG insurance companies the market leader in the Baltic states. They also hold first place in the non-life sector and third place for life insurance.

FINANCIAL PERFORMANCE INDICATORS IN THE BALTIC STATES SEGMENT

Premium development

The Baltic VIG insurance companies generated EUR 492.9 million in premiums written in 2020, representing a year-on-year decrease of 1.5% (2019: EUR 500.3 million). The decrease was mainly due to the motor lines of business. Net earned premiums rose to EUR 393.3 million in 2020 (2019: EUR 385.2 million).

PREMIUMS BY LINE OF BUSINESS



Values for 2019 in parentheses

Result before taxes

The result before taxes rose 24.1% year-on-year to EUR 9.5 million in the Baltic states segment in 2020 (2019: EUR 7.7 million). This development resulted primarily from the strong improvement in the health insurance business and an improved combined ratio.

Combined ratio

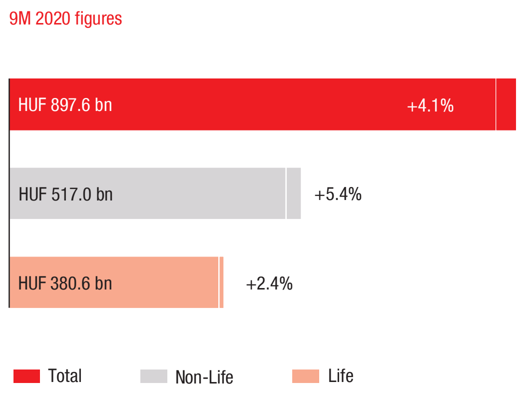
The combined ratio improved compared to the previous year to 97.2% (2019: 97.7%).

HUNGARY

HUNGARIAN INSURANCE MARKET

The top 5 insurance groups generated around 61% of the premium volume in 2019. The two largest insurance groups generated around 30%.

MARKET GROWTH IN THE 1ST TO 3RD QUARTERS OF 2020 COMPARED TO THE PREVIOUS YEAR



Source: National Bank of Hungary (MNB)

In the first nine months of 2020, the Hungarian insurance market recorded a 4.1% increase in premiums in local currency terms. Both the non-life and life sectors contributed to this growth.

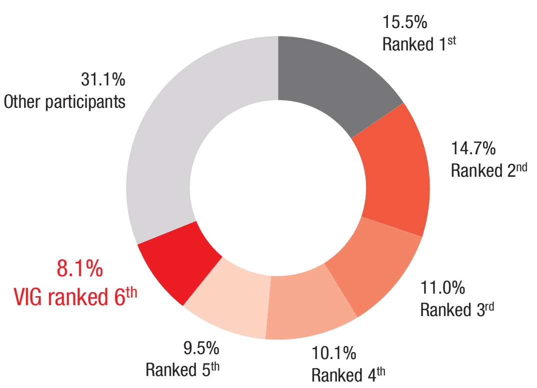
The non-life insurance sector recorded a 5.4% increase in the 1st to 3rd quarters of 2020. This was mainly due to good growth in motor own damage (+9.2%) and motor third party liability insurance (+8.1%). Both of these lines of business benefited from an increase in rates, among other things. The effects of the COVID-19 pandemic could be seen in travel insurance, which fell sharply by 55.9%. After three years of growth, health insurance also recorded a drop of 23.2% in the first nine months of 2020.

Life insurance premiums rose 2.4%. Tax-privileged pension insurance remained popular, recording a double-digit increase of 18.7% in the 1st to 3rd quarters of 2020. Unit-linked and index-linked life insurance grew 8.6%. Single premium life insurance, on the other hand, was down significantly (-12.3%).

According to Axco Global Statistics, the average per capita expenditure for insurance in Hungary was EUR 365 in 2019. Of this EUR 203 was spent for non-life insurance and EUR 162 for life insurance.

MARKET SHARES OF THE MAJOR INSURANCE GROUPS

Per cent of total premium volume



Source: Hungarian Insurers Association (MABISZ); as of 2019

VIG COMPANIES IN HUNGARY

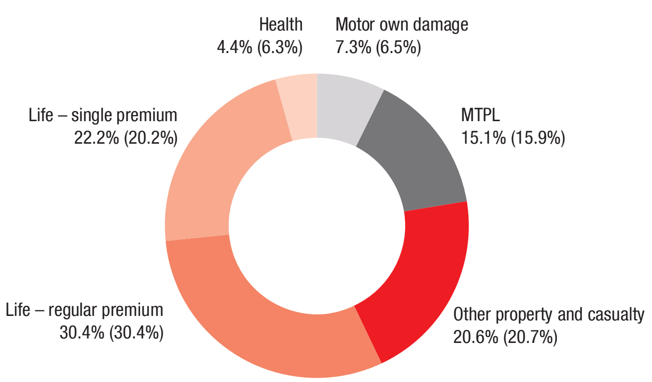
The VIG Insurance Group operates with the insurance company Union Biztosító in Hungary. It had a market share of 8.1% in 2019, which put it in sixth place in the market. It was in sixth place for non-life insurance in 2019 and fourth place for life insurance. In November 2020, VIG Insurance Group signed a share purchase agreement with the Dutch com-pany Aegon N.V. to acquire its companies in Hungary, Poland, Romania and Turkey. The acquisition will make VIG Insurance Group the market leader in Hungary. The acquisition is expected to be formally concluded in the 2nd half of 2021. The transaction is subject to the approvals required under supervisory and competition law.

FINANCIAL PERFORMANCE INDICATORS IN THE HUNGARY SEGMENT

Premium development

In the Hungary segment, premiums written in the amount of EUR 287.8 million were recorded in 2020 (2019: EUR 289.5 million). The slight year-on-year decrease of 0.6% was mainly due to negative exchange rate effects. After adjusting for these effects, the Hungary segment recorded a 7.1% increase in premiums written. Net earned premiums were EUR 223.6 million in 2020, 1.8% higher than the value in the previous year (2019: EUR 219.6 million).

PREMIUMS BY LINE OF BUSINESS



Values for 2019 in parentheses

Result before taxes

The Hungary segment recorded a result before taxes of EUR 8.4 million in 2020 (2019: EUR 8.7 million). The decrease compared to the previous year was primarily due to the negative currency development in Hungary.

Combined ratio

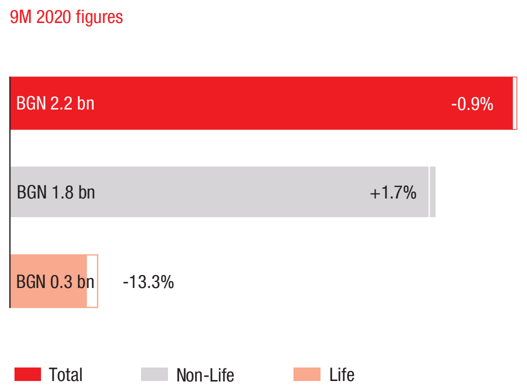
The combined ratio improved over the previous year to 97.0%, mainly due to the growth in the motor lines of business (2019: 97.6%).

BULGARIA

BULGARIAN INSURANCE MARKET

The top 5 insurance groups generated around 57% of the total premium volume in Bulgaria in the first three quarters of 2020. The two largest insurance groups generated around 27%.

MARKET GROWTH IN THE 1ST TO 3RD QUARTERS OF 2020 COMPARED TO THE PREVIOUS YEAR



Source: Bulgarian Financial Supervision Commission (FSC)

The Bulgarian insurance market recorded a small year-on-year decline of 0.9% in local currency terms in the first three quarters of 2020. Around 85% of the total premium volume in the Bulgarian insurance market is generated by the non-life sector, which grew 1.7% in the first nine months of 2020. Premium volume in the life line of business fell 13.3%.

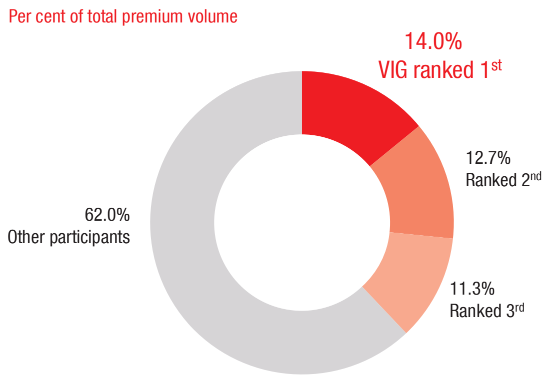
Motor third party liability insurance generated around 46% of the premium volume in the non-life sector. It grew 0.4% year-on-year in the 1st to 3rd quarters of 2020, contributing mainly to the growth in the non-life sector. Motor own damage insurance recorded a decrease of 0.1%. The non-motor lines of business recorded an increase of 5.8%.

The drop in life insurance was due, among other things, to sharp declines in traditional life and annuity insurance (-14.0%) and health insurance products in the life sector (-35.9%).

Unit-linked and index-linked life insurance, on the other hand, increased 5.0%.

An average of EUR 27 per capita was spent on life insurance in Bulgaria in 2019. Around seven times as much, EUR 186, was spent on non-life insurance. According to Axco Global Statistics, this corresponds to a total per capita premium of EUR 213 per year for insurance services.

MARKET SHARES OF THE MAJOR INSURANCE GROUPS



Source: Bulgarian Financial Supervision Commission (FSC); as of 9M 2020

VIG COMPANIES IN BULGARIA

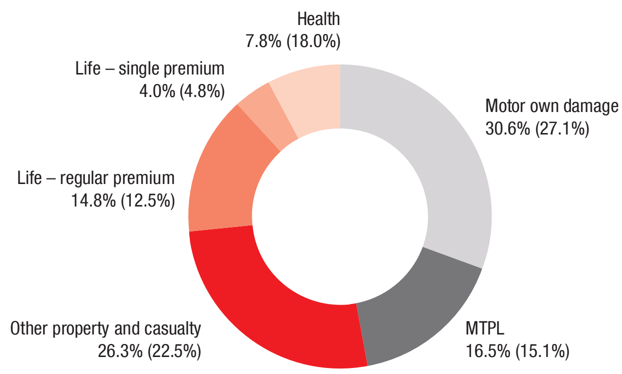
The three insurance companies Bulstrad Life, Bulstrad Non-Life and Nova are represented in the Bulgarian insurance market. Together they have a market share of 14.0%. That makes the VIG insurance companies the leading insurance group in Bulgaria. They hold second place in both the non-life and life sectors. The PAC Doverie pension fund also belongs to VIG Insurance Group.

FINANCIAL PERFORMANCE INDICATORS IN THE BULGARIA SEGMENT

Premium development

EUR 199.6 million in premiums were written in the Bulgaria segment in 2020, representing a year-on-year decrease of 10.8% (2019: EUR 223.9 million). This development was primarily due to the decline in premiums in health insurance. Net earned premiums were EUR 145.3 million in 2020, 5.6% higher than the previous year.

PREMIUMS BY LINE OF BUSINESS



Values for 2019 in parentheses

Result before taxes
A loss of EUR 36.7 million was recorded in the Bulgaria segment in 2020 (2019: profit before taxes of EUR 15.8 million). This was primarily the result of a goodwill impairment of EUR 59.8 million performed in the first half of 2020.

Combined ratio
The combined ratio improved in 2020 to 91.2%, mainly due to better claims development (2019: 95.8%).

TURKEY/GEORGIA

Turkey
The Turkish insurance market recorded double-digit growth of 22.4% in local currency terms in the 1st to 3rd quarters of 2020. Premium volume rose 17.0% in the non-life sector, while the life sector recorded an even larger increase of 52.4%.

The non-life sector continues to be dominated by the motor lines of business, which contributed 45.8% of the premium volume. Motor third party liability insurance rose 10.5% in the 1st to 3rd quarters of 2020, while motor own damage insurance increased 10.9% compared to the same period in the previous year. The non-motor lines of business grew 23.0%.

The VIG non-life insurance company Ray Sigorta operates in Turkey. With a market share of 1.9%, it achieved 16th place in the Turkish insurance market. In November 2020, VIG Insurance Group signed a share purchase agreement with the Dutch company Aegon N.V. to acquire its companies in Hungary, Poland, Romania and Turkey. The acquisition allows VIG Insurance Group to enter the life insurance business in Turkey. The acquisition is expected to be formally concluded in the 2nd half of 2021. The transaction is subject to the approvals required under supervisory and competition law.

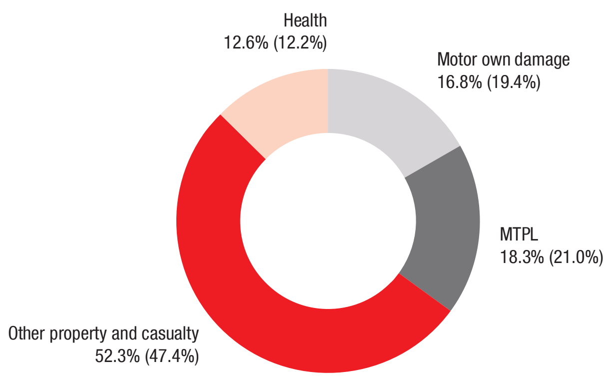
Georgia
The Georgian insurance market grew in the 1st to 3rd quarters of 2020, recording a 6.5% increase in local currency terms. Both the non-life (+6.2%) and life insurance (+10.2%) lines of business contributed to this growth. In the non-life segment, health insurance, which represents 41.2% of the total premium volume and is one of the most important lines of business in Georgia, recorded an impressive increase of 16.7%. While motor own damage insurance recorded moderate growth of 3.0%, motor third party liability insurance, which only applies to foreign vehicles in Georgia, declined 29.3%. The planned law that would also make motor third party liability insurance compulsory for domestic vehicles was postponed indefinitely. Furthermore, only a fraction of all vehicles in Georgia have motor third party liability insurance coverage. The non-motor lines of business (not including health insurance) grew 5.2% year-on-year.

VIG Insurance Group is represented by two companies in Georgia, GPIH and IRAO. They jointly occupy the second place in the market, with a market share of 26.3%.

FINANCIAL PERFORMANCE INDICATORS IN THE TURKEY/GEORGIA SEGMENT

Premium development
The Turkey/Georgia segment recorded total premiums written of EUR 251.7 million in 2020 (2019: EUR 234.9 million). The increase of 7.1% compared to the previous year was mainly due to double-digit growth in both other property and casualty insurance and health insurance. Net earned premiums were EUR 113.0 million in 2020 (2019: EUR 112.4 million), an increase of 0.6% compared to the previous year.

PREMIUMS BY LINE OF BUSINESS



Values for 2019 in parentheses

Result before taxes
Due to the goodwill impairment of EUR 12.5 million performed in Georgia in the first half of 2020, the Turkey/Georgia segment recorded a loss of EUR 0.9 million in 2020 (2019: profit before taxes of EUR 6.7 million).

Combined ratio
The combined ratio improved to 95.4% in 2020, primarily as the result of a better claims development in Turkey (2019: 96.5%).

REMAINING CEE

The Remaining CEE segment includes the countries of Albania incl. Kosovo, Bosnia-Herzegovina, Croatia, Moldova, North Macedonia, Serbia and Ukraine. The Remaining CEE markets generated 4.3% of Group premiums in 2020. The companies in Montenegro and Belarus were not included in the scope of consolidation.

Albania including Kosovo
After almost six years of growth, premiums fell 6.3% in Albania in local currency terms in the 1st to 3rd quarters of 2020. The Albanian insurance market continues to be dominated by the non-life sector, which represents 93.2% of the market. Premiums declined 6.1% in this sector in the first nine months of 2020. While motor own damage insurance remained stable with a small increase of 0.5%, the motor third party liability line of business fell 6.9%. The non-motor lines of business were also down, recording a year-on-year decrease of 5.3%. The life insurance sector recorded an 8.5% year-on-year decrease in premium volume in the 1st to 3rd quarters of 2020. Premium volume in Kosovo declined 2.1% year-on-year in the 1st to 3rd quarters of 2020.

VIG Insurance Group operates in the Albanian insurance market with Sigma Interalbanian and Intersig. It occupies second place in the market, with a market share of 21.9%. Sigma Interalbanian is also represented by a branch in Kosovo.

Bosnia-Herzegovina
Premiums decreased 1.5% in local currency terms in Bosnia-Herzegovina in the first three quarters of 2020. Non-life insurance decreased 1.3% and life insurance fell 2.1%. The changes in the motor lines of business, which dominate the non-life sector, were mixed, with motor own damage declining slightly by 1.5%, while motor third party liability rose 1.2%.

VIG Insurance Group is represented by Wiener Osiguranje, which has its headquarters in Banja Luka in the Serbian Republika Srpska in Bosnia-Herzegovina, and by Vienna osiguranje, which is headquartered in Sarajevo. The market share was 8.4% based on data for the 1st to 3rd quarters of 2020, which puts the VIG insurance companies in fifth place in the market.

Croatia
The Croatian insurance market recorded a small decrease of 1.4% in local currency terms in the first three quarters of 2020. Non-life premium volume rose 4.3% year-on-year. Motor third party liability insurance (+11.3%) and fire insurance (+7.3%) played a major role in this increase. Motor own damage insurance also recorded an increase of 3.2%. Health insurance premium volume rose 4.4%. Life insurance fell significantly (-15.4%) in the 1st to 3rd quarters of 2020, mainly due to decreases in index-linked and unit-linked products and traditional life insurance. Annuity insurance, on the other hand, recorded a gain of 17.2%.

The VIG insurance company Wiener Osiguranje operates in Croatia. Its market share of 9.8% in the 1st to 3rd quarters of 2020 put it in fourth place in the Croatian insurance market.

Moldova
Premium volume in the Moldovan insurance market declined 13.0% in local currency terms in the 1st to 3rd quarters of 2020. The non-life sector, whose 93.4% share dominates the overall portfolio, recorded a 13.9% year-on-year decrease. Life insurance recorded an increase of 1.5%. The non-motor lines of business in particular declined sharply in the first nine months of 2020 (-27.9%). Premium volume was down 7.6% for motor third party liability and 5.8% for motor own damage insurance.

The VIG insurance company Donaris operates in Moldova. Its market share is 10.7%, which puts it in fifth place in the market. It also holds fifth place in the non-life sector.

North Macedonia
Premiums in the North Macedonia insurance market declined 5.2% year-on-year in local currency terms in the first three quarters of 2020. Non-life insurance dominates the overall market with a share of 84.3%. It recorded a decrease of 5.4% in the first nine months of 2020, due to declines in both motor third party liability (-11.5%) and motor own damage insurance (-2.6%). Premium volume in the non-motor lines of business, on the other hand, rose slightly by 2.1%. Life insurance was unable to continue the growth recorded in previous years and decreased a moderate 4.3% in the first nine months of 2020.

The VIG insurance companies Makedonija Osiguruvanje, Winner Non-Life and Winner Life together hold a market share of 19.6%. That makes the VIG companies the leading insurance group in North Macedonia.

Serbia
Premium volume for the insurance companies operating in Serbia rose 2.2% based on the local currency in the first three quarters of 2020. This growth was due to the positive performance achieved in both the life sector (+2.1%) and non-life sector (+2.2%), which represents around 78% of the overall portfolio. The increase in non-life insurance was mainly due to the motor lines of business. Motor third party liability insurance grew 2.5% and motor own damage increased 6.4% in the 1st to 3rd quarters of 2020. The non-motor lines of business also increased their premium volume slightly (+0.8%) compared to the same period in the previous year. Health insurance also achieved double-digit growth of 19.5%.

The VIG insurance company Wiener Städtische Osiguranje operates in Serbia. It holds fourth place in the market, with a market share of 11.8%. It is in fourth place in the non-life sector and second place in the life sector.

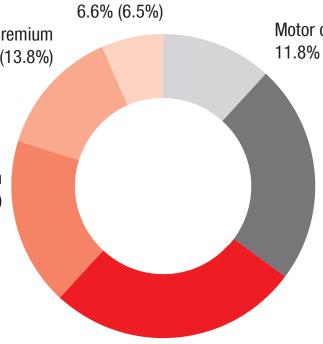
Ukraine
In the 1st to 3rd quarters of 2020, the Ukrainian insurance market recorded a small year-on-year decrease of 2.3% in local currency terms. The Ukrainian insurance market is strongly dominated by the non-life sector, which represents around 88% of the market. It recorded a decrease of 3.6% in the first three quarters of 2020, mainly due to the non-motor lines of business (-11.4%). Increases were recorded, on the other hand, for motor third party liability (+8.0%) and motor own damage insurance (+9.3%). Life insurance premium volume also rose 8.3% in the first nine months of 2020. At 12%, however, the share of total premiums generated by life insurance remains modest.

Following the merger of Globus and UIG, the VIG non-life insurance companies Kniazha and UIG and life insurance company Kniazha Life were operate in the Ukraine. The VIG insurance companies hold third place in the overall market, with a market share of 6.8%. They are in second place in the non-life sector and eighth place in the life sector.

FINANCIAL PERFORMANCE INDICATORS IN THE REMAINING CEE SEGMENT

Premium development
The VIG insurance companies in the Remaining CEE segment wrote EUR 439.6 million in premiums in 2020 (2019: EUR 446.9 million). The decrease of 1.6% year-on-year was mainly due to the decline in premiums in the motor lines of business in Ukraine. Croatia and Serbia, on the other hand, recorded an increase in premiums. Net earned premiums were EUR 318.6 million in 2020 (2019: EUR 328.8 million), a decrease of 3.1% compared to the previous year.

PREMIUMS BY LINE OF BUSINESS



Values for 2019 in parentheses

Result before taxes
A loss of EUR 15.7 million was recorded in the Remaining CEE segment in 2020 (2019: profit before taxes of EUR 27.1 million). This was primarily the result of a goodwill impairment of EUR 45.0 million performed in Croatia in the first half of 2020.

Combined ratio
The combined ratio improved to 92.6% in Ukraine, Serbia and Kosovo in 2020, mainly due to an improved claims development (2019: 93.9%).

OTHER MARKETS

The Other Markets segment includes Germany and Liechtenstein. The segment generated 2.8% of Group premiums in 2020.

Germany
According to preliminary data from the German Insurance Association (GDV), the German insurance industry recorded a 1.5% year-on-year increase in premium volume in 2020. The increase was predominantly from property and casualty insurance, where premium volumes rose 2.1%. Life insurance (not including pension funds), on the other hand, fell slightly by 0.1% compared to the same period in the previous year. This was mainly due to a decline in regular premiums, which recorded a decrease of 0.8%. Single premium products, on the other hand, recorded an increase of 1.2%. Private health insurance recorded an increase of 3.8%.

The VIG insurance companies InterRisk Non-Life and InterRisk Life operate in Germany. The InterRisk companies distribute exclusively through around 10,000 independent sales partners. InterRisk Non-Life specialises in accident and liability insurance and selected property insurance products. InterRisk Life focuses on retirement provision and occupational disability solutions, as well as protection for surviving dependants. The VIG companies continue to operate successfully in the German market as profitable niche providers.

Liechtenstein
20 life and 16 non-life insurance companies were operating in Liechtenstein at the end of 2020. The life insurance companies mainly operate in the area of unit-linked and equity-linked life insurance. Liechtenstein offers insurance companies direct access to the markets in countries in the European economic area and Switzerland. The internationally operating non-life insurance companies have become much more important in previous years. According to forecasts, the insurance companies achieved a premium vol-

Group management report

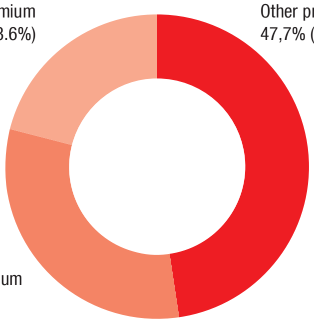
ume of CHF 5.5 billion in financial year 2020. CHF 3.0 billion of this was from the non-life lines of business, and CHF 2.5 billion from the life insurance companies.

The VIG insurance company Vienna-Life operates in Liechtenstein. Vienna-Life mainly offers unit-linked and index-linked life insurance.

FINANCIAL PERFORMANCE INDICATORS IN THE OTHER MARKETS SEGMENT

Premium development
The Other Markets segment recorded total premiums written of EUR 280.0 million in 2020 (2019: EUR 380.4 million), representing a decrease of 26.4% compared to the previous year. This was due to a decrease in single premium life insurance in Liechtenstein. Net earned premiums were EUR 230.9 million in 2020 (2019: EUR 332.3 million), a decline of 30.5% compared to the previous year.

PREMIUMS BY LINE OF BUSINESS



Values for 2019 in parentheses

Result before taxes
In 2020, the result before taxes increased by 18.5% to EUR 26.7 million in Liechtenstein due to the absence of one-off effects in the financial result (2019: EUR 22.6 million).

Combined ratio
In 2020 the combined ratio was an excellent 81.1% in the Other Markets segment (2019: 82.4%).

CENTRAL FUNCTIONS

The Central Functions segment includes VIG Holding (including the branches in Northern Europe), VIG Re (including the branches in Germany and France), Wiener Re, the VIG Fund, non-profit societies, corporate IT service providers and intermediate holding companies. VIG Holding primarily focuses on managerial tasks for the insurance group. It also operates as the reinsurer for the insurance group and in the international corporate business.

The reinsurance company VIG Re was formed in Prague in 2008 and is a successful reinsurance provider for both VIG insurance companies and external partners. It has established itself as an important company in the CEE region and follows a conservative underwriting and investment strategy. Standard & Poor's affirmed VIG Re's A+ rating with stable outlook in the autumn of 2020.

FINANCIAL PERFORMANCE INDICATORS IN THE CENTRAL FUNCTIONS SEGMENT

Premiums written in the Central Functions segment rose by 7.0% in 2020 to EUR 1,736.5 million (2019: EUR 1,623.5 million). In addition to an increase in premiums from the entry into new business areas (Western Europe) in active reinsurance generated by the insurance company VIG Re, an increase in corporate and large customer business was also recorded in VIG Holding.

A loss of EUR 107.6 million was recorded in the Central Functions segment in 2020 (2019: profit before taxes of EUR 36.5 million). This was due to the change in the consolidation method of the non-profit societies as of the reporting date of 31 July 2019, and an increase in amortisation caused by a reduction in the useful life of software.

BUSINESS DEVELOPMENT BY BALANCE SHEET UNIT

Further information on business development by balance sheet units is provided in the additional disclosures in accordance with the Austrian Insurance Supervision Act (VAG) in the notes to the consolidated financial statements starting on page 187.

Other mandatory disclosures

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 an start-up initiative (investment and corporate building) that is located in Germany and jointly funded with other insurance companies in order to identify technological developments in the market more quickly and internalise them if necessary. viesure was also established for this purpose as an internal "innovation hub" focusing mainly on Austria.

HOLDINGS, PURCHASE AND SALE OF OWN SHARES

Detailed information on § 243 (3)(3) UGB is available in Note 8. Consolidated shareholders' equity starting on page 147 of the notes to the consolidated financial statements.

INTERNAL CONTROL AND RISK MANAGEMENT SYSTEM IN THE ACCOUNTING PROCESS

Preparation of the consolidated financial statements includes all activities required for presentation and disclosure of the net assets, financial position and results of operations of the Group in accordance with the provisions of the law and the IFRS. The consolidated financial statements consist of the balance sheet, income statement, statement of comprehensive income, statement of changes in equity, cash flow statement, segment reporting and the notes to the consolidated financial statements, which disclose significant accounting policies and explanatory notes.

The financial statement process includes the aggregation of all data from accounting and upstream processes for the annual financial statements.

The internal control system is implemented in the Group accounting process in accordance with the five elementary components of the COSO (Committee of Sponsoring Organisations of the Treadway Commission) framework model for internal control.

Control environment

The organisational structure consists of the local accounting departments of the individual companies and the Group accounting department at the VIG Holding headquarters in Vienna. The accounting departments of the VIG companies prepare both local GAAP and IFRS financial statements and then send the IFRS figures to the Group accounting department.

The IFRS financial statements are prepared in accordance with uniform Group accounting policies. The Group fully applies the rules of IFRS 4 with respect to the valuation of insurance policies. Accordingly, the values recognised under applicable national law are carried over to the IFRS consolidated financial statements.

Standardised software is used to prepare the consolidated financial statements. VIG companies mainly use this software to report their data, most of which is imported into the system as an upload or directly entered on site. The Group accounting department consolidates the data and prepares the consolidated financial statements.

Risk assessment

The annual financial statement process has been documented in order to identify risks in the accounting process and eliminate them as far as possible. The documentation covers the entire process all the way from data entry by the employees of VIG companies and automatic and manual controls and analyses during the consolidation process, to publication of the final annual report.

Control measures

IFRS accounting policies that apply across the Group are set down in an accounting guideline (IFRS interpretation) that is to be applied for all companies included in the consolidated financial statements. The goal is to ensure uniform implementation of the IFRS across the Group. The guideline is reviewed each year and updated or amended when necessary, and is sent to the responsible people in the local reporting departments together with additional information on Group-wide reporting requirements each time before the financial statements are prepared. The subsidiaries are responsible for compliance with the Group-wide accounting policies and for proper and timely performance of their accounting-related processes.

The finance and accounting unit in the Group parent company perform both automatic (using validations) and manual checks (performance analyses and plausibility checks) of the financial statement data that is received. Additional checks in the form of control calculations and reconciliation of intragroup transactions – in particular reinsurance and financing balances – are performed to identify and, if necessary, correct or eliminate any differences.

In addition, an earnings reconciliation statement is prepared, the accuracy of individual parts of the consolidated financial statements is checked, and a plausibility check is performed for the consolidated financial statements as a whole to ensure that the presentation is complete and correct.

The accounting employees also work closely with the Planning and Controlling department (e.g. variance analyses), primarily with respect to performance analyses, when the financial statements are prepared. The data are also regularly provided to the Managing Board for review and checking.

In order to ensure that the annual report is completed correctly and on time by the publication deadline, strict deadlines are set for the quarterly and annual financial statements and the VIG companies are informed of these deadlines at the end of the 3rd quarter at the latest for the coming financial year. In this way, the department preparing the consolidated financial statements ensures in advance that the VIG companies align their processes with the deadlines and can therefore send their data on time.

Information and communication

The intensive collaboration with other areas of the Company, in particular Controlling, generates a lively exchange of information and communications.

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

The Investor Relations department is responsible for reporting to VIG Holding shareholders. This takes place both in personal meetings and via the Company website. Shareholders and other interested parties are provided with access to annual and interim reports, and to regularly updated information on key figures, share prices, the financial calendar, ad hoc news and other relevant topics.

Monitoring

The Group accounting department is responsible for preparing the Group annual report. Quarterly reports are provided to the Managing Board and Supervisory Board to ensure regular monitoring of the internal control system. Risks are continuously monitored by internal cross-departmental Group controls (e.g. Group accounting department, Controlling).

The internal audit department also performs quality assurance. It performs independent, objective audit procedures to examine the structure and effectiveness of internal control systems and the value and optimisation potential of operational processes. The internal audit department helps the organisation achieve its objectives by systematically evaluating the effectiveness of risk management, the control system and the governance process, including all relevant key functions within the Company, and providing appropriate recommendations for improvement.

Group-wide guidelines exist in order to standardise the handling of significant risks throughout the Group, and also provide a tool for risk monitoring. Local management is responsible for implementing these guidelines in the individual VIG companies.

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 consolidated financial statements. The auditor also assesses the effectiveness of the risk management system in accordance with Rule 83 of the Austrian Corporate Governance Code.

CAPITAL, SHARE, VOTING AND CONTROL RIGHTS AND ASSOCIATED AGREEMENTS

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

Further information on the anticipatory resolutions and authorisations of the Managing Board in general meetings in accordance with § 267 (3a) in conjunction with § 243a (1) UGB is provided in Note 8. Consolidated shareholders' equity starting on page 147 of the notes to the consolidated financial statements.

CONSOLIDATED NON-FINANCIAL REPORT

VIG Holding is publishing a separate consolidated non-financial report for financial year 2020 in accordance with § 267a of the Austrian Commercial Code (Unternehmensgesetzbuch – UGB). It is available in printed form and online on the VIG Insurance Group website (www.vig.com) in the "Corporate Responsibility" menu section under "Downloads".

CORPORATE GOVERNANCE

VIG Holding is committed to application and compliance with the January 2021 version of the Austrian Code of Corporate Governance and publishes a consolidated corporate governance report on the website at www.vig.com under "Investor Relations".

OUTSOURCING DISCLOSURES

The outsourcing disclosures required under § 156 (1)(1) in conjunction with § 109 VAG are discussed in more detail below.

VIG Holding
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 2020 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.

VIG Insurance Group
Outsourcing took place in the following areas, in particular, in the Group:

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

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

While governance functions in VIG Insurance Group were predominantly outsourced to other Group companies, critical or important activities in the IT and claims handling areas were outsourced both inside and outside the Group.

The notification of local supervisory authorities about the outsourcing of critical or important functions or activities or the approval of such outsourcing by these authorities was done by the companies concerned in accordance with applicable national legal requirements.

Expected development and risks of the Group

SIGNIFICANT RISKS AND UNCERTAINTIES

The risk management system is firmly anchored in the management culture of the Company and is based on a clearly defined, conservative risk policy, extensive risk expertise, a developed set of risk management tools and risk-based Managing Board decisions.

The detailed risk report for VIG Insurance Group is provided in the notes to the consolidated financial statements starting on page 110. For information on the financial instruments used, please see the notes to the consolidated financial statements (Principles of significant accounting policies) and the risk report starting on page 110.

EXPECTED DEVELOPMENT – OUTLOOK FOR 2021

ECONOMIC OUTLOOK

Subject to considerable uncertainty, and taking into account the extension of containment measures in the 1st quarter of 2021, on the one hand, and the hoped-for effects of the vaccination campaign on the other, the IMF expects a global recovery of 5.5% in 2021, with the developed economies expected to grow 4.3% and the emerging markets by 6.3%. With respect to the eurozone, Erste Group expects growth of 4.0% in 2021. In Austria, Erste Group analysts see another recession in the 1st quarter of 2021. A recovery is not expected to start until the 2nd quarter of 2021. Based on these forecasts, Erste Group reduced its GDP forecast for 2021 slightly downwards from 3.4% to 3.0%. It expects GDP growth to increase to 3.4% in 2022. In spite of the gradual opening of the economy, unemployment is expected to rise (5.6%), partly due to the phase-out of short-time work schemes.

Central and Eastern Europe is expected to record average regional growth of 3.8% in 2021, naturally including support from base effects. In spite of this recovery, wealth losses due to the COVID-19 pandemic are not expected to be recovered until 2022 at best. The Erste Group scenario forecasts GDP growth ranging from 5.0% in Serbia to 3.3% in the Czech Republic. Inflationary trends should be visible in the region, as everywhere else, but should initially be limited to temporary effects and remain within central bank tolerances in all markets. Central and Eastern Europe is expected to record overall inflation of 2.6%, with the lowest rate in Slovenia (0.8%), while Hungary is expected to be at the upper end with 3.7%. The increase in the unemployment rate expected for Central and Eastern Europe in 2021 (5.7%) should contribute to the moderate inflationary pressure before the employment situation improves in 2022.

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 remains committed to its proven business strategy of profitable growth. Based on the values of diversity, customer proximity and responsibility, VIG insurance companies want to use their successful management principles to strengthen and further increase their market shares. This includes both organic growth and growth by acquisitions, particularly if an opportunity arises to strategically expand the existing portfolio or to take advantage of economies of scale. The goal is to increase market share to a minimum of 10% in Poland, Hungary, Croatia and Serbia in the medium term. This goal was already achieved in Serbia in 2016. In November 2020, VIG Insurance Group signed a share purchase agreement with the Dutch company Aegon N.V. to acquire its companies in Hungary, Poland, Romania and Turkey for EUR 830 million. The transaction includes insurance companies, pension funds and asset management and service companies. The acquisition will make VIG Insurance Group the market leader in Hungary for the first time, giving it a market share of more than 19%. It will also enter the life insurance business in Turkey, and with the acquisition of the pension fund companies in Hungary, Poland and Romania it will strengthen its activities in the area of retirement provisions. The acquisition will increase the customer base by 4.5 million. The transaction is subject to the necessary regulatory and competition approvals and is expected to be formally concluded in the 2nd half of 2021.

The strategic measures and initiatives set by the work programme Agenda 2020 – business model optimisation, ensuring future viability and organisation and cooperation – contributed to the solid performance achieved in 2020. The next strategic programme for the period until 2025, which is currently being prepared, will continue to focus on efficiency and synergy potentials. It will be presented in the 2nd quarter of 2021.

Based on the long-term capital planning of the Group and current interest rate situation, the Managing Board initiated measures to optimise the capital of the Group, focusing on increasing investments in socially and environmentally sustainable projects. In the 1st half of 2021 a senior sustainability bond with a volume of EUR 500 million depending on market conditions will be issued. In addition, a subordinated bond with a volume of EUR 300 million was placed as a restricted tier 1 instrument with the principal shareholder of Vienna Insurance Group, Wiener Städtische Versicherungsverein.

Under its dividend policy, which foresees a distribution in the range of 30 to 50% of Group net profits, the dividend per share will continue to be aligned with the Company's performance.

Due to the fact that there is still no foreseeable end to the COVID-19 pandemic, estimates of business development for the financial year 2021 are still highly uncertain. Although VIG Insurance Group has been able to navigate very well through this exceptional period so far and sees itself in the position to manage its operating business well, adverse effects due to economic developments have to be expected based on the current situation. Taking this and current parameters into account, VIG Insurance Group expects premium volume to remain stable at the level of 2020 and profit before taxes to be in the range of EUR 450 to 500 million. As the closing has not yet taken place, the Aegon companies are not included in the outlook for 2021. The combined ratio is expected to remain at a sustainable level of around 95%. In accordance with its dividend policy, the Managing Board of Vienna Insurance Group will propose a dividend of EUR 0.75 for the financial year 2020. This corresponds to a dividend payout ratio of 41.5%.

Vienna, 17 March 2021

The Managing Board:

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

Liane Hirner
CFO, Member of the Managing Board

Peter Höfinger
Member of the Managing Board

Gerhard Lahner
Member of the Managing Board

Gábor Lehel
Member of the Managing Board

Hartwig Löger
Member of the Managing Board

Harald Riener
Member of the Managing Board

Peter Thirring
Member of the Managing Board

Consolidated financial statements 2020 (pages 62–196)

CONSOLIDATED FINANCIAL STATEMENTS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTES TO THE CONSOLIDATED BALANCE SHEET – ASSETS

NOTES TO THE CONSOLIDATED BALANCE SHEET – LIABILITIES AND SHAREHOLDERS' EQUITY

NOTES TO THE CONSOLIDATED INCOME STATEMENT

ADDITIONAL DISCLOSURES

CONSOLIDATED FINANCIAL STATEMENTS IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS) 31.12.2020

Reporting period	1.1.2020–31.12.2020
Balance sheet as of previous reporting date	31.12.2019
Income statement as of previous reporting period	1.1.2019–31.12.2019
Currency	EUR

CONSOLIDATED BALANCE SHEET

Assets	Notes	31.12.2020	31.12.2019
in EUR '000			
Intangible assets	1, A	1,733,077	1,939,579
Right-of-Use Assets		185,354	197,656
Investments	2, B	34,901,186	34,455,740
Property		2,507,413	2,414,258
Owner-occupied property		477,469	488,701
Investment property		2,029,944	1,925,557
Shares in at equity consolidated companies		291,561	321,276
Financial assets		32,102,212	31,720,206
Financial investments for unit-linked and index-linked life insurance	3, C	7,968,039	8,620,327
Reinsurers' share in underwriting provisions	4, D	1,396,492	1,283,434
Receivables	5, E	1,699,159	1,717,349
Tax receivables and advance payments out of income tax	F	275,041	226,845
Deferred tax assets	6, F	136,728	68,725
Other assets	7, G	387,845	391,911
Cash and cash equivalents		1,745,147	1,443,358
Total		50,428,068	50,344,924

Liabilities and shareholders' equity	Notes	31.12.2020	31.12.2019
in EUR '000			
Shareholders' equity	8	5,285,766	5,190,693
Share capital and reserves		5,162,738	5,074,114
Other non-controlling interests		123,028	116,579
Subordinated liabilities	9, K	1,463,909	1,464,597
Underwriting provisions	10, H	32,230,055	31,886,076
Underwriting provisions for unit-linked and index-linked life insurance	11, I	7,617,216	8,115,999
Non-underwriting provisions	12, J	876,809	931,559
Liabilities	13, K	2,254,306	2,094,572
Tax liabilities out of income tax	F	290,998	250,889
Deferred tax liabilities	6, F	267,870	262,202
Other liabilities		141,139	148,337
Total		50,428,068	50,344,924

The references (numbers and letters) shown for individual items in the consolidated balance sheet and consolidated income statement refer, among other things, to detailed disclosures for those items in the notes to the consolidated financial statements. The numbers refer to the detailed disclosures in the "Notes to the consolidated balance sheet" starting on page 131. The letters refer to the explanatory text in the section titled "Accounting policies" starting on page 82.

CONSOLIDATED INCOME STATEMENT

Consolidated income statement	Notes	2020	2019
in EUR '000			
Net earned premiums – retention	L	9,336,585	9,317,929
Premiums written – retention		9,415,844	9,420,712
Premiums written – gross	15	10,428,454	10,399,407
Premiums written – reinsurers´ share		-1,012,610	-978,695
Change in unearned premiums – retention		-79,259	-102,783
Change in unearned premiums – gross		-86,110	-136,790
Change in unearned premiums – reinsurers´ share		6,851	34,007
Financial result excl. result from shares in at equity consolidated companies	16	624,791	986,766
Income from investments		1,263,789	1,593,201
Expenses for investments and interest expenses		-638,998	-606,435
Result from shares in at equity consolidated companies	17	-28,510	24,074
Other income	18	145,661	193,203
Expenses for claims and insurance benefits – retention	19, M	-7,030,569	-7,262,744
Acquisition and administrative expenses	20, N	-2,328,479	-2,293,226
Other expenses	18	-373,617	-444,433
Result before taxes		345,862	521,569
Taxes	21	-103,194	-108,481
Result of the period		242,668	413,088
thereof attributable to shareholders		231,513	331,277
thereof other non-controlling interests		11,155	13,698
thereof non-controlling interests in non-profit societies		0	68,113
Earnings per share* (in EUR)	8	1.81	2.59
Result of the period (carryforward)		242,668	413,088

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

Consolidated financial statements

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Consolidated statement of comprehensive income	2020	2019
in EUR '000		
Result of the period (carryforward)	242,668	413,088
Other comprehensive income (OCI)		
Items that will not be reclassified to profit and loss in subsequent periods	9,409	-58,322
+/- Underwriting gains and losses from provisions for employee benefits	15,951	-106,988
+/- Deferred profit participation	-3,555	29,861
+/- Deferred taxes	-2,987	18,805
Items that will be reclassified to profit or loss in subsequent periods	20,960	409,035
+/- Exchange rate changes through equity	-109,582	9,605
+/- Unrealised gains and losses from financial assets available for sale	297,778	985,477
+/- Cash flow hedge reserve	-32	-452
+/- Share of other reserves of at equity consolidated companies	1,167	-1,394
+/- Deferred mathematical reserve	-17,300	-112,952
+/- Deferred profit participation	-116,017	-361,614
+/- Deferred taxes	-35,054	-109,635
Total OCI	30,369	350,713
Total profit	273,037	763,801
thereof attributable to shareholders	262,003	676,722
thereof other non-controlling interests	11,034	19,836
thereof non-controlling interests in non-profit societies	0	67,243

CONSOLIDATED SHAREHOLDERS' EQUITY

Development	Share capital	Capital reserves	Retained earnings	Other reserves		Subtotal*	Non-controlling interests		Total
				Currency reserve	Others		Other	Non-profit societies	
in EUR '000									
As of 1 January 2019	132,887	2,109,003	2,245,569	-142,711	202,725	4,547,473	107,712	1,180,511	5,835,696
Changes in scope of consolidation/ownership interests			-22,081	0	0	-22,081	-2,138	-1,242,012	-1,266,231
Other comprehensive income			331,277	9,623	335,822	676,722	19,836	67,243	763,801
Other comprehensive income excluding currency changes					335,822	335,822	6,156	-870	341,108
Currency change				9,623		9,623	-18	0	9,605
Result of the period			331,277			331,277	13,698	68,113	413,088
Dividend payment			-128,000			-128,000	-8,831	-5,742	-142,573
As of 31 December 2019	132,887	2,109,003	2,426,765	-133,088	538,547	5,074,114	116,579	0	5,190,693
As of 1 January 2020	132,887	2,109,003	2,426,765	-133,088	538,547	5,074,114	116,579	0	5,190,693
Changes in scope of consolidation/ownership interests			-26,179	0	0	-26,179	3,604	0	-22,575
Other comprehensive income			231,513	-108,080	138,570	262,003	11,034	0	273,037
Other comprehensive income excluding currency changes					138,570	138,570	1,381	0	139,951
Currency change				-108,080		-108,080	-1,502	0	-109,582
Result of the period			231,513			231,513	11,155	0	242,668
Dividend payment			-147,200			-147,200	-8,189	0	-155,389
As of 31 December 2020	132,887	2,109,003	2,484,899	-241,168	677,117	5,162,738	123,028	0	5,285,766

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

Composition of other reserves

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

Composition of other reserves

	31.12.2019					
	Unrealised gains and losses	Cash flow hedge reserve	Underwriting gains and losses from provisions for employee benefits	Share of other reserves of at equity consolidated companies	Currency reserve	Total
in EUR '000						
Gross	2,818,621	37	-436,695	-1,219	-134,267	2,246,477
+/- Exchange rate changes from financial assets available for sale	7,963					7,963
+/- Deferred mathematical reserve	-733,482					-733,482
+/- Deferred profit participation	-1,091,172	0	133,911	0	0	-957,261
+/- Deferred taxes	-224,720	0	74,516	0	0	-150,204
+/- Other non-controlling interests	-12,889	0	3,630	46	1,179	-8,034
Net	764,321	37	-224,638	-1,173	-133,088	405,459

CONSOLIDATED CASH FLOW STATEMENT

Change in cash and cash equivalents	2020	2019
in EUR '000		
Result of the period	242,668	413,088
Change in underwriting provisions net	-496,340	697,415
Change in underwriting receivables and liabilities (incl. deposits on assumed reinsurance business)	-38,154	50,372
Change in other receivables and other liabilities (excl. leases)	76,321	96,646
Change in financial assets recognised at fair value through profit and loss (incl. held for trading)	-14,756	-14,292
Gain/loss from disposal of investments	-132,379	-211,826
Appreciation/depreciation of investments	129,354	125,734
Change in provisions for pensions and similar obligations and provisions for other employee benefits	-2,311	111,061
Change in deferred taxes	-95,263	-4,081
Change in intangible assets	286,510	189,028
Change in right-of-use assets and lease receivables and liabilities	65	44,995
Change in other balance sheet items	-55,569	51,974
Other cash-neutral income and expenses[1]	410,474	-251,350
Cash flow from operating activities	310,620	1,298,764
Payments for the acquisition of subsidiaries	-8,895	-68,631
Payments for the acquisition of at equity consolidated companies	0	-153
Cash inflow from the sale of available for sale financial assets	2,699,733	2,946,231
Payments for the acquisition of available for sale finanical assets	-3,360,990	-3,420,012
Cash inflow from disposals/repayments of held to maturity financial assets	425,385	260,575
Payments for the acquisition of held to maturity financial assets	-156,934	-64,117
Cash inflow from the sale of property	7,783	70,834
Payments for the acquisition of property	-152,911	-387,667
Cash inflow for the sale of intangible assets	4,606	6,088
Payments for the acquisition of intangible assets	-117,462	-170,239
Change in financial investments for unit-linked and index-linked life insurance	695,280	120,203
Change of loans	-102,570	-19,252
Change in other investments (excl. deposits on assumed reinsurance business)	165,623	-159,864
Cash flow from investing activities	98,648	-886,004
Cash outflows from subordinated liabilities	-64,518	-64,917
Dividend payments	-155,389	-142,573
Cash inflow from other financing activities	153,239	131,142
Cash outflow from other financing activities	-23,682	-130,335
Cash outflows from lease liabilities	-33,282	-33,615
Cash flow from financing activities	-123,632	-240,298
Change in cash and cash equivalents	285,636	172,462

Cash and cash equivalents at beginning of period[2]	1,443,358	1,347,279
Change in cash and cash equivalents	285,636	172,462
Changes in scope of consolidation	30,603	-77,478
Effects of foreign currency exchange differences on cash and cash equivalents	-14,450	1,095
Cash and cash equivalents at end of period[2]	1,745,147	1,443,358

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

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

Consolidated financial statements

Additional information statement of consolidated cash flows	2020	2019
in EUR '000		
Received interest[1]	707,750	766,045
Received dividends[1]	46,777	56,300
Interest paid[2]	70,424	85,923
Income taxes paid[1]	210,520	73,458
Expected cash flow from reclassified securities	6,086	7,562
Effective interest rate of reclassified securities	3.80%	4.60%

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

[2] Interest paid result primarily liabilities from financing activities.

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

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

[2] Contains lease liabilities, derivative liabilities from financing liabilities and other financing liabilities

Reconciliation of liabilities from financing activities	31.12.2019				
	Subordinated liabilities (including interest)[1]	Liabilities to financial institutions	Liabilities from public funding	Lease liabilities	Financing liabilities[2]
in EUR '000					
Book value as of 31.12. of the previous year	1,490,839	1,230,601	105,143		1,520,242
Cash changes	-64,917	-10,602	2,695	-33,615	8,714
Cash inflows	0	81,663	4,344	0	45,135
Payments	-350	-81,766	-1,621	-33,615	-26,925
Interest paid	-64,567	-10,499	-28	0	-9,496
Non-cash changes	71,049	-1,004,581	-107,838	232,947	-1,454,417
Additions	64,490	10,628	218	317,485	13,526
Disposals	0	0	-180	-32	-16,432
Changes in scope of consolidation	6,000	-1,015,209	-107,876	-84,487	-1,420,785
Reclassifications	301	0	0	0	-31,077
Measurement changes	0	0	0	0	342
Exchange rate differences	258	0	0	-19	9
Book value as of 31.12.	1,496,971	215,418	0	199,332	74,539

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

[2] Contains lease liabilities, derivative liabilities from financing liabilities and other financing liabilities

Notes to the consolidated financial statements

PRINCIPLES OF SIGNIFICANT ACCOUNTING POLICIES

GENERAL INFORMATION

VIENNA INSURANCE GROUP AG Wiener Versicherung Gruppe is one of the leading insurance groups in Central and Eastern Europe with its registered office located at Schottenring 30, 1010 Vienna. As the ultimate parent company, Wiener Städtische Versicherungsverein includes VIG Holding and its subsidiaries in its consolidated financial statements. The insurance companies of VIG Insurance Group offer insurance services in the life, health and property and casualty areas to more than 22 million customers in 30 countries.

PRINCIPLES OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies applied during preparation of the consolidated financial statements are presented in the section titled “Accounting policies“ starting on page 82. The policies described were applied consistently during the reporting periods presented in these financial statements. The consolidated financial statements were prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the European Union, and the applicable provisions of § 245a (1) of the Austrian Commercial Code (Unternehmensgesetzbuch – UGB) and Chapter 7 of the Austrian Insurance Supervision Act (Versicherungsaufsichtsgesetz – VAG). Preparing consolidated financial statements in accordance with the IFRS requires that estimates be made and that the Managing Board makes assumptions in connection with the accounting policies. Areas with greater leeway for discretion, highly complex areas, or areas involving assumptions and estimates that are of critical importance to the consolidated financial statements are listed in the notes on page 76.

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

Accounting for non-profit societies

Effective 1 August 2019, the portion of the profits of the non-profit societies not attributable to shareholders is no longer included in the financial result and, therefore, also not in the result before taxes. Deconsolidation of the non-profit societies had no effect on profit or loss. Due to the change to the at equity method to be applied under IAS 28 as of 31 December 2019, the balance sheet already showed no investments (including land disposals with a book value of EUR 3,861,525,000 as of 31 July 2019), financing liabilities, or the special “non-controlling interests in non-profit societies” item under equity for the non-profit societies.

Changes in accounting policies

Except for the following changes, the accounting policies indicated have been applied consistently in all of the periods shown in these consolidated financial statements. Unless otherwise indicated, the standards that are applicable for the first time, if relevant, have no or no material effect on the financial statements.

Standards applicable that are used for the first time in the Group Annual Report

Amendments to IFRS 16	Rent reductions in connection with COVID-19
Amendments to IAS 1 and IAS 8	Standardisation and clarification of the definition of materiality
Amendments to IFRS 9, IAS 39 and IFRS 7	IBOR Reform Phase 1
Amendments to various standards	Changes of the references to the framework concept in the IFRS standard
Amendments to IFRS 3	Definition of a business operation

The following standards have already been endorsed by the European Union or are currently in the endorsement process. Mandatory application, however, is not provided for until a future date.

New standards and changes to current reporting standards		Applicable as of[1]
Those already adopted by the EU		
IFRS 9	Financial instruments	1.1.2018[2]
Amendments to IFRS 9	Prepayment features with negative compensation	1.1.2019[2]
Amendments to IFRS 4	Deferral of first-time application of IFRS 9	immediately
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16	IBOR Reform Phase 2	1.1.2021
Those which are not or not yet adopted by the EU		
IFRS 14	Regulatory Deferral Accounts	EU decided this standard shall not be transferred into EU law
IFRS 17	Insurance contracts	1.1.2023
Amendments to IFRS 10 and IAS 28	Sale or contribution of assets between an investor and its associated company or joint venture	First-time application deferred for an indefinite period
Amendments to IFRS 3	Changes of the references to the framework concept in IFRS Standards	1.1.2022
Amendments to IAS 1	Classification of liabilities as current or non-current	1.1.2022[3]
IAS 37	Onerous contracts: costs of contract performance	1.1.2022
All IFRS	Annual improvements (Cycle 2018–2020)	1.1.2022
IAS 16	Income before qualified use	1.1.2022
Amendments to IAS 1 and IFRS Practice Statement 2	Definition of materiality in connection with accounting policies	1.1.2023
Amendmends to IAS 8	Definition of accounting estimates and distinguishing them from changes in accounting policies	1.1.2023

1 The VIG-insurance group is not planning early adoption of the provisions listed in the table.

2 First-time application for insurance companies can be delayed to 1 January 2023.

3 The IASB has published an exposure draft that proposes a deferral to 1 January 2023.

Unless indicated otherwise, either no material effects from the standards listed in the two tables are expected, or the amendments are not relevant.

IFRS 9 FINANCIAL INSTRUMENTS

The International Accounting Standards Board (IASB) issued the final version of IFRS 9 Financial instruments (IFRS 9) in July 2014. The standard supersedes IAS 39 “Financial instruments: measurement” (IAS 39), which was previously applicable. Although the new IFRS 9 standard came into effect on 1 January 2018, companies whose activities are predominantly in the insurance business are permitted to use the optional exemption from IFRS 9 until IFRS 17 Insurance contracts (IFRS 17) comes into effect.

On 25 June 2020, the IASB issued “Extension of the temporary exemption from applying IFRS 9 (Amendments to International Financial Reporting Standard (IFRS) 4 Insurance contracts)”. The European Union subsequently adopted the amendment to IFRS 4 Insurance contracts (IFRS 4) to defer IFRS 9 for insurance groups into EU law under Regulation (EC) No. 2020/2097. These changes are mainly aimed at preventing potential accounting mismatches between IFRS 17 and IFRS 9 and providing for simultaneous first-time application of both standards in 2023.

A company’s activities are predominantly in the insurance business if the share of the book value of all liabilities connected with the insurance business exceeds 90%, or the share is between 80% and 90% and the insurance group does not engage in a significant activity unconnected with the insurance business. VIG Insurance Group performed the required calculations on the basis of 31 December 2015 and satisfies the criteria for deferral of IFRS 4 with a result of more than 90%. IFRS 9 will therefore be applied at the same time as IFRS 17 in VIG Insurance Group. For associated companies and joint ventures that have applied IFRS 9 since 1 January 2018, VIG Insurance Group has chosen in accordance with IFRS 4 to include them in the consolidated financial statements without adjustment. IFRS 4 does not require regular evaluation of the predominant business activity unless there is a change in the entity's business activities. If the deferral is used, the change to IFRS 4 requires additional notes disclosures to be published during the period until application of IFRS 9.

IFRS 9 includes requirements for the recognition, measurement and derecognition of financial instruments, and for hedge accounting, and supersedes IAS 39, which was previously relevant in these areas. The revision primarily concerns the classification and recognition of financial instruments. Financial assets are to be classified and measured in only two groups in the future – at amortised cost and at fair value.

Classification and measurement depends on the business model and contractual cash flows (SPPI criterion). The new provisions also concern the accounting for impairment of financial assets. In addition to incurred losses (incurred loss model), expected losses are also recognised (expected credit loss model). Simplifications exist for trade receivables and lease receivables. New requirements were also provided for hedge accounting. The objective is to orient hedge accounting more to the economic risk management of the entity in the future.

When IFRS 9 is applied, the previous classification for "Financial assets available for sale" is no longer needed. In this category, fair value changes were recognised directly in equity in other comprehensive income. Unrealised gains and losses are primarily recognised in other comprehensive income and, in the case of disposals, reclassified to profit or loss. IFRS 9 makes a distinction between equity and debt instruments in the fair value measurement class. Equity instruments held for trading are measured at fair value through profit or loss for the period. For equity instruments that are not held for trading, the irrevocable choice to perform measurement through other comprehensive income can be used at the time of first application. Unlike debt instruments, equity instruments measured through other comprehensive income cannot be included in the profit for the period and are therefore presented in a separate item under equity. In the case of debt instruments (e.g. bonds, loans), the provisions in IAS 39 "Financial instruments available for sale" apply analogously. Upon first-time application of IFRS 9, it can be assumed that the new classification rules and the new impairment model (ECL model (entry of risk provisions)) will lead to fluctuations in the profit or loss for the period. Accounting mismatches can also occur with IFRS 17.

VIG Insurance Group already uses a central subledger (tool) for the measurement of financial instruments. This tool allows the processes associated with the recognition and measurement of financial instruments to be optimised and streamlined. More than 95% of investments relevant to IFRS 9 are currently managed in this tool. This will allow consistent application of IFRS 9, incl. calculation of ECL, in the future. The standard-compliant implementation of IFRS 9 is carried out in the context of VIG Group guidelines (classification and measurement, impairment and hedge accounting).

VIG Insurance Group expects the changeover to IFRS 9 to have effects due to the new impairment model and potential accounting mismatches with IFRS 17. The classification of financial assets based on the SPPI criteria (Solely Payments of Principal and Interest) has already been implemented.

Fair value	31.12.2020		31.12.2019		Fair value changes	
Financial assets	SPPI	Other*	SPPI	Other*	SPPI	Other*
in EUR '000						
Loans	2,370,223	510,006	2,177,866	544,263	-3,581	638
Bank deposits	766,408	0	973,247	0	0	0
Other financial assets	24,443,927	4,634,034	24,175,017	4,427,075	143,284	33,307
Bonds	24,443,927	1,431,886	24,175,017	1,449,893	143,284	8,593
Shares and other participations and other non-fixed-interest securities	0	683,331	0	687,972	0	-1,136
Investment funds	0	2,485,878	0	2,254,413	0	21,285
Derivatives	0	32,939	0	34,797	0	4,565
Financial investments for unit-linked and index-linked life insurance	87,206	7,880,833	91,964	8,528,363	0	74,753
Non-underwriting receivables	682,934	800	712,649	954	0	0
Cash and cash equivalents	1,745,147	0	1,443,358	0	0	0

*Financial instruments that satisfy the SPPI criteria ("SPPI pass"), but are held for trading or managed based on fair value, are to be reported under "Other", not under SPPI.

Book values	31.12.2020						
SPPI financial assets rating categories	AAA	AA	A	BBB	BB and lower	No rating	Total
in EUR '000							
Loans and bank deposits	40,427	354,954	896,490	908,563	406,118	300,721	2,907,273
Other financial assets	2,227,059	7,485,316	8,276,283	5,209,386	682,505	177,324	24,057,873
Financial investments for unit-linked and index-linked life insurance	0	7,510	19,125	29,207	23,048	8,316	87,206
Non-underwriting receivables	321	3,528	16,543	760	13,949	647,858	682,959
Cash and cash equivalents	70	13,513	1,138,667	290,614	110,025	192,258	1,745,147

Book values	31.12.2019						
SPPI financial assets rating categories	AAA	AA	A	BBB	BB and lower	No rating	Total
in EUR '000							
Loans and bank deposits	50,784	382,768	799,572	1,009,734	471,724	221,928	2,936,510
Other financial assets	2,195,120	7,663,175	8,580,015	4,496,988	681,046	151,974	23,768,318
Financial investments for unit-linked and index-linked life insurance	0	5,857	22,475	31,381	31,308	942	91,964
Non-underwriting receivables	400	3,581	14,171	1,054	17,892	676,174	713,272
Cash and cash equivalents	1,798	6,644	686,069	389,726	150,758	208,363	1,443,358

SPPI financial assets with a significant risk of default	31.12.2020		31.12.2019	
	Book value	Fair value	Book value	Fair value
in EUR '000				
Loans and bank deposits	441,798	449,144	482,328	494,767
Other financial assets	753,846	763,384	738,373	746,982
Financial investments for unit-linked and index-linked life insurance	22,960	22,960	31,349	31,349
Non-underwriting receivables	55,646	55,646	84,265	84,265
Cash and cash equivalents	154,999	154,999	207,873	207,873

IFRS 17 INSURANCE CONTRACTS

The International Accounting Standards Board (IASB) issued the final accounting standard for insurance contracts, IFRS 17, on 25 June 2020. During finalisation of IFRS 17, the date of first-time application was deferred two years from 1 January 2021 to 1 January 2023. In addition, the Board decided to align the effective date of first-time application of IFRS 9 for insurance companies with IFRS 17. The deferral of first-time application of IFRS 17 resulted in the comparative period also being deferred two years from 1 January 2020 to 1 January 2022.

IFRS 4, which is still currently valid, is to be applied until IFRS 17 enters into effect. IFRS 4 allows local accounting practices to be used for insurance contracts in the consolidated balance sheet. The IASB imposes uniform accounting policies for insurance contracts for the first time in IFRS 17. In addition to applying IFRS 4, VIG Insurance Group also plans to change its accounting in accordance with IFRS 17 in financial year 2022 for comparative periods that will be published in financial year 2023 as a result of first-time application of IFRS 17.

IFRS 17 provides three measurement models for measuring insurance contracts:

- Measurement is performed, as a rule, using the general measurement model (GMM) based on a prospective method. The model is based on the concept of contract fulfilment and uses current assumptions. When the GMM is used for measurement, future cash inflows and outflows are discounted and a risk adjustment applied. First-time measurement of insurance contracts results in either a profit margin (contractual service margin – CSM) that is distributed over the term of the contract, or a loss component that is recognised immediately in the income statement. There are a number of exceptions and special provisions for the GMM that concern groups of investment contracts with discretionary participation features and reinsurance cessions as well as the two other measurement models below.
- A simpler measurement model – the premium allocation approach (PAA) – may be used for short-term contracts and low volatility insurance contracts. The simplified approach used by the PAA is similar to the unearned premium model currently used to account for property and casualty insurance, but with the difference that the loss reserve is also accounted for using an expected present value and a risk adjustment.
- There is a mandatory measurement model for contracts that are eligible for profit participation and unit-linked and index-linked life insurance – the variable fee approach (VFA). Measurement is, as a rule, performed according to the GMM, but the CSM is, in addition, variable in the VFA due to the profit participation.

Measurement units are determined using the following steps:

- Portfolio: Insurance contracts are combined into portfolios
- Group: Portfolios are divided into groups
- Groups are divided according to underwriting year (annual cohorts). Concerning the adoption of IFRS 17 into EU law, the use of underwriting years is currently still under discussion at EFRAG, primarily with respect to life insurance policies eligible for profit participation for insurance companies in European Member States.

For initial recognition, IFRS 17 requires insurance contracts to be combined into portfolios that comprise all insurance contracts that are subject to similar risks and managed together.

Each portfolio must be divided into at least the following groups:

- onerous contracts,
- contracts that have no significant possibility of becoming onerous and
- other contracts.

In summary, the most significant changes in the accounting of insurance contracts are:

- the use of current assumptions for measuring underwriting provisions,
- introduction of CSM for the unrealised future profits of a group of insurance contracts that is distributed over the term of the contract,
- introduction of a risk adjustment to take account of the uncertainty in the cash flows from insurance contracts,
- elimination of savings components (investment component) as income,
- introduction of an OCI (other comprehensive income) option to allow offsetting to eliminate accounting mismatches between the asset and liabilities side that could occur, for example, with life insurance policies eligible for profit participation, and
- fair value measurement of cash flows (discounting).

A new central subledger for measuring insurance contracts is being introduced and adjusted to VIG Insurance Group requirements as part of the Group-wide IFRS 17 programme. The introduction of a central subledger should ensure transparency and help reduce complexity by streamlining IT processes. In addition, a Group-wide survey of selected VIG insurance companies was conducted in 2020 and used to determine a uniform procedure for the formation of portfolios in accordance with IFRS 17 in the future. Due to final publication of the IFRS 17 standard, almost all of the methodology working papers could also be finalised.

As a result of existing uncertainties concerning adoption into EU law, and ongoing technical implementation, the effects on individual balance sheet and income statement items cannot currently be quantified.

FOREIGN CURRENCY TRANSLATION

Foreign currency transactions
The separate financial statements of each subsidiary are prepared in the currency that generally prevails for the ordinary business activities of the company (functional currency). Within VIG Insurance Group, the functional currency is generally the local currency. Transactions not concluded in the functional currency are, as a rule, recognised using the mean rate of exchange on the date of the transaction.

Monetary assets and liabilities in foreign currency existing on the balance sheet date are translated to euros using the mean rate of exchange on the balance sheet date. Any resulting foreign currency gains and losses are recognised through profit or loss during the reporting period.

Translation of separate financial statements in foreign currencies
These consolidated financial statements present assets, liabilities, income and expenses in euros, the reporting currency of VIG Holding.

All assets and liabilities reported in the separate financial statements are translated to euros using the mean rate of exchange on the balance sheet date. Items in the income statement are translated using the average month-end mean rate of exchange during the reporting period. In the statement of cash flows, the mean rate of exchange on the balance sheet date is used for changes in balance sheet items and the mean rate of exchange at the end of the period is used for changes in income statement items.

Unless otherwise indicated, all of the financial information presented in euros has been commercially rounded. Currency translation differences, including those that result from accounting using the equity method, are recognised directly in equity.

Currency		End-of-period exchange rate		Average exchange rate	
		31.12.2020	31.12.2019	2020	2019
1 EUR ≙					
Albanian lek	ALL	123.7000	121.7700	123.7683	122.9982
Bosnian convertible marka	BAM	1.9558	1.9558	1.9558	1.9558
Bulgarian lev	BGN	1.9558	1.9558	1.9558	1.9558
Georgian lari	GEL	4.0233	3.2095	3.5587	3.1585
Croatian kuna	HRK	7.5519	7.4395	7.5384	7.4180
Macedonian denar	MKD	61.6940	61.4855	61.6742	61.5052
Moldovan leu	MDL	21.1266	19.2605	19.7436	19.6742
Turkish new lira	TRY	9.1131	6.6843	8.0547	6.3578
Polish zloty	PLN	4.5597	4.2568	4.4431	4.2976
Romanian leu	RON	4.8683	4.7830	4.8383	4.7453
Swiss franc	CHF	1.0802	1.0854	1.0705	1.1124
Serbian dinar	RSD	117.5802	117.5931	117.5780	117.8592
Czech koruna	CZK	26.2420	25.4080	26.4551	25.6704
Ukraine hryvnia	UAH	34.7396	26.4220	30.8013	28.6605
Hungarian forint	HUF	363.8900	330.5348	351.2494	325.2985

ESTIMATES AND DISCRETIONARY DECISIONS

Preparation of the IFRS consolidated financial statements requires that the Managing Board makes discretionary assessments and specifies assumptions regarding future developments which could have a material effect on the recognition and value of assets and liabilities, the disclosure of other obligations on the balance sheet date and the reporting of income and expenses during the financial year. The book values of the items on the balance sheet date are shown in the consolidated balance sheet on page 62 or the corresponding disclosures in the notes. Sensitivity analyses for assets and liabilities from insurance operations are presented in the risk report starting on page 124.

Estimation uncertainties	
Underwriting provisions	Details on page 91
Non-underwriting provisions	Details on page 76 and starting page 94
Financial instruments recognised at fair value not based on stock market prices or other marked prices (Level 3)	Details on page 76 and starting page 169
Impairment of goodwill	Details on page 77
Valuation allowances for receivables and other (accumulated) impairment losses	Details on page 77 and page 89
Amortisation method for intangible assets with specific useful lives	Details on page 77
Value of deferred tax assets	Details on page 77

Discretionary decisions	
Method of consolidation	Details on page 78 and starting page 96
Materiality	Details on page 78

Non-underwriting provisions
The non-underwriting provisions are essentially provisions for pensions and similar obligations.

PROVISIONS FOR PENSIONS AND SIMILAR OBLIGATIONS
The present value of an obligation depends on a large number of factors based on actuarial assumptions. The assumptions used to calculate the net liability (or assets) for obligations include a discount rate. Every change to these assumptions has an effect on the book value of the obligation.

VIG Insurance Group calculates the appropriate discount rate at a minimum at the end of each year. This is the rate used to calculate the present value of the future expected cash outflows needed to satisfy the obligation. VIG Insurance Group determines the discount rate using the interest rate on top quality industrial bonds that are denominated in the currency in which the benefits will be paid and have maturities matching those of the obligations.

Other important assumptions used to calculate obligations are based on market conditions. Further information on sensitivity analyses is provided in Note 12. Non-underwriting provisions starting on page 155. Details on the underlying assumptions can be found in the section titled “Accounting policies” for specific items in the consolidated financial statements – Provisions for pensions and similar obligations on page 94.

Financial instruments recognised at fair value
Suitable valuation methods are used to calculate the fair value of financial instruments that are not traded in active markets. The assumptions used are based on market data available on the balance sheet date. To determine the fair value of many financial assets that are not traded in active markets, VIG Insurance Group uses present value methods based on appropriate

interest rate models. Note 22. Financial instruments and fair value measurement hierarchy on page 169 provides further information on the valuation process. Information on the impairment of financial assets is provided on page 88.

Impairment of goodwill

VIG Insurance Group tests goodwill for impairment at least once a year in accordance with the method explained on page 82 in the section titled "Impairment of non-financial assets". Estimates in this area primarily concern the projected earnings of the CGUs that the calculations are based on, and specific parameters, in particular the growth rates and discount rates.

Sensitivities Additional impairment needed	Cash flows	Discount rate	Cash flows and discount rate
	-10%	+1%p	-10% and +1%p
in EUR millions			
Slovakia	6.9	8.5	58.7
Baltic states			34.5
Albania incl. Kosovo			1.3

Reducing growth rates by 1 percentage point would not increase the impairment required.

In connection with the global COVID-19 pandemic, there were several triggers leading to an unscheduled impairment test of intangible assets at half-year 2020. In the first step, VIG Insurance Group checked all CGU groups for a surplus of value in use over the carrying amounts. For CGU groups that include goodwill and show a surplus that is too small or a deficit, additional plan updates were performed at the local level. For all other CGU groups, the plan amendment was performed at the Group level. This resulted in goodwill impairments of EUR 119,282,000 on 30 June 2020.

Valuation allowances for receivables

The collectability of receivables is based on experience and is therefore subject to estimation uncertainty. Information on the recognition of potential impairment losses is provided on page 89.

Amortisation period for intangible assets with specific useful lives

The use of software held as intangible assets is expected to end before originally planned. This is due to a faster than planned changeover to new IT systems. The shortening of the useful life increases the amortisation expense in the income statement by around EUR 43.6 million per year in financial years 2020 and 2021 compared to financial year 2019.

Value of deferred tax assets

Income taxes must be estimated for each tax jurisdiction in which VIG Insurance Group operates. The current income tax expected for each taxable entity must be calculated and the temporary differences due to differences between the tax and IFRS treatment of certain balance sheet items must be assessed. If temporary differences exist, as a rule they lead to the recognition of deferred tax assets and liabilities in the financial statements based on the tax rate for each country.

The amount of the expected current and deferred tax liability or asset reflects the best estimate taking into account tax uncertainties and, consequently, under application of IFRIC 23.

The Managing Board must make assessments and, taking into account tax uncertainties, judgements when calculating current and latent taxes. Deferred tax assets are only recognised to the extent that it is probable they can be utilised. The utilisation of deferred tax assets depends on the likelihood of achieving sufficient taxable income of a particular tax type for a particular tax jurisdiction, while taking into account any statutory restrictions concerning maximum loss carryforward periods. VIG Insurance Group considers the following factors when assessing the probability of being able to utilise deferred tax assets in the future:

- past results of operations,
- operating plans,
- loss carryforward periods,
- tax planning strategies and
- existing deferred tax liabilities.

Information on the existing group agreement for Austrian companies and some foreign companies is provided on page 90.

If actual events diverge from the estimates or the estimates must be adjusted in future periods, this could have an adverse effect on net assets, financial position and results of operations. If the assessment of the recoverability of deferred tax assets changes, the book value must be reduced or increased and the change recognised in the income statement or charged or credited to equity, depending on the treatment used when the deferred tax asset was originally recognised. Further information can be found in the section titled “Accounting policies” for specific items in the consolidated financial statements – Taxes starting on page 89 and in Note 6. Deferred taxes on page 145.

Method of consolidation

Discretionary decisions by the Managing Board primarily concern determining the scope of consolidation for fully consolidated companies and at equity consolidated companies. It should be noted that other discretionary decisions could also have material effects on the net assets and results of operations of VIG Insurance Group.

Companies that were of material importance at the time of first consolidation continue to be included in the scope of consolidation. In addition, two companies that offer special services or receive most of their revenues from outside the Group are included in the consolidated financial statements using full consolidation. Companies that, due to their business activities, have revenues that are primarily generated and charged within the Group and do not generate any significant profits or losses, are not included in the scope of consolidation unless they have cross-border operations.

Thresholds calculated based on previous quarterly financial statements and the latest annual financial statements are used to determine the current scope of consolidation.

Materiality

Under IAS 1.31, only material information is to be presented in the financial statements, even if a standard specifies certain requirements or minimum requirements. The IASB’s aim with regard to this paragraph, in conjunction with a Practice Statement published thereon, was to create the foundation for clear, understandable financial reporting based on the most important information.

Discretionary leeway exists when deciding whether information concerns material or immaterial disclosures. The Managing Board of the VIG Holding introduced the use of a threshold for determining the materiality of notes disclosures in this Annual Report. If the threshold is not exceeded, information is only published in the Annual Report if the information is judged during the approval process based on qualitative criteria to be material for the financial statement reader.

INFORMATION CONCERNING THE COVID-19 PANDEMIC

GOING CONCERN

The financial statements were prepared on a going concern basis in accordance with IAS 1.25 and IAS 1.26. The Managing Board made this assessment in spite of the ongoing COVID-19 pandemic primarily based on VIG Insurance Group's solid capital resources, positive result before taxes and risk-averse investment.

Risks related to the COVID-19 pandemic

A further lengthening or worsening of the COVID-19 pandemic, and the potential impacts 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. This includes, in particular, risks related to possible fluctuations on bond and capital markets that were also observed in the early phase of the COVID-19 pandemic. If the COVID-19 pandemic continues or worsens again, there are also risks on a smaller scale of an increase in claims and reduction of premium volume.

INSURANCE BUSINESS

Premium development

The insurance business is subject to seasonal and economic effects. Most of the premiums are generated in the 1st half of the year, with new policies in the property lines of business in the eastern countries of VIG Insurance Group mostly already concluded at the beginning of the year. A decrease in new business was observed in the motor lines of business and travel insurance. This decrease is related to the lockdown and travel restrictions due to the COVID-19 pandemic. An increased need for health insurance was identified in some countries in the 1st half of the year which is assumed to have a connection to the COVID-19 pandemic. It is not assumed, however, that this level of new business can be maintained in the future. In the Group, policyholders hardly made use of any deferrals or premium waivers.

Claims and cost development

The improvement in the claims ratio was mainly due to the lockdown and travel restrictions and the resulting positive effects in many countries. The decrease in claim payments in financial year 2020, mainly in the motor lines of business, was generally also supported by a disproportionately large increase in the reinsurance no-claims commission. The decrease in claim payments also led to a reduction in the included claims handling costs.

Underwriting provisions

In the area of reserves for incurred but not reported (IBNR) claims, additional reserves were included due to an increase in expected late claim notifications and uncertainty about future developments. The Group subsidiaries had additional provisions of around EUR 72.5 million, primarily for the motor, health and travel insurance lines of business. The adequacy of the underwriting provisions is checked in detail each year as part of the liability adequacy test during preparation of the consolidated financial statements. The comparison of the best estimate (after reinsurance) calculated based on the Solvency II principles with the IFRS provisions (after reinsurance) showed a significant surplus. As before, the IFRS provisions can therefore be considered adequate. Detailed information is available on page 116 in the risk report.

INTANGIBLE ASSETS

The Group tests intangible assets for impairment at least once a year in accordance with the method explained in the section “Impairment of non-financial assets” on page 82. Estimates in this area primarily concern the projected earnings of the CGUs that the calculations are based on, and specific parameters, in particular the growth rates and discount rates. In connection with the global COVID-19 pandemic, several triggers emerged leading to an unscheduled impairment test of intangible assets at half-year 2020. In the first step, the Group checked all CGU groups for a surplus of value in use over the carrying amounts. For CGU groups that include goodwill and show a surplus that is too small or a deficit, additional plan updates were performed at the local level. Due to the uncertainties caused by the COVID-19 pandemic, (multiple) scenarios were calculated for the multi-year plans and stored with their probabilities of occurrence at the Group level. These modified multi-year plans were used to calculate an expected value for the CGU groups. For all other CGU groups, a plan amendment was performed at the Group level. The values recorded in the 1st half of 2020 are shown on page 83.

LEASES

Lease liabilities are measured by discounting the future lease payments by the interest rate implicit in the lease at the beginning of the lease term. If the discount rate cannot be determined, the incremental borrowing rate is used. The incremental borrowing rate consists of the country-specific benchmark rate and an individual credit spread. The country-specific benchmark rate is based on the currency, the credit spread on the credit quality and country risks. Both parameters are determined for equivalent terms. Since VIG Insurance Group has primarily concluded long-term leases in the area of real estate, the benchmark rates for periods up to 30 years were determined. Due to the effects of the COVID-19 pandemic on financial markets and classification of the COVID-19 pandemic as a triggering event, the incremental borrowing rate used for measuring newly concluded or modified lease liabilities was updated for 2020.

In addition, VIG Insurance Group waived around EUR 6.5 million for operating leases. Deferrals were only used to an insignificant extent in the Group, with around EUR 1.9 million granted, thereof EUR 0.2 million were received in the current financial year.

INVESTMENTS

Market risk and capital market scenario analysis

The market risks, including associated discussions, are presented in the risk report starting on page 116, and the change in fair value and resulting effect on assets, including associated discussions, is provided starting on page 117.

Financial result

In Note 16. Financial result excl. result from shares in at equity consolidated companies starting on page 160, around EUR 68.5 million in impairments of available for sale financial assets are recognised in the income statement for financial year 2020. Due to the turbulence on capital markets, it is impossible to quantify the impairments that are directly due to the effects of the COVID-19 pandemic.

In spite of the recommendations by supervisory authorities in some countries that financial service providers either defer or suspend dividends due to the COVID-19 pandemic, no material effects on the Group were identified.

Result from shares in at equity consolidated companies

VIG Insurance Group holds shares in the company Österreichisches Verkehrsbüro AG, which is accounted for using the equity method. Due to the current order situation in connection with the COVID-19 pandemic, around EUR 29 million in impairment was recognised for these shares.

OTHER INFORMATION

Loans
Based on the data provided for overdue loans, there is no observable effect.

Receivables
Due to the COVID-19 pandemic, around EUR 6.3 million in impairments were recognised for underwriting receivables that were no longer considered recoverable or collectible at the end of the year. The amounts that were deferred after agreement between the insurance companies and policyholders were not classified as past due.

Group subsidiary dividends
Due to the COVID-19 pandemic and uncertainty about future economic developments, national supervisory authorities in some countries where VIG Insurance Group operates recommended that dividends be deferred or suspended until the effects of the COVID-19 pandemic can be better estimated. This had no effect on the cash and cash equivalents available to VIG Insurance Group as a whole or the consolidated cash flow statement.

Government grants
There are many government initiatives in all of the countries where the Group operates that are aimed at boosting their domestic economies again. The Group has only made use of government grants to a very small extent. These grants concern, among other things, compensation for short-time work for companies operating in the hotel industry, childcare allowance and reduced taxes on low salaries. Although applications were submitted and approved for some grants, they have no material effect on net assets, financial position or results of operations.

Government grants	1.1.-31.12.2020
in EUR '000	
Government – through Income Statement	990
Grants related to income – shown separately	4
Grants related to income – deducted from the related expense	986

Value of deferred taxes
A test performed at the Group level in coordination with the local companies indicated that the deferred tax assets shown in this annual report continue to show no impairment.

Non-underwriting provisions
No significant amounts were recognised for provisions in the Group.

Contingent receivables and liabilities
No significant changes to contingent receivables and liabilities were found.

Related parties
Dividend payments were deferred at the end of the first half of the year. This outstanding receivable was owed by at equity consolidated companies and was settled in 2020.

ACCOUNTING POLICIES

INTANGIBLE ASSETS (A)

Goodwill
Goodwill is accounted for in the functional currency of each entity. Goodwill is measured at cost less accumulated impairment losses. In the case of participations in associated companies, goodwill is included in the adjusted book value of the participation.

Other intangible assets
Purchased intangible assets are recognised on the balance sheet at cost less accumulated amortisation and impairment losses. No intangible assets were created by the companies in the scope of consolidation. The corporate asset, SAP, essentially consists of a bundle of purchased software modules that are prepared by in-house and third-party development work for future use. With regular monitoring and assessment of the project, this ensures the recognition criteria for capitalising these expenses are met. With the exception of trademarks, all intangible assets have a finite useful life. The intangible assets are therefore amortised over their period of use. The useful lives of significant intangible assets are as follows:

Average useful life in years	from	to
Software	3	11

Software is amortised using the straight-line method. Software components are also examined on an event-driven basis to see whether they can still be used. If there is a high probability that certain IT systems or programme sections can no longer be used or no longer be fully used, a write-down must be made. Further information is provided in the notes to the consolidated balance sheet 1. Intangible assets starting on page 131.

Trademarks with unlimited useful lives were identified as part of the purchase price allocation during acquisition of the companies Asirom, BTA Baltic and Seesam in previous years. The unlimited useful life results from the fact that there is no foreseeable end to their economic life. The fair value of the trademarks was determined during first-time consolidation using the relief-from-royalty method. A “tax amortisation benefit” was taken into account in the relief-from-royalty method. The Asirom trademark had a book value of EUR 13,874,000 (EUR 16,564,000), the BTA Baltic trademark had a book value of EUR 37,000,000 (EUR 37,000,000) and the Seesam trademark had a book value of EUR 7,700,000 (EUR 10,500,000) on 31 December 2020.

Impairment of non-financial assets
The subsidiaries are combined into cash-generating units (CGU groups) at the geographical country level for testing goodwill. The CGU groups used for impairment testing essentially correspond to the VIG Insurance Group operating segments. The trademarks were also individually tested for impairment using the relief-from-royalty method.

As a rule, the value in use calculated using the discounted cash flow method is used as the recoverable amount for the CGU group. In cases where the value in use is less than book value, fair value less selling costs is also calculated. Fair value less cost of disposal is calculated using trailing stock exchange multipliers for the property and casualty and health lines of business in all regions and for the life business outside Austria. For the life business in Austria the Market Consistent Embedded Value is used.

To calculate value in use, the cash flows available to shareholders of five planning years and the following perpetual annuity are discounted. All subsidiaries prepare detailed plans in local currency for three years that are submitted in supervisory board meetings and centrally checked for plausibility as part of the planning and control process. Currencies are translated to euros using the exchange rate on the 31 December reporting date for the financial year. Extrapolation of the plans for a further two years and the perpetual annuity is performed using key parameter projections (combined ratios, premium growth, financial income) based on their past values and expected future market changes. The predicted cash flows for the perpetual annuity are assumed to continue forever.

All of the underwriting business assets are assigned to the CGU groups. In addition to goodwill and trademarks, these also include all insurance portfolios and customer bases, investments, receivables and other assets. Underwriting provisions and current liabilities are deducted from the book values. Assets held at the Group level but used by the operating companies are allocated to the CGU groups in the form of corporate assets. The cash flows of the CGU groups are accordingly adjusted for amortisation of the allocated corporate assets.

To calculate the discount rates, the capital asset pricing model (CAPM) is used to calculate a cost of equity capital. This is done by adding country-specific inflation differentials, risk premiums and sector-specific market risk to the risk-free interest rate (equal to the yield on German government bonds on the reporting date calculated using the Svensson method). The base rate before inflation differentials was -0.14% (0.34%). The market risk of 8.39% (7.66%) was multiplied by a beta factor of 0.95 (0.83) that was calculated based on a specified peer group.

The long-term growth rates are calculated during the financial year based on the compound annual growth rate (CAGR) assuming that insurance penetration in the countries concerned starting in 2013 will converge in 50–70 years consistent with the current situation in Germany. An inflation adjustment equal to half of the inflation included in the cost of equity was added to the CAGR.

Impairment and recoverable amounts for CGU groups at the end of the first half of 2020	2020		2019	
	Impairment	Recoverable amount	Impairment	Recoverable amount
in EUR millions				
Romania			108.8	243.0
Bulgaria	59.8	194.9		
Georgia*	13.3	13.2		
Croatia	45.0	70.2		

*The impairment was EUR 12.5 million as of 31 December 2020 after adjusting for exchange rate effects.

Impairment of non-financial assets is recognised in other non-underwriting expenses in the income statement.

Consolidated financial statements

CGU groups	Discount rates		Country risks		Long-term growth rate	
	2020	2019	2020	2019	2020	2019
in %						
Austria	8.19	7.11	0.38	0.39	1.50	1.50
Czech Republic	8.86	7.38	0.59	0.60	4.25–5.79	4.01–4.92
Slovakia	8.63	7.56	0.82	0.84	5.32–5.53	5.16–5.17
Poland	9.16	8.77	0.82	0.84	5.20–6.65	5.48–6.52
Romania	10.95	9.68	2.13	2.17	5.84–7.97	5.71–7.64
Baltic states	8.81	7.74	1.00	1.02	4.94–6.39	4.87–5.92
Hungary	11.34	10.10	2.13	2.17	6.21–6.55	6.19–6.25
Bulgaria	9.84	8.86	1.55	1.88	6.12–6.98	6.17–6.83
Georgia	12.10	10.77	2.91	2.96	6.69	6.54
Turkey	22.72	20.62	5.33	4.44	9.88	9.83
Germany	7.81	6.72	0.00	0.00	1.50	1.50
Liechtenstein	7.81	6.72	0.00	0.00	1.50	1.50
Albania incl. Kosovo	12.30	11.22	4.36	4.44	6.48	6.41
Bosnia-Herzegovina	14.16	12.74	6.30	6.42	5.38–7.49	5.23–7.19
Croatia	10.33	9.09	2.42	2.96	5.13–7.06	4.86–6.25
Moldova	17.69	16.20	6.30	6.42	9.11	9.31
North Macedonia	11.48	10.41	3.49	3.55	5.98	5.90
Serbia	12.24	11.03	3.49	3.55	5.72–7.51	5.64–7.24
Ukraine	17.75	17.30	6.30	7.39	8.59–12.35	8.49–12.27
Central Functions	8.19–12.24	7.11–11.03	0.38–3.49	0.39–3.55	1.50–7.51	1.50–7.24

INVESTMENTS (B)

General information

In accordance with the relevant IFRS requirements, some VIG Insurance Group assets and liabilities are carried at fair value in the consolidated financial statements. This concerns a significant portion of investments. VIG Insurance Group assigns all financial instruments measured at fair value, and assets and financial liabilities not measured at fair value – whose fair values are to be published in the notes to the financial statements – to one of the levels of the IFRS 13 measurement hierarchy. As a result of the decentralised organisational structure of VIG Insurance Group, the individual subsidiaries are responsible for this fair value categorisation. This takes account, in particular, of local knowledge of the quality of the individual fair values and any input parameters needed for model valuation.

Fair values are determined using the following hierarchy specified in IFRS 13:

- The determination of fair value for financial assets and liabilities is generally based on price quotations in active markets for identical assets or liabilities (Level 1).
- If a financial instrument is not listed and no market price quotations are available in active markets, fair value is determined using market price quotations for similar assets or market price quotations in inactive markets (Level 2). Standard valuation models with inputs that are observable in the market are used for Level 2 measurements. These models are primarily used for illiquid bonds (present value method) and structured securities.
- The fair value of certain financial instruments, in particular bonds from countries without active capital markets, and property, is determined using valuation models with input factors that are generally unobservable in the market. These models use, for example, transactions in inactive markets, expert reports and the structure of cash flows (Level 3).

The table below lists the methods used and most important input factors for Levels 2 and 3. The calculated fair values can be used for recurring and non-recurring measurements.

Pricing method	Used for	Fair Value	Input parameters
Level 2			Observable
Present value method	Bonds; borrower's note loans; loans; securitised liabilities and subordinated liabilities	Theoretical price	Issuer, sector and rating-dependent yield curves
Libor market model present value method	Bonds and borrower's note loans with other embedded derivates	Theoretical price	Money market and swap curves; implied volatility surface; cap & floor volatilities; issuer, sector and rating-dependent yield curves
Present value method	Currency futures contracts	Theoretical price	Exchange rates; money market curves for the currencies concerned
Present value method	Interest rate/currency swaps	Theoretical price	Exchange rates; money market and swap curves for the currencies concerned
Option pricing models	Stock options	Theoretical price	Share prices on the valuation date; implied volatilities; yield curve
Level 3			(Un-)observable
Option pricing models	Stock options	Theoretical price	Share prices on the valuation date; volatilities; yield curve
Market value method	Real estate	Appraisal value	Real estate-specific income and expense parameters; capitalisation rate; data on comparable transactions
Discounted cash flow-model	Real estate	Appraisal value	Real estate-specific income and expense parameters; discount rate; indexes
Multiples approach	Shares	Theoretical price	Company-specific earnings figures; typical industry multipliers
Discounted cash flow-model	Shares	Theoretical price	Company-specific earnings figures; discount rate
Share of capital	Shares	Book value	Company-specific equity according to separate financial statements
Amortised cost	Fixed income instruments (illiquid bonds, policy loans, loans) with no observable input data for comparable assets	Book value	Cost-price; redemption price; effective yield

For further information, please see Note 22. Financial instruments and fair value measurement hierarchy on page 169.

The following table presents the relationships between balance-sheet items and classes of financial instruments according to IFRS 7, incl. the basis of the measurements:

Balance sheet items, IAS 39 Categories and classes of financial instruments according to IFRS 7	Measurement method
Financial assets	
Loans and other investments	At amortised costs
Financial assets held to maturity	At amortised costs
Financial assets available for sale	At fair value
Financial assets recognised at fair value through profit and loss*	At fair value
Financial investments for unit-linked and index-linked life insurance	At fair value
Financial liabilities	
Subordinated liabilities (other liabilities)	At amortised costs
Liabilities to financial institutions (other liabilities)	At amortised costs
Financing liabilities (other liabilities)	At amortised costs
Derivative liabilities (other liabilities)	At fair value

*Including held for trading

Property
Both owner-occupied and investment properties are reported under property. Property that is both self-used and investment property is divided. For small amounts that do not exceed the 20% limit, the entire property is reported in the larger category (80:20 rule).

Costs incurred in later periods are only capitalised if they lead to a significant increase in future opportunities for use of the building (e.g. through building expansion or new building construction).

Owner-occupied and investment buildings are both depreciated using the straight-line method over the expected useful life. The following average useful lives are assumed when determining depreciation rates:

Average useful life in years	from	to
Buildings	20	50

OWNER-OCCUPIED PROPERTY
Owner-occupied property is measured at cost minus accumulated depreciation and impairment losses. Cost comprises all costs incurred in putting the asset into its present location in its present condition.

INVESTMENT PROPERTY
Investment property consists of property that are held to earn rental income or for capital appreciation and not for the provision of services, administrative purposes or for sale in the ordinary course of business. Investment property is measured at cost minus accumulated depreciation and impairment.

IMPAIRMENT OF PROPERTY
Property appraisals are performed at regular intervals for owner-occupied property and investment property by sworn and judicially certified building construction and property appraisers. Fair value is calculated using the capitalised earnings method or market comparisons. Unless leased, the asset value method is generally only used for undeveloped land. The discounted cash flow method is used in exceptional cases.

If the fair value is below the book value (cost minus accumulated depreciation and write-downs), the asset is impaired. In this case, the book value is written down to fair value through profit or loss. The method used to test for impairment is also used to test for a reversal of impairment. On each balance sheet date, a test is performed for indications that a reversal of impairment has taken place. The book value after the reversal may not exceed the book value that would have existed (taking into account amortisation or depreciation) if no impairment had been recognised.

Both impairments and reversals of impairments are reported in the financial result in the income statement and are shown starting on page 160. The fair values and level hierarchy according to IFRS 13 are shown in Note 22. Financial instruments and fair value measurement hierarchy starting on page 169.

Financial assets

Financial assets are divided into the following categories in accordance with the requirements of IAS 39:

- Loans and other investments, other receivables,
- Financial assets held to maturity,
- Financial assets available for sale,
- Financial assets recognised at fair value through profit and loss and
- Financial assets held for trading.

On initial recognition, the corresponding financial assets are measured at cost, which equals fair value at the time of acquisition. For subsequent measurement of financial assets, two measurement methods are used.

LOANS AND OTHER INVESTMENTS, OTHER RECEIVABLES AND FINANCIAL ASSETS HELD TO MATURITY

Loans and other investments, other receivables and financial assets held to maturity are subsequently measured at amortised cost. The amortised cost is determined using the effective interest rate of the asset in question. A write-down is recognised in profit or loss in the case of permanent impairment.

The current income recorded in the income statement is essentially interest income.

FINANCIAL ASSETS AVAILABLE FOR SALE

These financial assets are non-derivative financial assets that are designated as available for sale and are not classified as loans and other investments, other receivables, held-to-maturity financial assets or financial assets at fair value through profit or loss.

Financial assets available for sale are measured at fair value. Fluctuations in value are to be recognised in other comprehensive income and are reported in equity in other reserves. This does not include impairment, which is recognised in profit and loss. Further information on the calculation of impairment for financial assets is provided on page 88.

Upon disposal, the cumulative gains and losses recognised in other reserves in previous periods are transferred to the result for the period (recycling).

Spot transactions are accounted for at the settlement date.

FINANCIAL ASSETS RECOGNISED AT FAIR VALUE THROUGH PROFIT AND LOSS

Changes in fair value are recognised in profit or loss. The financial assets assigned to this category are predominantly structured financial assets ("hybrid financial instruments") that VIG Insurance Group has elected under IAS 39.11A and IAS 39.12 to assign to the category of "Financial assets at fair value through profit or loss". Structured financial assets are assigned to this category if the derivatives embedded in the host contract (as a rule securities or loans) are not closely related to the host contract so that otherwise the requirement under IAS 39 of isolating them from the host contract and measuring them separately at fair value would apply.

AMENDMENTS TO IAS 39 AND IFRS 7 RECLASSIFICATION OF FINANCIAL ASSETS

The IASB published amendments to IAS 39 and IFRS 7 in October 2008. The adjusted version of IAS 39 permits reclassification of non-derivative financial assets (except for financial instruments that were measured using the fair value option upon initial recognition) in the "held-for-trading" and "available-for-sale" categories.

The amendments to IAS 39 and IFRS 7 went into effect retroactively to 1 July 2008 and were applied prospectively from the time of reclassification. Reclassifications performed in VIG Insurance Group before 1 November 2008 used fair values as of 1 July 2008. Further details are provided on page 138 and page 140.

Derecognition of financial assets is performed when contractual rights to their cash flows expire.

IMPAIRMENT OF FINANCIAL ASSETS

On each balance sheet date, the book values of financial assets not measured at fair value through profit or loss are tested for objective evidence of impairment. Such evidence could be, for example, the debtor experiencing significant financial difficulties, a high probability of insolvency proceedings against the debtor, the loss of an active market for the financial asset, a significant change in the technological, economic, legal or market environment of the issuer, or a permanent decrease in the fair value of the financial asset below amortised cost. The Managing Board has considerable discretion when quantifying the influence of information that could affect the creditworthiness, rating and/or earning power of a debtor.

Any impairment losses due to fair value lying below the book value are recognised in profit or loss. If any changes to the fair value of available for sale financial assets were previously recognised directly in equity, these changes must be eliminated from equity and recognised in profit or loss on the income statement. As a rule, impairment of equity instruments is to be recognised if the average fair value during the last six months was consistently less than 80% of the historical cost of acquisition and/or if the fair value as of the reporting date is less than 50% of the historical cost of acquisition.

FINANCIAL INSTRUMENTS FOR UNIT-LINKED AND INDEX-LINKED LIFE INSURANCE (C)

Financial instruments for unit-linked and index-linked life insurance provide cover for unit-linked and index-linked life insurance underwriting provisions. The survival and surrender payments for these policies are linked to the performance of the associated financial assets for unit-linked and index-linked life insurance. The income from these financial instruments are also credited in full to the policyholders. As a result, policyholders bear the risk associated with the performance of the financial instruments for unit-linked and index-linked life insurance.

These financial instruments are held in separate cover funds, and managed separately from the other financial assets of VIG Insurance Group. Since the changes in value of the financial instruments for unit-linked and index-linked life insurance are occasionally equal to the changes in value of the underwriting provisions, these financial instruments are valued in accordance with the requirements of IAS 39.9b. Financial instruments for unit-linked and index-linked life insurance are therefore measured at fair value, and changes in value are recognised in the income statement.

REINSURERS' SHARE IN UNDERWRITING PROVISIONS (D)

The reinsurers' share in underwriting provisions is measured in accordance with contractual provisions.

The credit quality of each counterparty is taken into account when the reinsurers' share is measured. As a result of the good credit quality of VIG Insurance Group's reinsurers, no valuation allowances were needed for reinsurers' shares as of the 31 December 2020 and 31 December 2019 balance sheet dates.

Information on the selection of reinsurers is provided in the section titled "Financial instruments and risk management" starting on page 107.

RECEIVABLES (E)

The receivables shown in the balance sheet relate in particular to the following receivables:

- Receivables from direct insurance business
  - from policyholders
  - from insurance intermediaries
  - from insurance companies
- Receivables from reinsurance business
- Other receivables

As a rule, receivables are reported at cost less impairment losses for losses already incurred but not yet known (e.g. death that is not yet known). Impairment is necessary if there is material evidence of financial difficulties, such as default or delay in payment and the items therefore cannot be considered collectable or not fully collectable. In the case of receivables from policyholders, expected impairment losses from non-collectable premium receivables are shown on the liabilities side of the balance sheet under "Other underwriting provisions" (provisions for cancellations) or deducted from the premium receivable using a valuation allowance. The amounts included are shown in Note 5. Receivables on page 144.

TAXES (F)

Income tax expenses comprise actual taxes and deferred taxes. The income tax associated with transactions recognised directly in equity is also recognised directly in equity. The actual taxes for the individual VIG Insurance Group companies are calculated using the company's taxable income and the tax rate applicable in the country in question.

Deferred taxes are calculated using the balance sheet liability method for all temporary differences between the asset and liability values recognised in the IFRS consolidated financial statements and the individual company tax bases for these assets and liabilities. Under IAS 12.47, deferred taxes are measured using the tax rates applicable at the time of realisation. In addition, any probable tax benefits realisable from existing loss carryforwards are included in the calculation. Exceptions to this deferral calculation are differences from non-tax-deductible goodwill and any deferred tax differences linked to participations.

Deferred tax assets are not recognised if it is not probable that the tax benefits they contain can be realised. Deferred taxes are calculated using the following tax rates:

Tax rates	31.12.2020	31.12.2019
in %		
Albania	15.0	15.0
Bosnia-Herzegovina	10.0	10.0
Bulgaria	10.0	10.0
Germany[1]	30.0	30.0
Estonia[2]	0.0	0.0
Georgia[3]	15.0	15.0
Kosovo[4]	10.0	10.0
Croatia	18.0	18.0
Latvia	0.0	0.0
Liechtenstein	12.5	12.5
Lithuania	15.0	15.0
Moldova	12.0	12.0
North Macedonia	10.0	10.0
Austria	25.0	25.0
Poland	19.0	19.0
Romania	16.0	16.0
Serbia	15.0	15.0
Slovakia	21.0	21.0
Czech Republic	19.0	19.0
Turkey[5]	20.0	22.0
Ukraine	18.0	18.0
Hungary	11.3	11.3

[1] The tax rate shown here is a flat tax rate. The tax rate is between 15,825% and 31,715%, depending on the registered office and activities of the company.
[2] The reinvested profits of locally domiciled companies are not subject to corporate income tax. Profit distributions by the companies are subject to a tax rate of 14% to 20%.
[3] As a rule, the reinvested profits of locally domiciled companies will not be subject to corporate income tax starting 1 January 2023. The planned implementation date was postponed from 1 January 2019 to 1 January 2023.
[4] Insurance companies will no longer be subject to a 5% corporate income tax on their gross premiums. Retained earnings have been subject to a 10% corporate income tax since August 2019.
[5] As of 1 January 2021, a corporate income tax of 20% applies for current taxes.

Group taxation

With Wiener Städtische Versicherungsverein as the parent company there is a corporate group of companies within the meaning of § 9 of the Austrian Corporate Income Tax Act (KStG). 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 a group member earns positive income, 25% is allocated to the head of the tax group. In case of negative income, the group member receives lump-sum compensation equal to 22.5% of the tax loss. Since the tax allocation is 25% in the case of positive income, the group member should provide 10% of the tax benefit from group taxation resulting from inclusion of that group member in the group. Cash settlement of tax benefits is performed for a period of three years.

OTHER ASSETS (G)

Other assets are measured at cost less cumulative depreciation and impairment losses. Depreciation is performed using the straight-line method over the expected useful life of the asset.

UNDERWRITING PROVISIONS (H)

Classification of insurance policies

Contracts under which an insurance company assumes a significant insurance risk from another party (the policyholder), by agreeing to provide compensation to the policyholder if a specified uncertain future event (the insured event) negatively affects the policyholder are treated as insurance policies for the purposes of IFRS. A distinction is made between insurance risk and financial risk. Financial risk is the risk of a possible future change in specific interest rates, securities prices, price indices, interest rate indices, credit ratings, credit indices, or some other variable, provided that the variable is not specific to one counterparty in the case of a non-financial variable. In many cases, particularly in the life insurance area, insurance policies as defined in IFRS also transfer financial risk.

Policies under which only an insignificant insurance risk is transferred from the policyholder to the insurance company are treated as financial instruments ("financial insurance policies") for IFRS reporting purposes. Such policies exist only to a minor extent in the personal insurance area.

Both insurance contracts and financial insurance policies can have contract terms that qualify as discretionary participation in net income ("profit participation", "profit-dependent premium refund"). Contractual rights are considered discretionary participation in net income if in addition to guaranteed benefits the policyholder also receives additional payments that are likely to constitute a significant portion of the total contractual payments and are contractually based on:

- the profit from a certain portfolio of policies or a certain type of policy, or
- the realised and/or unrealised investment income from a certain portfolio of assets held by the insurance company, or
- the profit or loss of the company, investment fund, or business unit (e.g. balance sheet unit) holding the contract.

Policies with discretionary net income participation exist in all VIG Insurance Group countries, primarily in the life insurance balance sheet unit, and to a secondary extent in the property and casualty and health insurance areas as well, and are treated as insurance policies in accordance with IFRS 4. The net income participation in life insurance usually exists in the form of participation in the net income or net interest income of the balance sheet unit in question calculated according to national accounting requirements. Net income or profit participation amounts that have already been allocated or committed to policyholders are reported in the mathematical reserve. Amounts reported in the local annual financial statements which have been committed or allocated to policyholders in the future by means of net income participation are reported in the balance sheet in the provision for performance-based premium refunds.

In addition, the profit-related portion resulting from IFRS measurement differences as compared to local measurement requirements (deferred profit participation) is also reported in the provision for profit-related premium refunds. This primarily concerns Austrian and German policies that are eligible for profit participation, as the profit participation in these countries is governed by regulations. Deferred profit participation is not recognised in balance sheets in other countries, since policyholder participation is at the sole discretion of the company concerned. The rate used for calculating deferred profit participation is 80% of the difference between the value recognised in the local financial statements and the value recognised in the IFRS financial statements.

As permitted by IFRS 4, the option to present unrealised gains and losses with the same effects on balance sheet measurements of underwriting provisions, capitalised acquisition costs and purchased insurance portfolios as realised gains and losses has been applied (shadow accounting). The first step is to allocate unrealised gains on available-for-sale financial instruments to a deferred mathematical reserve to serve as security for contractually agreed insurance payments. The policyholder's share of the surplus from the remaining unrealised gains is then allocated to a provision for deferred profit participation. Any remaining asset balance is reported as deferred policyholder profit participation resulting from measurement differences. This deferred item is only recognised if it is highly probable, at company level, that the item can be satisfied by future profits in which the policyholders participate.

RECOGNITION AND ACCOUNTING METHODS FOR INSURANCE POLICIES

Based on the election provided in IFRS 4, the values recognised in the consolidated financial statements prepared in accordance with applicable national law are carried over to the IFRS consolidated financial statements. The national provisions are only carried over, however, if they satisfy the minimum requirements of IFRS 4. Equalisation and catastrophe provisions are therefore not recognised. In principle, accounting rules were not changed to differ from national accounting requirements, except when parameters used to calculate underwriting provisions did not lead to adequate funding for future provisions. In such cases, VIG Insurance Group uses its own parameters, which are consistent with these principles. In individual cases, the provisions formed locally by an insurance company for outstanding claims are adjusted in the consolidated financial statements based on the corresponding analysis. Detailed information on the valuation of underwriting items is available in the remarks for each item.

ADEQUACY TEST FOR LIABILITIES ARISING FROM INSURANCE POLICIES

Liabilities from insurance policies are tested at each balance sheet date for adequacy of the provisions recognised in the financial statements.

If the value calculated based on up-to-date estimates of current valuation parameters, taking into account all future cash flows associated with the insurance policies, is higher than the provisions formed for liabilities from insurance policies, an increase in the provisions is recognised in profit or loss to eliminate the shortfall.

Provision for unearned premiums

Under the current version of IFRS 4, figures in annual financial statements prepared in accordance with national requirements may be used for the presentation of figures relating to insurance policies in the consolidated financial statements. In Austria, a cost discount of 15% (15%) is used when calculating unearned premiums in the property and casualty balance sheet unit (10% for motor third party liability insurance (10%)), corresponding to EUR 29,766,000 (EUR 28,312,000). Acquisition expenses in excess of this figure are not capitalised in Austria. For foreign companies in the property and casualty balance sheet unit a portion of the acquisition expenses is generally recognised in the same proportion as the ratio of net earned premiums to written premiums. To ensure uniform presentation, these capitalised acquisition costs are also shown in the consolidated financial statements as a reduction in the provision for unearned premiums: EUR 360,904,000 (EUR 355,679,000).

Mathematical reserve

Life insurance mathematical reserves are calculated using the prospective method as the actuarial present value of obligations (including declared and allocated profit shares and an administrative cost reserve) minus the present value of all future premiums received. The calculation is based on such factors as expected mortality, costs and the discount rate.

The mathematical reserve and related premium rate are essentially calculated using the same basis, which is applied uniformly for the entire rate and during the entire term of the policy. The appropriateness of the calculation basis is reviewed each year in accordance with IFRS 4 and applicable national accounting requirements. Please refer to the section titled “Adequacy test for liabilities arising from insurance policies“ on page 92. For information on the use of shadow accounting, please see page 92. Basically, the official mortality tables of each country are used for the life balance sheet unit. If current mortality expectations differ to the benefit of policyholders from the calculation used for the rate, leading to a corresponding insufficiency in the mathematical reserves, the reserves are increased appropriately in connection with the adequacy test of insurance liabilities.

In the life insurance balance sheet unit acquisition costs are taken into account through zillmerisation or another actuarial method as a reduction of mathematical reserves. The resulting negative mathematical reserves are either set to zero in accordance with national requirements or reported in the mathematical reserve item in the consolidated financial statements. The following average discount rates are used to calculate mathematical reserves:

As of 31 December 2020: 1.85%
As of 31 December 2019: 1.96%

In Austria, the average discount rate for life insurance was 1.71% during the reporting period (1.79%).

In addition, the share of unrealised gains and losses from available-for-sale financial instruments serving as security for contractual obligations is shown in the mathematical reserve as part of the shadow accounting performed according to IFRS 4. Further information is provided in the section titled “Classification of insurance policies“ beginning on page 91.

In the health insurance balance sheet unit, mathematical reserves are also calculated according to the prospective method as the difference between the actuarial present value of future policy payments minus the present value of future premiums. The loss frequencies used to calculate the mathematical reserve derive primarily from analyses conducted on the Group’s own insurance portfolio. As a rule, the mortality tables used correspond to published mortality tables. The following discount rates are used for the great majority of transactions when calculating mathematical reserves:

As of 31 December 2020: 2.39%
As of 31 December 2019: 2.41%

Provision for outstanding claims

National insurance law and national regulations (in Austria, the Austrian Insurance Supervision Act (VAG)) require VIG Insurance Group companies to form provisions for outstanding claims. The provisions are calculated for payment obligations arising from claims, which have occurred up to the balance sheet date but whose basis or size has not yet been established, as well as all related claims settlement expenses expected to be incurred after the balance sheet date, and, as a rule, are formed at the individual policy level. These policy-level provisions are marked up by a flat-rate allowance for unexpected additional losses. Except for the provisions for pension obligations, no discounting is performed. Insurance losses that have occurred up to the balance sheet date but were not known at the time that the balance sheet was prepared (“IBNR”), and losses that have occurred but have not been reported in the correct amount (“IBNER”), are to be included in the provision (incurred but not reported claims provisions and provisions for as yet unidentified large losses). Separate provisions for claims settlement expenses are formed for internally incurred expenses attributable to claims settlement under the allocation according to origin principle. Collectable recourse claims are deducted from the provision. Where necessary, actuarial estimation methods are used to calculate the provisions. The methods are applied consistently, with both the methods and calculation parameters tested continuously for adequacy and adjusted if necessary. The provisions are affected by economic factors (e.g. inflation rate) and by legal and regulatory developments, which may be subject to change over time.

Provision for profit-unrelated premium refunds
The provisions for profit-unrelated premium refunds relate, in particular, to the property and casualty and health balance sheet units, and pertain to premium refunds in certain insurance classes that are contractually guaranteed to policyholders in the event that there are no claims or a low level of claims. These provisions are formed at the individual policy level. Since the provisions are predominantly short-term provisions, no discounting has been performed.

Provision for profit-related premium refunds
Profit shares that were dedicated to policyholders in local business plans, but have not been allocated or committed to individual policyholders as of the balance sheet date, are shown in the provision for profit-related premium refunds ("discretionary net income participation"). In addition, both the portion realised through profit and loss and the portion realised directly in equity that results from measurement differences between IFRS and local measurement requirements ("deferred profit participation") are reported in this item. Please see the section titled "Classification of insurance policies" starting on page 91.

Other underwriting provisions
The other underwriting provisions item primarily includes provisions for cancellations. Cancellation provisions are formed for the cancellation of premiums that have been written but not yet paid by the policyholder, and therefore represent a liabilities-side allowance for receivables from policyholders. These provisions are formed based on the application of certain percentage rates to overdue premium receivables.

UNDERWRITING PROVISIONS FOR UNIT-LINKED AND INDEX-LINKED LIFE INSURANCE (I)

Underwriting provisions for unit-linked and index-linked life insurance represent obligations to policyholders that are linked to the performance and income of the corresponding financial instruments. The measurement of these provisions corresponds to the measurement of the financial instruments for unit-linked and index-linked life insurance, and is based on the fair value of the investment unit or index serving as a reference.

NON-UNDERWRITING PROVISIONS (J)

Provisions for pensions and similar obligations
PENSION OBLIGATIONS
Pension obligations are based on individual contractual obligations and collective agreements. The obligations are defined benefit obligations. The plans are based on average salary and/or the number of years of service with the company.

These obligations are accounted for in accordance with IAS 19. The present value of the defined benefit obligation (DBO) is calculated. Calculation of the DBO is performed using the projected unit credit method. In this method future payments calculated based on realistic assumptions are accrued linearly over the period in which the beneficiary acquires these entitlements. The necessary provision amount is calculated for the relevant balance sheet date using actuarial reports that have been provided for 31 December 2019 and 31 December 2020.

The calculations are based on the following assumptions:

Pension assumptions	31.12.2020	31.12.2019
Interest rate	0.75%	0.75%
Pension increases	2.00%	2.00%
Salary increases	2.00%	2.00%
Employee turnover rate (age-dependent)	0%–4%	0%–4%
Retirement age, women (transitional arrangement)	62+	62+
Retirement age, men (transitional arrangement)	62+	62+
Life expectancy (for employees, in accordance with)	(AVÖ 2018-P)	(AVÖ 2018-P)

The weighted average length of the DBO for pensions was 16.36 years in financial year 2020 (16.47 years). A portion of the direct pension obligations are administered as an occupational group insurance plan following conclusion of an insurance contract in accordance with § 93–98 VAG.

(SUBORDINATED) LIABILITIES (K)

As a rule, liabilities are measured at amortised cost. This also applies to liabilities arising from financial insurance policies. The fair value of financial liabilities is shown in 22. Financial instruments and fair value measurement hierarchy starting on page 169.

NET EARNED PREMIUMS (L)

As a rule, unearned premiums (provision for unearned premiums) are determined on a pro rata basis over time. No deferral of unit-linked and index-linked life insurance premiums is performed, since the full amount of the premiums written in the reporting period is included in the calculation of the underwriting provisions for unit-linked and index-linked life insurance.

EXPENSES FOR CLAIMS AND INSURANCE BENEFITS (M)

All payments to policyholders arising from loss events, claims settlement expenses directly related to loss events, and internal costs attributable to claims settlement under the allocation according to origin principle, are shown as expenses for claims and insurance benefits. Expenses for loss prevention are also reported in this item. Expenses for claims and insurance benefits are reduced by the income gained from using existing contractual and statutory avenues of recourse (this applies in particular to property and casualty insurance). Changes in the underwriting provisions are also reported in expenses for claims and insurance benefits.

ACQUISITION AND ADMINISTRATIVE EXPENSES (N)

The acquisition and administrative expenses item is broken down into acquisition expenses, administrative expenses less reinsurance commissions and profit commissions for reinsurance cessions. It therefore includes VIG Insurance Group personnel and materials expenses allocated according to the origin principle.

SCOPE AND METHODS OF CONSOLIDATION

The consolidated financial statements include a total of 78 Austrian and 87 foreign companies.

Full consolidation of a subsidiary begins when control is gained and ends when control is lost. 64 domestic companies and 69 foreign companies are included in the consolidated financial statements using this consolidation method.

Associated companies are companies over which the VIG Holding has directly or indirectly a significant influence but does not exercise control. These companies are accounted for at equity. These consolidated financial statements include 14 Austrian and 18 foreign companies accounted for at equity. 115 companies that have no material effect on the net assets, financial position and results of operations when considered individually or in aggregate have essentially been measured at fair value.

The materiality or immateriality of subsidiaries, associated companies and joint arrangements for the consolidated financial statements is checked using a variety of thresholds defined at the VIG Holding level. Qualitative assessment criteria are also used. Profit before taxes or total assets, for example, could be checked for this purpose. If a company does not satisfy any size criteria, a second step is performed to check whether the companies that are not included are material when taken as a whole. If this is not the case, these companies are not included in the scope of consolidation.

Fully controlled investment funds ("special funds") were fully consolidated in accordance with the requirements of IFRS 10. These consolidated institutional funds are not separate corporate entities and therefore not structured entities as defined in IFRS 12. They are investment funds that have not been designed for public capital markets.

Due to a lack of control, mutual funds are not consolidated, even if a majority of shares are held. The ability of subsidiaries to transfer funds (in the form of dividends) to parent companies can be restricted by corporate law and regulations.

BUSINESS COMBINATIONS (IFRS 3)

Business combinations are recognised using the purchase method. Goodwill is recognised as the value of the consideration transferred and all non-controlling interests in the acquired company less the identifiable assets acquired and liabilities assumed. In any business combination, present non-controlling interests that entitle holders to a proportionate share of the entity's net assets in the event of a liquidation can be measured either at fair value or as part of the identifiable net assets. Unless another IFRS provides a different measurement method, all other components of non-controlling interests are measured at the corresponding share of the identifiable net assets. If the consideration is less than the net assets of the acquired subsidiary measured at fair value, the difference is checked again and recognised directly in the income statement. As a rule, the fair values calculated in accordance with IFRS 13 of all assets (incl. goodwill and other intangible assets) and liabilities are allocated to the country to which the purchased company is assigned.

Deferred tax assets acquired during a business combination and arising under IAS 12.66 et seqq. on the acquisition date are tested for impairment in accordance with IAS 12.37.

VIG Insurance Group considers the reported goodwill to reflect the value of the ability to make use of the insurance-specific expertise of the employees of the acquired companies. When a market is entered, it represents the ability to offer insurance products in a country and take advantage of the opportunities that exist there. In countries where VIG Insurance Group is already represented by one or more companies, the goodwill also represents the possibility of making use of potential synergies.

All company acquisitions were performed with cash and cash equivalents. A list of companies that are fully consolidated and included at equity is provided on page 178 in Note 26. Affiliated companies and participations.

CHANGES IN THE SCOPE OF CONSOLIDATION

During the reporting period from 1 January 2020 to 31 December 2020, the Group acquired control of the following subsidiaries and included the following companies in the consolidated financial statements:

Expansion of the scope of consolidation*	Acquisition/formation	Interest	First-time consolidation	Method
	Date	in %	Date	
Bohemia Servis Finance a.s., Žatec	2020	100.00	1.11.2020	consolidated at equity
Bohemika HYPO s.r.o., Žatec	2020	100.00	1.11.2020	consolidated at equity
DV Immoholding GmbH, Vienna	2019	100.00	1.1.2020	full consolidation
DVIB alpha GmbH, Vienna	2019	100.00	1.1.2020	full consolidation
Global Assistance Baltic SIA, Riga	2020	100.00	8.12.2020	full consolidation
Global Partner ČR, a.s., Prague	2020	65.00	22.12.2020	consolidated at equity
SIA "Alauksta 13/15", Riga	2020	100.00	23.11.2020	full consolidation
SIA "Artilērijas 35", Riga	2020	100.00	23.11.2020	full consolidation
SIA "Ģertrūdes 121", Riga	2020	100.00	23.11.2020	full consolidation
SMARDAN 5 DEVELOPMENT S.R.L., Bucharest	2020	100.00	9.12.2020	full consolidation
VIG Home, s.r.o., Bratislava	2020	100.00	1.10.2020	full consolidation
WSVA Liegenschaftbesitz GmbH, Vienna	2019	100.00	1.1.2020	full consolidation
WSVB Liegenschaftbesitz GmbH, Vienna	2019	100.00	1.1.2020	full consolidation
WSVC Liegenschaftbesitz GmbH, Vienna	2020	100.00	19.6.2020	full consolidation

*Unless indicated otherwise, no goodwill exists.

Companies acquired during the reporting period, but not yet consolidated (no subject to closing at 31 December 2020)	Interest acquired
in %	
AEGON Hungary Holding B.V.	100.00
AEGON Hungary Holding II B.V.	100.00
AEGON Poland/Romania Holding B.V.	100.00
AEGON Turkey Holding B.V.	100.00
AEGON Magyarország Általános Biztosító Zrt.	100.00
Help24 Assistance Kft.	100.00
Aegon Magyarország Pénztárszolgáltató Zrt.	100.00
AEGON Magyarország Közvetítő és Marketing Zrt.	100.00
AEGON Magyarország Befektetési Alapkezelő Zrt.	100.00
Aegon Towarzystwo Ubezpieczeń na Życie S.A.	100.00
Aegon Powszechne Towarzystwo Emerytalne S.A.	100.00
Aegon Otwarty Fundusz Emerytalny	100.00
Aegon Services sp. z o.o.	100.00
Profitowi.pl S.A.	100.00
AEGON Ubezpieczenia Majątkowe (Polish Branch of Hungarian Composite Insurance)	100.00
Aegon Pensii – Societate de Administrare a Fondurilor de Pensii Private S.A.	100.00
AEGON Towarzystwo Ubezpieczeń na Życie S.A. Varsovia Sucursala Floresti (Romanian Branch of Polish Life Insurance)	100.00
Aegon Emeklilik ve Hayat A.S.	100.00

On 29 November 2020, VIG reached agreement with Aegon N.V. to acquire its insurance business in Hungary, Poland, Romania and Turkey. As a result, Aegon's insurance companies in the non-life and life sectors, pension funds and asset management and service companies will be acquired in these countries. The purchase price is EUR 830 million. The transaction is subject to the approvals required under supervisory and competition law. The closing is expected to take place in the 2nd half of 2021. Due to the lack of closing for the transaction and lack of control over the companies, they had not yet been added to the scope of consolidation as of the balance sheet date.

Founded companies	Interest	Established
	in %	Date
Global Assistance Baltic SIA, Riga	100.00	8.12.2020
Global Partner ČR, a.s., Prague	65.00	22.12.2020
SIA "Alauksta 13/15", Riga	100.00	23.11.2020
SIA "Artilērijas 35", Riga	100.00	23.11.2020
SIA "Ģertrūdes 121", Riga	100.00	23.11.2020
SMARDAN 5 DEVELOPMENT S.R.L., Bucharest	100.00	9.12.2020
WSVC Liegenschaftbesitz GmbH, Vienna	100.00	19.6.2020

Change in significant minority interests	Change	Change of interest	Change of non-controlling interests
	Date	in %	in EUR '000
Asirom	30.9.2020	0.02	-19
BTA Baltic	31.12.2020	9.17	-9,459
Kniazha Life	31.12.2020	2.01	-43
Komunálna	30.6.2020	0.92	-604
Omniasig	31.3.2020	0.04	-33
SIA "Urban Space", Riga	31.12.2020	9.17	-42
VIG Fund	31.12.2020	0.10	-177

Effect of changes in the scope of consolidation

Balance sheet	Additions
in EUR '000	
Investments	32,240
Shares in at equity consolidated companies	141
Receivables (incl. tax receivables and advance payments out of income tax)	91
Cash and cash equivalents	31,049
Liabilities (incl. tax liabilities out of income tax)	7,655

The figures shown in the table above reflect the actual dates of first consolidation, as indicated in the section titled "Changes in the scope of consolidation" on page 97.

Contribution to result before taxes in reporting period	Additions
in EUR '000	
Financial result excl. result from shares in at equity consolidated companies	558
Other expenses	-4
Result before taxes	554

Inclusion of the first-time consolidated companies retroactively to 1 January 2020 would not cause any material changes in balance sheet items. Inclusion of the first-time consolidated companies retroactively to 1 January 2020 would reduce the Group result before taxes and non-controlling interests by 0.01% (not including any consolidation effects).

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

SEGMENT REPORTING

DETERMINATION OF REPORTABLE SEGMENTS

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

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

The reportable segments were determined using the aggregation criteria in IFRS 8.12 and IFRS 8.14 and the quantitative thresholds defined in IFRS 8.13.

The following were identified as reportable segments:

- Austria (incl. the Wiener Städtische branches in Slovenia and Italy),
- Czech Republic,
- Slovakia,
- Poland,
- Romania,
- Baltic states,
- Hungary,
- Bulgaria,
- Turkey/Georgia,
- Remaining CEE,
- Other Markets and
- Central Functions (incl. the VIG Holding branches in Sweden, Norway and Denmark and VIG Re branches in Germany and France).

The Remaining CEE segment includes the countries of Albania incl. Kosovo (a branch of an Albanian company is located in Kosovo), Bosnia-Herzegovina, Croatia, Moldova, North Macedonia, Serbia and Ukraine. The segment was aggregated in accordance with the aggregation criteria in IFRS 8.14 and was not reported in an “all other segments” in accordance with IFRS 8.16 in spite of falling below the thresholds. This segment is presented separately because of VIG Insurance Group’s focus on the CEE region.

The Managing Board believes it is important to provide information by separately publishing financial information for Romania, the Baltic states, Hungary, Bulgaria and Turkey/Georgia in the segment reports, even though they fall below the thresholds. VIG Insurance Group’s focus on the CEE region and the strong growth recorded in individual countries led to this decision.

The Other Markets reportable segment corresponds to the “All other segments” category in IFRS 8.16, and includes Germany and Lichtenstein.

Companies with management and coordination functions for VIG Insurance Group that cross regional boundaries are included in the "Central Functions" segment.

BASIS OF THE REVENUES OF THE REPORTABLE SEGMENTS

Reportable segments (excl. Central Functions)
The scope of business operations includes private and corporate customer insurance business. The range of products includes, among other things, motor third party liability and own damage, accident, third party liability, fire and natural hazards, and travel insurance.

A large number of life and health insurance products are offered for individuals and groups. These include, for example, supplementary health insurance, nursing care insurance, endowment insurance, term life insurance and investment-oriented products. In accordance with the cornerstones of VIG Insurance Group, products are sold through all distribution channels in all markets. This means that insurance products are distributed, among others, by sales employees, banks, brokers and agents.

Central Functions
The segment includes VIG Holding, VIG Re, Wiener Re, VIG Fund, corporate IT service providers and intermediate holding companies.

VIG Holding primarily focuses on managerial tasks for VIG Insurance Group. It also operates as a reinsurer within VIG Insurance Group and in the international corporate business. The Group's own reinsurance company, VIG Re, is a successful provider of reinsurance products for both insurance companies of VIG Insurance Group and for external partners.

Information on major customers
VIG Insurance Group does not depend to a great extent on one single customer, as defined in IFRS 8.34. The 10 largest customer groups are responsible for 2.2% of the premiums written by the Group. Corporate customers that are under common control according to the information available to VIG Insurance Group are combined into customer groups.

GENERAL INFORMATION ON SEGMENT REPORTING

Like transactions with third parties, transfer prices between reportable segments are determined using market prices. Intragroup transactions between segments are eliminated in the consolidation column. The only exceptions are dividends and intercompany profits, which are eliminated in each segment.

PERFORMANCE MEASUREMENT FOR REPORTABLE SEGMENTS

A variety of performance indicators are used to determine the financial performance of the reportable segments. The IFRS contribution to earnings is used as an indicator in all cases. In the interests of comparability, the income statement by segments is appropriately reconciled with the consolidated income statement and only the main items are presented. The same applies to the balance statement by segments and consolidated balance sheet.

CONSOLIDATED BALANCE SHEET BY SEGMENT

Assets	Austria		Czech Republic		Slovakia	
	31.12.2020	31.12.2019	31.12.2020	31.12.2019	31.12.2020	31.12.2019
in EUR '000						
Intangible assets	497,293	455,579	487,109	505,065	126,749	123,905
Right-of-Use Assets	75,523	80,466	57,583	63,343	6,837	7,372
Investments	23,655,203	23,572,424	2,937,473	3,088,224	1,603,118	1,455,389
Financial investments for unit-linked and index-linked life insurance	4,918,309	5,484,384	418,286	389,107	180,756	193,217
Reinsurers' share in underwriting provisions	487,996	400,137	149,599	134,935	40,573	31,904
Receivables	559,737	559,902	166,645	169,866	47,231	62,780
Tax receivables and advance payments out of income tax	18,024	18,451	37,735	9,548	135	103
Deferred tax assets	4,871	6,014	85,389	2,081	6,065	7,156
Other assets	102,357	111,248	160,467	158,364	9,150	11,149
Cash and cash equivalents	451,307	656,000	144,332	125,717	87,218	78,331
Total	30,770,620	31,344,605	4,644,618	4,646,250	2,107,832	1,971,306

Assets	Poland		Romania		Baltic states	
	31.12.2020	31.12.2019	31.12.2020	31.12.2019	31.12.2020	31.12.2019
in EUR '000						
Intangible assets	158,164	187,378	20,845	23,662	135,652	145,113
Right-of-Use Assets	5,466	10,230	3,642	4,074	8,872	11,399
Investments	1,431,462	1,299,029	754,751	710,867	697,135	639,017
Financial investments for unit-linked and index-linked life insurance	680,712	726,043	109,020	137,358	101,210	80,617
Reinsurers' share in underwriting provisions	121,345	180,855	47,214	42,187	44,839	50,972
Receivables	212,916	240,505	192,185	178,100	92,650	85,109
Tax receivables and advance payments out of income tax	4,291	493	0	0	549	430
Deferred tax assets	0	920	4,992	10,304	32	544
Other assets	7,710	10,302	4,625	3,683	18,910	16,116
Cash and cash equivalents	24,680	24,949	21,379	14,889	73,230	50,291
Total	2,646,746	2,680,704	1,158,653	1,125,124	1,173,079	1,079,608

Assets	Hungary		Bulgaria		Turkey/Georgia	
	31.12.2020	31.12.2019	31.12.2020	31.12.2019	31.12.2020	31.12.2019
in EUR '000						
Intangible assets	27,062	26,013	126,405	185,830	2,533	16,707
Right-of-Use Assets	2,820	4,023	2,555	2,801	605	741
Investments	162,639	172,437	248,030	208,984	96,334	102,883
Financial investments for unit-linked and index-linked life insurance	518,110	481,705	14,950	11,269	0	0
Reinsurers' share in underwriting provisions	14,757	13,061	22,041	22,459	91,236	86,928
Receivables	31,351	34,566	45,269	45,505	86,031	77,786
Tax receivables and advance payments out of income tax	36	27	0	20	4,517	2,266
Deferred tax assets	1,025	1,730	232	1,018	804	2,053
Other assets	11,031	11,754	6,132	6,049	1,135	1,511
Cash and cash equivalents	1,575	6,768	41,808	44,863	24,780	23,226
Total	770,406	752,084	507,422	528,798	307,975	314,101

Liabilities and shareholders' equity	Austria		Czech Republic		Slovakia	
	31.12.2020	31.12.2019	31.12.2020	31.12.2019	31.12.2020	31.12.2019
in EUR '000						
Subordinated liabilities	342,950	342,950	20,959	21,647	0	0
Underwriting provisions	22,446,551	22,552,573	2,792,390	2,828,728	1,281,092	1,230,371
Underwriting provisions for unit-linked and index-linked life insurance	4,744,433	5,194,598	249,729	202,422	191,127	202,686
Non-underwriting provisions	649,509	683,171	10,038	7,966	3,288	3,148
Liabilities	679,644	693,724	414,588	429,340	102,332	115,885
Tax liabilities out of income tax	255,222	205,976	20,479	32,908	2,012	127
Deferred tax liabilities	188,113	187,189	5,700	9,231	25,605	18,243
Other liabilities	73,880	85,413	3,300	2,469	3,257	4,283
Subtotal	29,380,302	29,945,594	3,517,183	3,534,711	1,608,713	1,574,743

Liabilities and shareholders' equity	Poland		Romania		Baltic states	
	31.12.2020	31.12.2019	31.12.2020	31.12.2019	31.12.2020	31.12.2019
in EUR '000						
Subordinated liabilities	0	0	0	0	0	0
Underwriting provisions	1,275,020	1,244,133	660,413	628,367	666,167	616,364
Underwriting provisions for unit-linked and index-linked life insurance	671,126	697,588	107,690	136,259	101,215	80,617
Non-underwriting provisions	11,996	6,683	42,631	40,847	2,677	1,212
Liabilities	154,361	194,663	94,931	83,160	91,774	77,136
Tax liabilities out of income tax	1,715	323	1,415	384	836	331
Deferred tax liabilities	22,458	23,658	911	0	2,202	2,924
Other liabilities	16,299	15,911	8,542	8,822	4,759	1,693
Subtotal	2,152,975	2,182,959	916,533	897,839	869,630	780,277

Liabilities and shareholders' equity	Hungary		Bulgaria		Turkey/Georgia	
	31.12.2020	31.12.2019	31.12.2020	31.12.2019	31.12.2020	31.12.2019
in EUR '000						
Subordinated liabilities	0	0	0	0	0	0
Underwriting provisions	174,913	171,265	250,467	229,538	232,695	224,138
Underwriting provisions for unit-linked and index-linked life insurance	515,028	477,765	14,254	10,761	0	0
Non-underwriting provisions	772	1,370	4,804	6,734	11,419	11,305
Liabilities	39,500	46,821	31,873	28,935	44,044	39,618
Tax liabilities out of income tax	333	304	211	356	3,467	2,273
Deferred tax liabilities	275	408	937	765	188	6
Other liabilities	3,577	2,313	21	198	566	771
Subtotal	734,398	700,246	302,567	277,287	292,379	278,111

Assets	Remaining CEE		Other Markets		Central Functions		Total	
	31.12.2020	31.12.2019	31.12.2020	31.12.2019	31.12.2020	31.12.2019	31.12.2020	31.12.2019
in EUR '000								
Intangible assets	42,740	89,630	1,963	1,583	106,562	179,114	1,733,077	1,939,579
Right-of-Use Assets	9,855	9,505	44	47	11,552	3,655	185,354	197,656
Investments	1,093,226	1,067,904	726,665	694,777	1,495,150	1,443,805	34,901,186	34,455,740
Financial investments for unit-linked and index-linked life insurance	33,708	56,452	986,176	1,055,178	6,802	4,997	7,968,039	8,620,327
Reinsurers' share in underwriting provisions	16,503	18,677	4,953	5,391	355,436	295,928	1,396,492	1,283,434
Receivables	87,696	90,506	15,128	15,805	162,320	156,919	1,699,159	1,717,349
Tax receivables and advance payments out of income tax	400	226	25	385	209,329	194,896	275,041	226,845
Deferred tax assets	2,176	2,034	246	977	30,896	33,894	136,728	68,725
Other assets	14,514	15,910	5,844	5,238	45,970	40,587	387,845	391,911
Cash and cash equivalents	30,254	26,301	63,990	50,208	780,594	341,815	1,745,147	1,443,358
Total	1,331,072	1,377,145	1,805,034	1,829,589	3,204,611	2,695,610	50,428,068	50,344,924

Liabilities and shareholders' equity	Remaining CEE		Other Markets		Central Functions		Total	
	31.12.2020	31.12.2019	31.12.2020	31.12.2019	31.12.2020	31.12.2019	31.12.2020	31.12.2019
in EUR '000								
Subordinated liabilities	0	0	0	0	1,100,000	1,100,000	1,463,909	1,464,597
Underwriting provisions	1,095,516	969,551	701,821	663,264	653,010	527,784	32,230,055	31,886,076
Underwriting provisions for unit-linked and index-linked life insurance	33,707	56,452	982,106	1,051,854	6,801	4,997	7,617,216	8,115,999
Non-underwriting provisions	7,420	7,351	13,060	12,686	119,195	149,086	876,809	931,559
Liabilities	41,804	47,712	34,675	33,806	524,780	303,772	2,254,306	2,094,572
Tax liabilities out of income tax	931	1,132	414	636	3,963	6,139	290,998	250,889
Deferred tax liabilities	2,563	5,361	1,095	377	17,823	14,040	267,870	262,202
Other liabilities	18,217	19,383	1	2	8,720	7,079	141,139	148,337
Subtotal	1,200,158	1,106,942	1,733,172	1,762,625	2,434,292	2,112,897	45,142,302	45,154,231
Shareholders' equity							5,285,766	5,190,693
Total							50,428,068	50,344,924

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

CONSOLIDATED INCOME STATEMENT BY SEGMENT

	Austria		Czech Republic		Slovakia		Poland	
	2020	2019	2020	2019	2020	2019	2020	2019
in EUR '000								
Premiums written – gross	4,030,707	3,943,276	1,732,393	1,745,827	729,520	798,860	1,196,236	1,131,979
Net earned premiums – retention	3,275,613	3,226,195	1,295,519	1,312,764	597,269	671,617	926,588	886,524
Financial result excl. result from shares in at equity consolidated companies	536,365	738,945	64,848	70,763	36,413	49,550	36,136	30,759
Income from investments	841,131	982,570	128,835	113,005	45,684	53,595	50,040	47,083
Expenses for investments and interest expenses	-304,766	-243,625	-63,987	-42,242	-9,271	-4,045	-13,904	-16,324
Result from shares in at equity consolidated companies	-30,960	20,393	832	1,419	0	0	0	0
Other income	17,982	37,047	28,835	44,906	5,171	23,478	7,220	25,044
Expenses for claims and insurance benefits – retention	-2,958,391	-3,116,818	-824,507	-789,706	-433,926	-530,468	-670,009	-623,610
Acquisition and administrative expenses	-636,020	-654,843	-343,718	-361,077	-124,229	-139,861	-224,283	-216,726
Other expenses	-25,862	-43,592	-29,737	-106,619	-29,304	-25,432	-53,100	-32,788
Result before taxes	178,727	207,327	192,072	172,450	51,394	48,884	22,552	69,203
Taxes	-19,040	-23,354	-39,896	-33,538	-15,184	-13,728	-11,506	-12,352
Result of the period	159,687	183,973	152,176	138,912	36,210	35,156	11,046	56,851

	Romania		Baltic states		Hungary		Bulgaria	
	2020	2019	2020	2019	2020	2019	2020	2019
in EUR '000								
Premiums written – gross	493,804	468,237	492,915	500,284	287,750	289,520	199,640	223,905
Net earned premiums – retention	375,929	346,889	393,316	385,234	223,551	219,627	145,333	137,683
Financial result excl. result from shares in at equity consolidated companies	18,986	13,497	9,432	11,373	3,349	4,865	12,261	11,674
Income from investments	27,057	23,646	13,087	13,847	4,749	7,235	28,863	26,426
Expenses for investments and interest expenses	-8,071	-10,149	-3,655	-2,474	-1,400	-2,370	-16,602	-14,752
Result from shares in at equity consolidated companies	0	0	0	0	0	0	0	0
Other income	9,639	13,475	5,169	2,914	11,074	9,178	5,003	1,107
Expenses for claims and insurance benefits – retention	-249,660	-235,789	-278,906	-268,088	-167,167	-164,561	-77,940	-78,531
Acquisition and administrative expenses	-116,363	-106,784	-100,372	-102,968	-39,176	-42,034	-53,553	-50,332
Other expenses	-24,296	-133,118	-19,141	-20,810	-23,187	-18,410	-67,826	-5,838
Result before taxes	14,235	-101,830	9,498	7,655	8,444	8,665	-36,722	15,763
Taxes	-5,780	-7,334	-2,084	-1,305	-2,740	-2,460	-2,951	-2,216
Result of the period	8,455	-109,164	7,414	6,350	5,704	6,205	-39,673	13,547

in EUR '000	Turkey/Georgia 2020	Turkey/Georgia 2019	Remaining CEE 2020	Remaining CEE 2019	Other Markets 2020	Other Markets 2019
Premiums written – gross	251,652	234,902	439,610	446,910	279,997	380,402
Net earned premiums – retention	113,001	112,366	318,551	328,817	230,878	332,312
Financial result excl. result from shares in at equity consolidated companies	**8,368**	7,873	**47,482**	37,591	**17,202**	16,601
Income from investments	10,565	15,757	44,830	46,354	20,086	21,641
Expenses for investments and interest expenses	-2,197	-7,884	2,652	-8,763	-2,884	-5,040
Result from shares in at equity consolidated companies	0	0	0	0	0	0
Other income	11,185	6,084	7,095	8,023	3,821	3,876
Expenses for claims and insurance benefits – retention	-77,338	-80,997	-222,985	-222,262	-174,277	-273,295
Acquisition and administrative expenses	-30,084	-31,199	-102,946	-109,641	-21,954	-29,280
Other expenses	-26,015	-7,466	-62,847	-15,462	-28,942	-27,653
Result before taxes	**-883**	6,661	**-15,650**	27,066	**26,728**	22,561
Taxes	-3,110	-1,532	-5,405	-6,021	-8,200	-8,076
Result of the period	**-3,993**	5,129	**-21,055**	21,045	**18,528**	14,485

in EUR '000	Central Functions 2020	Central Functions 2019	Consolidation 2020	Consolidation 2019	Total 2020	Total 2019
Premiums written – gross	1,736,522	1,623,491	-1,442,292	-1,388,186	10,428,454	10,399,407
Net earned premiums – retention	1,425,685	1,351,456	15,352	6,445	9,336,585	9,317,929
Financial result excl. result from shares in at equity consolidated companies	**-162,897**	-2,808	**-3,154**	-3,917	**624,791**	986,766
Income from investments	113,470	316,492	-64,608	-74,450	1,263,789	1,593,201
Expenses for investments and interest expenses	-276,367	-319,300	61,454	70,533	-638,998	-606,435
Result from shares in at equity consolidated companies	1,618	2,262	0	0	-28,510	24,074
Other income	34,880	19,685	-1,413	-1,614	145,661	193,203
Expenses for claims and insurance benefits – retention	-870,404	-878,363	-25,059	-256	-7,030,569	-7,262,744
Acquisition and administrative expenses	-523,947	-443,077	-11,834	-5,404	-2,328,479	-2,293,226
Other expenses	-12,502	-12,694	29,142	5,449	-373,617	-444,433
Result before taxes	**-107,567**	36,461	**3,034**	703	**345,862**	521,569
Taxes	12,702	3,435	0	0	-103,194	-108,481
Result of the period	**-94,865**	39,896	**3,034**	703	**242,668**	413,088

FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

FINANCIAL INSTRUMENTS (INCL. PROPERTY AND OTHER INVESTMENTS)

The Group invests in fixed-income securities (bonds, loans/credits), shares, property, participations and other investments, taking into account the overall risk position and the investment strategy provided for this purpose.

The investment strategy is laid down in the investment guidelines for each of the insurance companies. Compliance is continuously monitored by the Asset Management and Asset Risk Management departments and by the Internal Audit department on a sample basis. Investment guidelines are laid down centrally and must be followed by all Group companies. When determining exposure volumes and limits as part of establishing the strategic orientation of investments, the risk inherent in the specified categories and market risks are of fundamental importance.

The investment strategy principles may be summarised as follows:

- VIG Insurance Group practices a conservative investment policy designed for the long term.
- VIG Insurance Group focuses on its asset mix as a way to ensure that cash flows match its long-term liability profile and to create sustainable increases in value through the use of correlation and diversification effects of the individual asset classes.
- Investment management depends on the asset class in question or on the objective within asset classes and is performed internally or by an outside manager.
- The currency profile of the investments should match as closely as possible the obligations to policyholders and other liabilities (currency matching).
- Risk management for securities is aimed at providing a transparent view of the risk exposure arising from price, interest-rate and currency fluctuations as they affect profitability and the value of investments, and at limiting these risks. Risks are limited by a limit system at position level and by a value-at-risk limit system for risk exposure at the portfolio level.
- Market developments are monitored continuously and the structure of the portfolio is actively managed, if necessary.

The investment portfolio (with the look-through approach applied to consolidated institutional funds) includes holdings of around 72.66% (73.05%) in bonds and around 7.01% (6.73%) in loans. The share in equities is around 4.25% (4.46%), in property around 7.12% (6.97%), in participations around 1.50% (1.50%) and in other around 7.46% (7.29%), in all cases based on the book value of the total investment portfolio.

Composition of investments (book values)	31.12.2020	31.12.2019
in EUR '000		
Property	2,507,413	2,414,258
Shares in at equity consolidated companies	291,561	321,276
Loans	2,566,884	2,416,108
Loans	1,647,782	1,461,846
Reclassified loans	136,308	139,584
Bonds classified as loans	782,794	814,678
Other financial assets	28,685,004	28,244,801
Financial assets held to maturity - bonds	2,163,435	2,195,001
Financial assets reclassified as held to maturity - bonds	293,003	568,700
Financial assets available for sale	25,983,431	25,148,103
Bonds	22,895,705	22,300,441
Shares and other participations[1]	672,285	666,017
Investment funds	2,415,441	2,181,645
Financial assets recognised at fair value through profit and loss[2]	245,135	332,997
Bonds	130,713	203,477
Shares and other non-fixed-interest securities	11,046	21,955
Investment funds	70,437	72,768
Derivatives	32,939	34,797
Other investments	850,324	1,059,297
Bank deposits	766,408	973,247
Deposits on assumed reinsurance business	83,900	86,032
Other	16	18
Total	34,901,186	34,455,740

1 Includes shares in non-consolidated subsidiaries and other participations amounting to EUR 257,779,000 (EUR 217,494,000)

2 Including held for trading

Property

The portfolio had a book value of EUR 2,507.4 million as of 31 December 2020 (fair value: EUR 4,190.9 million) and a book value of EUR 2,414.3 million as of 31 December 2019 (fair value: EUR 3,863.1 million).

The portfolio of directly held assets and assets held in the form of participations is used primarily to create highly inflation-resistant long-term positions for the insurance business, and to create hidden reserves. The property portfolio represents 7.12% (6.97%) of the total investment portfolio.

The following table shows the investments as of 31 December 2020 and 31 December 2019, broken down by type of use for the Austria and Central Functions segments and the totals for all other segments.

Use of property in % of the property portfolio	31.12.2020	31.12.2019
Austria	65.98	64.91
Owner-occupied	7.26	7.76
Investment property	58.72	57.15
Central Functions	19.59	20.21
Owner-occupied	1.36	0.96
Investment property	18.23	19.25
Other segments	14.43	14.88
Owner-occupied	10.43	11.52
Investment property	4.00	3.36

Shares in at equity consolidated companies

Shares in at equity consolidated companies had a book value of EUR 291.6 million as of 31 December 2020 and a book value of EUR 321.3 million as of 31 December 2019. Shares in at equity consolidated companies therefore represented 0.84% (0.93%) of the book value of the total investment portfolio as of 31 December 2020.

Loans

Loans had a book value of EUR 2,566.9 million as of 31 December 2020 and a book value of EUR 2,416.1 million as of 31 December 2019. Investments in loans are less important in the CEE region. A portfolio analysis and maturity structure of loans are presented in Note 2.3. Loans and other investments starting on page 137.

Bonds

Bonds represented 72.66% (73.05%) of total investments as of 31 December 2020. VIG Insurance Group manages its bond portfolio using estimates of changes in interest rates, spreads and credit quality, taking into account limits related to individual issuers, credit quality, maturities, countries, currencies and issue volume. In the investment model, the bonds serve primarily to ensure stable earnings over the long term. Derivative products are only used to reduce risks or make efficient portfolio management easier. Relevant investment guidelines expressly govern the use of derivatives for bond portfolios managed by third parties such as investment funds.

Shares

As of 31 December 2020, share investments (including those contained in the funds) represented 4.25% (4.46%) of the book value of the total investment portfolio. In accordance with the investment guidelines for Austria, management is carried out using a top-down approach, subject to the constraint that diversification be used to minimise the market risk of the shares. The overall proportion of shares is very small for companies of VIG Insurance Group in the CEE region.

RISK MANAGEMENT

VIG Insurance Group's core competence is dealing professionally with risk. The insurance business consists of consciously assuming diverse risks and managing them profitably. One of the primary responsibilities of risk management is to ensure that the obligations assumed under insurance policies can be satisfied at all times.

In general, all insurance companies are responsible for managing their own risks. The corporate Risk Management department of VIG Holding provides guidelines in all major areas for these companies. The requirements set in the investments and reinsurance areas are particularly strict.

The primary requirement for effective risk management is a risk management system that is consistent throughout the Group and a risk policy and risk strategy set by management. The objective of such risk management is not complete avoidance of risk but rather a conscious acceptance of desired risks and the implementation of measures to monitor and possibly even reduce existing risks based on economic factors. The risk-return ratio is therefore a key measure that must be optimised in order to guarantee adequate security for the policyholder and the insurer itself while giving due consideration to the need to create value.

Risk management responsibilities in VIG Holding are bundled together in independent organisational units and by a well-established risk and control culture, each individual employee contributes to successful management of risk. Transparent, verifiable decisions and processes within a company are very important aspects of its risk culture.

Risk strategy

The strategic orientation of the Company is based on a business strategy, capital strategy and a comprehensive risk strategy. The risk strategy specifies appropriate risk management measures for significant risks and is based on the following principles that are applicable Group-wide:

ACCEPTED RISKS

- A sustainable portion of all risks that have a direct connection to the insurance business that is conducted are accepted (underwriting risks, market risks).

RISKS THAT ARE NOT ACCEPTED

- Risks from the insurance business are not accepted if they cannot be adequately measured. This includes, in particular, the areas of third party liability insurance for genetic engineering and atomic energy.
- With respect to investments, risks are not accepted if insufficient know-how is available to measure the risks, e.g. weather derivatives or forward transactions for foodstuffs, or if they could generate potentially unlimited losses.

RISKS ACCEPTED WITH RESTRICTIONS

- Operational risks must be avoided as far as possible, but have to be accepted to a certain extent as they cannot be fully excluded, or the costs for avoiding them exceed the expected losses.
- A conservative approach is used for investments.

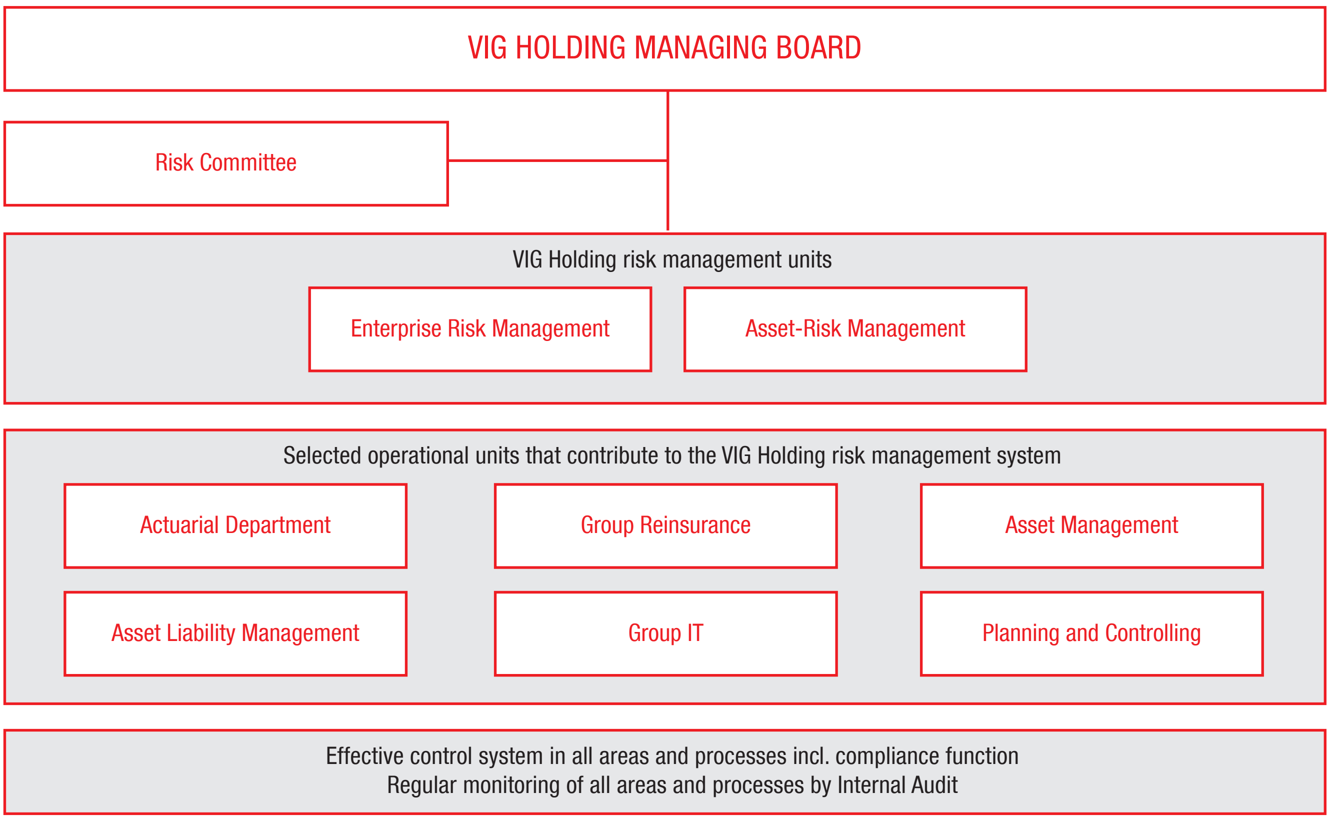
RISK-MINIMISING MEASURES

- Establish functional risk governance by maintaining and promoting a high level of risk awareness.
- Reinsurance is a key instrument for hedging against large losses (tail risks), particularly in the property and casualty area.

- Limit market risk taking into account underwriting obligations.
- Observe and act in accordance with the prudent businessman rule in connection with investments.

Organisation of the risk management system

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.



MANAGING BOARD

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 have reported directly to Managing Board Member Liane Hirner since the beginning of 2020.

RISK COMMITTEE

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

ENTERPRISE RISK MANAGEMENT

The department has been reporting to Managing Board Member Liane Hirner since the beginning of 2020. 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 Group's overall risk profile 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 has been reporting to Managing Board Member Liane Hirner since the beginning of 2020. 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 has been reporting to Managing Board Member Gerhard Lahner since the beginning of 2020. 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 been reporting to Managing Board Member Gabor Lehel since the beginning of 2020. 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.

GROUP 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. It was the responsibility of Managing Board Member Elisabeth Stadler up to the end of the financial year and has been the responsibility of Managing Board Member Hartwig Löger since the beginning of 2021. The department coordinates business planning over a 3-year horizon. The standardised reports include key figure and variance analyses for planning, forecasts and ongoing performance of VIG Holding and other insurance companies. Regular monthly premium reports, quarterly reports for each company (aggregated at the country and VIG Insurance Group level) and cost reports are prepared.

GROUP IT

The department has reported to Peter Thirring since the beginning of 2020. The department is responsible for IT management at the VIG Insurance Group level (IT strategy, IT governance, IT security, IT Group projects, etc.), for assisting companies in VIG Insurance Group with large IT projects, and for developing Group-wide guidelines and common standards. The Austrian business organisation assists Group IT with this by providing outside IT and telephony services.

ASSET LIABILITY MANAGEMENT

The department reports to Gerhard Lahner and was established during the financial year just ended. 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.

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. It operates continuously and reports directly to the Managing Board. The head of the department performs the Internal Audit function required by Solvency II.

Risk management processes

Many risk management processes have been established in the individual departments of the risk management system to cover the entire risk management cycle from risk identification to risk assessment, risk control and risk monitoring. These processes are governed by a number of internal guidelines. This ensures that VIG Insurance Group's risk exposure is appropriately recorded and taken into account when business decisions are made.

RISK IDENTIFICATION

The risk management process begins with the identification of risks. This is performed using a standardised process that is supplemented by ad hoc analyses. A comprehensive reporting process ensures that newly identified risks and the effects of extraordinary events are appropriately included in the risk profile.

RISK ASSESSMENT

A number of assessment methods are used to assess identified risks. Assessment is primarily based on internal models and the standard model and is performed annually and during the year. If the standard formula is used for assessment, an appropriateness check is also performed. The total risk is determined by aggregating the assessed risks, taking into account diversification effects between the risks. The results of the own risk and solvency assessment, the embedded value for the life and health insurance businesses, findings from the S&P capital model and value-at-risk calculations for the investments area are also taken into account in the risk assessment.

RISK CONTROL

The risk strategy, planning, reinsurance programme, risk budgets and risk-bearing capacity are the most important elements of risk control. The Managing Board reviews the risk strategy each year and makes any modifications needed. The Enterprise Risk Management department assists the Managing Board with this.

The Group Controlling department is responsible for performance of an annual planning process and subsequently for monitoring day-to-day business development of the insurance companies of VIG Insurance Group. Regular reports are used for this purpose, including variance analyses and forecast accounts for the financial year. The planning horizon is three years. The planning data is used in Own Risk & Solvency Assessment (ORSA) and forms a starting basis for calculating future expected solvency.

The Group Reinsurance department coordinates the Group-wide reinsurance programme and manages the annual renewal process for natural catastrophe coverage. The Enterprise Risk Management department assists the Reinsurance department in validating the external natural catastrophe models used and evaluating the effectiveness of reinsurance coverage using the internal non-life model.

The Asset Risk Management department specifies quarterly risk budgets for investments. These budgets are then also used to limit the value-at-risk for the investments.

RISK MONITORING

The solvency corridor defined at the Group level and the Group-wide limit system for risk-bearing capacity form the basis for continuous monitoring of the solvency situation of the Group and subsidiaries.

Compliance with the securities guidelines, risk budgets and key figures is also continuously checked and monitored. Monitoring is performed by means of periodic fair value measurements, value-at-risk calculations and detailed sensitivity analyses and stress tests and determining the solvency capital requirement during the year.

Liquidity risk is managed and monitored by matching the investment portfolio to insurance obligations. 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 by the internal control system.

Periodic risk monitoring is documented, for example, in the quarterly reports provided to the Managing Board following the meetings of the Risk Committee and forms the starting point for any further analyses or corrective control measures.

Risk categories

Because of its activities, VIG Insurance Group is exposed to a large number of financial and non-financial risks. The overall risk of VIG Insurance Group 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.

UNDERWRITING RISKS

VIG Insurance Group's core business consists of the transfer of risk from policyholders to the insurance company. Underwriting risks in the areas of life insurance, health insurance and non-life insurance are primarily the result of changes in insurance-specific parameters, such as loss frequency, loss amount or mortality, as well as lapse rates and lapse costs.

OPERATIONAL RISKS

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

REPUTATION RISK

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

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.

STRATEGIC RISKS

Strategic risks can arise due to changes in the economic environment, case law, or the regulatory environment.

Managing significant risks

In addition to the risks in the property and casualty balance sheet unit and real estate investments that are modelled using the partial internal model, the following risks must be noted due to their great importance for VIG Insurance Group:

- the interest rate risk as part of market risk, which primarily results from sales of long-term guarantee products,
- the asset credit quality and default risk inherent in investments, which can be assigned to credit risk and indirectly to market risk, and
- life insurance lapse risk, which can occur due to an increase in cancellation rates.

MARKET RISK

VIG Insurance Group is exposed to market risk, that is, the risk of suffering losses as a result of changes to market parameters. Interest rates, issuer spreads and share prices are the most relevant parameters for market risk. Ignoring investments held for the account of and at the risk of policyholders, investments in insurance business consist largely of fixed-income securities. The majority of these securities are denominated in euros and Czech koruna. Consequently, interest rate fluctuations and exchange rate changes in these currencies primarily have an effect on the value of these financial assets.

The management of investments is aimed at providing coverage for insured risks that is appropriate for the insurance business and the maturities of liabilities.

Market risk affecting earnings is controlled by calculating value-at-risk for securities (whose changes in value affect the financial result) at regular intervals and comparing it to the limit relative to the risk budget. Value-at-risk is determined using a variance/covariance calculation. Thereby the variances and covariances are estimated statistically from market data. The risk budget is determined using the hidden reserves of securities, which are taken into account based on liquidity. Default risk is calculated using credit value-at-risk and included in this analysis.

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

The following table shows the value-at-risk (at a 99% confidence level) for financial assets that are measured as available for sale or recognised at fair value through profit or loss (incl. held for trading). The increase in the value-at-risk compared to the previous year was mainly due to the general increase in capital market volatility caused by the COVID-19 pandemic, even though volatility was already settling again in the second half of 2020.

Value-at-Risk	31.12.2020	31.12.2019
in EUR millions		
10-day holding period	603.4	256.3
20-day holding period	853.3	362.4
60-day holding period	1,478.0	627.7

Market risk is divided into interest rate, spread, share price, currency, real estate and concentration risk. Interest rates, spreads and share prices are the most relevant parameters for market risk.

Interest rate risk

The main source of interest rate risk is the sizeable portfolio of policies with guaranteed minimum interest rates, which includes pension and endowment insurance, and the resulting investments. For existing life insurance policies, VIG Insurance Group guarantees a minimum interest rate averaging around 1.85% p.a. (1.96% p.a.). If interest rates fall below the guaranteed average minimum rate for a longer duration of time, VIG Insurance Group could find itself forced in the future to use its capital to subsidise reserves for these products and consequently increase them through profit or loss as a result of the adequacy test.

The embedded value in life and health insurance consists of the adjusted net assets at market value (ANAV) and the value of the insurance portfolio (VIF). VIF is the present value of future profits (SPVFP), reduced by a risk margin. The SPVFP was EUR 2,683,234,000 as of 31 December 2020. A 100 basis point drop in the yield curve would reduce the SPVFP to EUR 1,314,852,000 which means the IFRS reserves are also adequate in this scenario. See also the embedded value sensitivity analysis on page 124.

Spread risk

Spread risk arises from all assets and liabilities whose values depend on changes in the size of credit spreads over the riskless yield curve. Duration and the creditworthiness of the debtor are the main factors determining the amount of spread risk. Diversification and a uniform limit system for investments in fixed-interest instruments are used to limit this risk at the portfolio level.

Share price risk

Among other things, share investments include participations in a number of Austrian companies and equity positions in other companies whose shares trade primarily on the Vienna Stock Exchange or stock exchanges in the Eurozone or CEE region. A deterioration of the current economic situation could result in the share portfolio losing value.

Shares serve to increase earnings over the long term, provide diversification and compensate for long-term erosion in value due to inflation. VIG Insurance Group assesses share price risk by considering diversification within the overall portfolio and correlation with other securities exposed to price risk. Risk diversification within the share portfolio is mainly achieved by geographic diversification primarily in the home markets of the Group and in the Eurozone. Share investments are predominantly made by the Austrian companies.

Currency risk

To diversify its portfolio, the investment area also makes use of international capital markets and, to a very small extent, foreign currencies. The high degree of involvement in the CEE region results in currency risks at the VIG Insurance Group level in spite of matching local currency investments made at the local level.

Concentration risk

Internal guidelines and limit system are used to keep concentrations within the desired safety margin. Consultation across business lines provides for a comprehensive view of all significant risks.

CAPITAL MARKET SCENARIO ANALYSIS

This analysis is carried out for all insurance companies in VIG Insurance Group in order to check the risk-bearing capacity of the investments.

The sensitivity shocks for the individual asset classes show the ranges of market value reductions for the most important risk factors (credit risk, interest rate risk, liquidity risk) and the resulting effects on the net fair value of assets minus liabilities. The scenarios combine these individual shocks to illustrate different capital market possibilities.

Scenarios 1 and 2 strongly reduce the fair value of shares, bonds and property at the same time. They show two different combinations of market value reductions over the main asset classes.

Scenario 3 shows a credit shock affecting stock and bond markets, scenario 4 is based on a shock to equity securities (including property), and scenario 5 shows an interest rate shock that has a large effect on the value of bonds and property. All of the scenario calculations were performed using a ceteris paribus approach.

The following table shows the stress parameters and the effects on IFRS capital of each scenario on the respective dates (not including deferred taxes, deferred profit participation or deferred mathematical reserve).

Reduction in market value	Scenario 0	Scenario 1	Scenario 2	Scenario 3	Scenario 4	Scenario 5
of shares	0%	-20%	-10%	-20%	-20%	0%
of bonds	0%	-5%	-3%	-5%	0%	-5%
of property	0%	-5%	-10%	0%	-10%	-10%
Market value of assets less liabilities (in EUR millions)	7,675.2	5,503.3	6,111.4	5,718.0	6,847.1	5,687.5

In every scenario, the fair value of the assets is significantly higher than the value of the liabilities after stress.

CREDIT RISK FROM INVESTMENTS

When managing risks related to credit quality, a distinction must be made between liquid and tradable risks (e.g. exchange-listed bonds) and bilateral risks, such as, for example, time deposits, OTC derivatives, loans, private placements and securities accounts/depositories. The risk is monitored by means of ratings and limited by diversification limits at the portfolio level.

Consideration is only given to those issuers or contracting parties whose credit quality or reliability can be assessed by VIG Insurance Group, whether on the basis of analyses performed by the Group, credit assessments/ratings from recognised sources, provision of security (e.g. guarantor’s liability) or the possibility of recourse to reliable mechanisms for safeguarding investments.

Under the investment guidelines, bond investments (which represent the largest share of investments) are made almost entirely in the investment grade range. The goal is to achieve the greatest possible diversification among individual issuers, to avoid accumulation risks, to ensure good average creditworthiness, to control foreign currency effects and to make the majority of investments in mid to long-term maturities in order to reflect the maturity profile of the liabilities as efficiently as possible.

The book values of the investments as of 31 December 2020 are shown on page 108. Information on the securities and their ratings is provided in Note 2.4. Other financial assets starting on page 139.

Use of ratings

The “second best rating” method specified under Solvency II is used as a rating method. The latest (issue or issuer) rating from each of the three major rating agencies is used to determine the second best rating.

If the latest rating is an issuer rating, and this rating cannot be directly used due to a difference in quality of the security (e.g. senior unsecured debt rating and a lower tier 2 bond), the rating is adjusted downwards appropriately. The adjustment is one notch down for lower tier 2 bonds and two notches down for upper tier 2 or tier 1 bonds.

This results in up to three valid ratings for each bond. These ratings are then ranked according to increasing probability of default and the rating with the second-lowest probability of default taken as the “second best rating”. If the ratings in first and second place have the same probability of default, these two ratings are the “second best rating”. In cases where a rating has only been assigned by one rating agency, due to a lack of other information, this rating is used as the “second best rating”.

CREDIT RISK FROM REINSURANCE

VIG Insurance Group cedes a portion of assumed risks to reinsurance companies. This transfer of risk to reinsurers does not, however, relieve VIG Insurance Group of its obligations to policyholders. VIG Insurance Group is exposed to the risk of reinsurer insolvency. VIG Holding therefore designs its reinsurance programme carefully and monitors reinsurer rating changes for VIG Insurance Group.

UNDERWRITING RISKS

Underwriting risks are divided into life insurance, non-life insurance and health insurance (incl. accident insurance) and are managed by the Actuarial department, a team of actuaries. This department subjects all insurance solutions to in-depth actuarial analysis covering all lines of insurance business (life, health as well as property and casualty).

The Actuarial function in the Actuarial department coordinates the Group-wide determination of underwriting provisions to prepare the economic balance sheet in accordance with Solvency II.

Life underwriting risk and health underwriting risk similar to life

Life underwriting risk includes lapse risk, cost risk, disability risk, morbidity risk, longevity risk, mortality risk, disaster risk and audit risk. The main risks in this area are lapse risk and cost risk, as well as biometric risks, such as life expectancy, occupational disability, illness and the need for nursing care.

To account for these underwriting risks, VIG Insurance Group has formed provisions for future insurance payments. VIG Insurance Group calculates its underwriting provisions using recognised actuarial methods and assumptions. These assumptions include estimates of the long-term interest rate trend, returns on investments, the allocation of investments between equities, interest-bearing instruments and other categories, net income participations, mortality and morbidity rates, lapse rates and future costs. The companies of VIG Insurance Group monitor actual experience relating to these assumptions and adjust their long-term assumptions where changes of a long-term nature occur.

To minimise lapse risk, VIG Insurance Group uses an effective complaint management department, qualified advisors and customer loyalty programmes to increase customer satisfaction and avoid cancellations. Policyholder cancellation behaviour is continuously monitored so that targeted measures can be taken if unfavourable changes occur.

The companies of VIG Insurance Group use regular analyses, targeted product design and detailed underwriting guidelines to address these risks. A variety of reinsurance contracts also exist that help to reduce the general level of risk. A broadly diversified product portfolio in all life and composite companies and a well-mixed customer base in the CEE region minimise risk concentrations.

Non-life underwriting risk and health underwriting risk similar to non-life

Risk in the non-life sector is divided into premium risk, reserve risk, lapse risk and catastrophe risk. Property and casualty underwriting risks are primarily managed using actuarial models for setting rates and monitoring the progress of claims, as well as requirements for the assumption of insurance risks.

Health underwriting risk is primarily concentrated in the Austrian companies. In the CEE markets, motor third party liability has a high volume compared to the other lines of business. This risk concentration was consciously accepted in order to enter these markets. VIG's strong market position and above-average growth prospects in the CEE region will help growth in the other lines of business, thereby reducing the concentration in motor third party liability.

The environmental catastrophes that have been becoming increasingly common in recent years, such as floods, mudslides, landslides and storms may have been brought about by general climate change. The number of claims caused in this way may continue to rise in the future.

VIG Insurance Group forms provisions for claims and claims settlement expenses and regularly monitors them in order to effectively cover the risk associated with the insurance business. This risk is also significantly reduced by ceding reinsurance.

LIQUIDITY RISK

Efficient asset liability management can be used to prevent liquidity shortages. Investments and obligations are analysed regularly to identify liquidity needs. These analyses, together with clear investment requirements (limit systems) and a conservative investment policy, help to appropriately manage liquidity risk. Group Treasury is responsible for the ongoing monitoring of cash flows and quarterly reporting on the development of liquidity. The reports include the cash flows from operating activities, investing activities and financing activities. The department evaluates and analyses the data.

To ensure that every company continues to have adequate liquidity in the future, VIG Holding guidelines specify liquidity management standards that must be observed Group-wide by every company. Among other things, these standards require a regular examination of current and future cash inflows and outflows.

OTHER RISKS

Business activities result in other risks that are assessed and managed as part of risk management. These include, in particular, operational risks, as well as reputation risks and strategic risks.

In addition, a comprehensive internal control system (ICS) ensures that adequate risk control infrastructure has been set up for operational risks and is regularly checked for appropriateness and effectiveness. 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.

Aspects of the legal tax framework affecting earnings

Changes to tax law may negatively affect the attractiveness of certain products that currently enjoy tax advantages. For example, the introduction of laws to reduce the tax advantages of the VIG Insurance Group's retirement benefit products or other life insurance products could considerably diminish their attractiveness.

Regulatory environment

VIG Insurance Group is subject to domestic and foreign (insurance) supervisory regulations. These regulations govern such matters as:

- Capital requirements of insurance companies and groups
- Admissibility of investments as security for underwriting provisions
- Licences of the different insurance companies of VIG Insurance Group
- Marketing activities and the sale of insurance policies and
- Cancellation rights of policyholders

Changes to the statutory framework may make restructuring necessary, thus resulting in increased costs.

Developments in Central and Eastern Europe

The expansion and development of business operations in the countries of Central and Eastern Europe is a core component of VIG Holding's strategy. It has a very strong presence in these countries through its subsidiaries. The prescribed risk guidelines ensure consistent risk management in all CEE countries in the Group.

Concentration risk

Concentration risk is due to the strategic partnership with Erste Group Bank and VIG Insurance Group consciously accepts this risk. Exposure is regularly assessed and monitored by the risk management processes that have been established.

Risks due to mergers and acquisitions

In the past, VIG Holding acquired directly and indirectly a number of companies in Central and Eastern Europe or acquired participations in these companies. Mergers of subsidiaries are considered if the synergies that can be achieved outweigh the benefits of multiple market presences. Mergers and acquisitions often bring challenges in terms of corporate management and financing, such as:

- the need to integrate the infrastructure of the acquired or merged company, including management information systems, and risk management and controlling systems,
- handling unsettled matters of a legal or regulatory nature and associated legal and compliance risks resulting from the merger or acquisition,
- integration of marketing, customer support and product ranges, and
- integration of different corporate and management cultures.

When performing mergers, a number of additional risks must be taken into account in the strategy, in particular process and organisational risks.

Sustainability risks

Events or changes in conditions in the environmental or social areas could potentially 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 other things, climate change, potentially stricter requirements for sustainability in the environmental protection area, political measures to promote sustainable investments and stricter requirements with respect to a sustainable social environment (labour law standards, occupational safety and working conditions, compensation, etc.). VIG Insurance Group implicitly includes sustainability risks in its regular risk management processes (e.g. ORSA).

Risks related to the COVID-19 pandemic

Information on the risks related to the existing COVID-19 pandemic is provided on page 79.

Portfolio changes in the life line of business

Portfolio changes in the life line of business	Endowment insurance excl. risk insurance		Risk insurance		Annuity insurance	
	No. of policies	Amt. insured	No. of policies	Amt. insured	No. of policies	Amt. insured
	Quantity	in EUR '000	Quantity	in EUR '000	Quantity	in EUR '000
As of 31.12.2019	1,952,726	23,117,872	1,973,935	103,501,504	531,894	11,927,310
Exchange rate differences		-93,993		-987,995		-1,180
As of 1.1.2020	1,952,726	23,023,879	1,973,935	102,513,509	531,894	11,926,130
Additions	94,448	1,398,448	507,723	11,488,563	23,435	717,793
New business	94,448	1,294,573	507,723	10,289,875	23,435	597,083
Increases		103,875		1,198,688		120,710
Changes	40,642	462,860	13,179	43,941,390	4,545	231,517
Changes in additions	77,855	1,265,044	76,658	47,082,601	11,647	731,472
Changes in disposals	-37,213	-802,184	-63,479	-3,141,211	-7,102	-499,955
Disposals due to maturity	-87,837	-1,364,779	-90,279	-2,359,676	-19,481	-261,588
Due to expiration	-66,583	-1,232,655	-85,447	-2,258,547	-18,261	-234,332
Due to death	-21,254	-132,124	-4,832	-101,129	-1,220	-27,256
Premature disposals	-74,239	-1,063,051	-282,542	-4,026,010	-20,215	-456,557
Due to non-redemption	-2,390	-224,093	-24,011	-1,125,044	-478	-24,899
Due to lapse without payment	-11,240	-389,689	-158,531	-1,771,708	-1,757	-62,523
Due to surrender	-59,710	-396,968	-97,752	-1,000,373	-17,979	-263,756
Due to waiver of premium	-899	-52,301	-2,248	-128,885	-1	-105,379
As of 31.12.2020	1,925,740	22,457,357	2,122,016	151,557,776	520,178	12,157,295

Portfolio changes in the life line of business	Unit- and index-linked insurance		Government sponsored pension plans		Total	
	No. of policies	Amt. insured	No. of policies	Amt. insured	No. of policies	Amt. insured
	Quantity	in EUR '000	Quantity	in EUR '000	Quantity	in EUR '000
As of 31.12.2019	1,946,666	18,890,782	484,033	9,676,032	6,889,254	167,113,500
Exchange rate differences		-397,475		-23,157		-1,503,800
As of 1.1.2020	1,946,666	18,493,307	484,033	9,652,875	6,889,254	165,609,700
Additions	135,860	1,989,254	17,393	568,736	778,859	16,162,794
New business	135,860	1,868,297	17,393	285,124	778,859	14,334,952
Increases		120,957		283,612		1,827,842
Changes	-17,771	-487,154	9,992	-60,304	50,587	44,088,309
Changes in additions	20,703	459,842	18,919	186,214	205,782	49,725,173
Changes in disposals	-38,474	-946,996	-8,927	-246,518	-155,195	-5,636,864
Disposals due to maturity	-39,527	-595,552	-2,215	-38,073	-239,339	-4,619,668
Due to expiration	-35,290	-547,562	-1,384	-28,864	-206,965	-4,301,960
Due to death	-4,237	-47,990	-831	-9,209	-32,374	-317,708
Premature disposals	-159,310	-1,520,867	-23,147	-468,781	-559,453	-7,535,266
Due to non-redemption	-23,819	-147,412	-334	-11,610	-51,032	-1,533,058
Due to lapse without payment	-54,727	-620,223	-1,047	-3,403	-227,302	-2,847,546
Due to surrender	-74,779	-550,504	-21,766	-280,256	-271,986	-2,491,857
Due to waiver of premium	-5,985	-202,728	0	-173,512	-9,133	-662,805
As of 31.12.2020	1,865,918	17,878,988	486,056	9,654,453	6,919,908	213,705,869

EMBEDDED VALUE SENSITIVITY ANALYSES FOR THE LIFE AND HEALTH INSURANCE BUSINESSES

The following table shows the sensitivities for changes in the assumptions used to calculate the embedded value for the life and health insurance businesses and value of new business as of 31 December 2020:

Embedded value for the life and health insurance business	Austria/ Germany	Change	CEE	Change	Total	Change
	in EUR '000	in %	in EUR '000	in %	in EUR '000	in %
Base value	1,190,649		2,037,765		3,228,414	
Increase in yield curve 1%	1,014,181	85.2	43,083	2.1	1,057,264	32.7
Decrease in yield curve 1%	-1,607,224	-135.0	-77,168	-3.8	-1,684,392	-52.2
Decrease in share and property values 10% as of the reporting date	-143,660	-12.1	-9,452	-0.5	-153,112	-4.7
Increase in share and property volatility 25%	-47,085	-4.0	-6,587	-0.3	-53,672	-1.7
Increase in yield curve volatility 25%	-123,005	-10.3	-9,970	-0.5	-132,975	-4.1
Decrease in administrative expenses 10%	121,874	10.2	44,871	2.2	166,746	5.2
Decrease in lapse rates 10%	-102,198	-8.6	33,219	1.6	-68,979	-2.1
Decrease in mortality 5% for endowment and risk insurance	1,344	0.1	28,289	1.4	29,633	0.9
Decrease in mortality 5% for annuities	-72,760	-6.1	-403	0.0	-73,163	-2.3
No volatility adjustment	-126,134	-10.6	-6,514	-0.3	-132,647	-4.1

Value of new business	Austria/ Germany	Change	CEE	Change	Total	Change
	in EUR '000	in %	in EUR '000	in %	in EUR '000	in %
Base value	20,317		48,489		68,806	
Increase in yield curve 1%	21,035	103.5	1,051	2.2	22,086	32.1
Decrease in yield curve 1%	-46,418	-228.5	-2,359	-4.9	-48,776	-70.9
Decrease in administrative expenses 10%	5,083	25.0	4,156	8.6	9,239	13.4
Decrease in lapse rates 10%	2,136	10.5	4,672	9.6	6,807	9.9
Decrease in mortality 5% for endowment and risk insurance	1,751	8.6	4,083	8.4	5,834	8.5
Decrease in mortality 5% for annuities	-2,931	-14.4	90	0.2	-2,840	-4.1
No volatility adjustment	-240	-1.2	-498	-1.0	-738	-1.1

The sensitivities are based on the same management rules and policyholder behaviour as the base case. Each sensitivity is calculated separately. If two events occur simultaneously, the effect is not necessarily equal to the sum of the individual sensitivities.

Provisions in the property and casualty line of business

GENERAL INFORMATION

If claims are asserted by or against policyholders, all amounts that a company in the property and casualty line of business pays or expects to have to pay to the claimant are referred to as losses, and the costs of investigating, adjusting and processing these claims are referred to as “claims settlement expenses”. The companies in VIG Insurance Group have formed provisions by lines of business, extent of cover and year to pay for losses and claims settlement expenses due to claims under property and casualty insurance policies.

Losses and claims settlement expenses can be divided into two categories: reserves for known but still outstanding claims, and reserves for claims that have been incurred but have not yet been reported, or the correct amount has not been reported (“IBNR”, “IBNER”). Provisions for outstanding claims are based on estimates of future payments, including claims settlement expenses, for these claims. These estimates are made on a case-by-case basis in accordance with facts and circumstances ascertainable at the time the provision is formed.

The estimates reflect the well-founded judgement of the companies of VIG Insurance Group adjusters based on general practices for forming insurance provisions and a knowledge of the nature and value of each type of claim. These provisions are adjusted regularly during normal processing and represent the expected eventual costs necessary to finally settle all pending reported claims, taking into account inflation, interest rates and other social and economic factors that could affect the amount of provisions that are required.

Historical developments in distribution patterns and claims payments, the level of reported and still outstanding claims and the nature of the extent of cover are also taken into account. In addition, court decisions and economic conditions can also affect the estimate of provisions and the eventual size of claims.

IBNR and IBNER provisions are formed to offset the expected costs of losses that have been incurred but not yet reported to the individual insurance companies. These provisions, just like the provisions for reported claims, are formed to pay the expected costs, including claims settlement expenses, necessary to finally settle these claims. Because, by definition, the extent of these losses is still unknown when the provisions are formed, VIG Insurance Group calculates its IBNR and IBNER provisions based on historical claims experience, adjusted for current developments in claims-related factors. These provisions are based on estimates made using actuarial and statistical forecasts of the expected costs to finally settle these claims. The analyses are based on the facts and circumstances known at the time and on expectations regarding changes in legal and/or economic factors that determine the level of loss, such as case law, the inflation rate and labour costs. These provisions are regularly reviewed and revised once additional information is known and claims are actually reported. The time needed to learn of these claims and settle them is an important factor that must be taken into account when forming provisions.

Claims which are easy to settle, such as property damage under motor insurance, are reported within a few days or weeks and are normally settled within a year.

More complicated claims, such as personal injury under motor or general liability insurance, typically require longer settlement times (on average four to six years, in some cases considerably longer). Difficult claims, where settlement regularly depends on the results of often protracted litigation, also lead to substantially longer settlement times, especially in the liability, casualty, building and professional liability lines of business.

The final costs of the claims and claims settlement expenses depend on a number of variable circumstances. Between the time a claim is reported and final settlement, changing circumstances may require that the provisions that were formed be revised upwards or downwards. For example, changes in the law, the outcome of litigation and changes in medical costs, costs for materials for car and house repair and hourly wage rates, loss frequency and loss amount can have a substantial effect on the costs of claims. These factors may result in actual developments differing from expectations — sometimes substantially. Loss reserve estimates are regularly reviewed and updated, using the most recent information available to the Managing Board.

Any changes to provision estimates are reflected in the operating result. The conservative policy toward provisions of VIG Insurance Group is shown, for example, by the fact that liquidation of loss reserves has generally led to a profit. Based on VIG Insurance Group's internal procedures and the information currently available to it, management believes that the VIG Insurance Group's provisions in the property and casualty insurance area are adequate. However, forming loss reserves is by nature an uncertain process and therefore no guarantee can be given that in the end losses will not differ from initial estimates.

CHANGES IN CLAIMS PAYMENTS AND GROSS LOSS RESERVE

The following tables show claims payments for individual years of occurrence and VIG Insurance Group's direct loss reserves at the end of each year indicated. The provisions reflect the amount of expected losses, based on claims that occurred in the current and all previous loss years and had not yet been paid as of the balance sheet date, including IBNR and IBNER. Interpreting the information contained in this table requires caution, because each amount contains the effects of all changes from the previous periods. The circumstances and trends that affected liability in the past could possibly recur in the future and therefore no conclusions can be drawn from the information given in this table as to future results.

Claim payments for each year of occurrence on the applicable balance sheet date (gross)

Year of occurrence	Calender year									
	≤2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
in EUR '000										
2011 and before	2,672,864	994,377	307,794	246,850	165,872	142,674	96,075	95,690	65,360	63,737
2012		1,711,639	775,993	194,023	93,221	84,701	44,606	28,075	24,448	17,780
2013			1,811,908	705,274	179,122	130,960	70,628	36,587	26,229	14,666
2014				1,545,509	773,664	192,081	101,832	54,209	66,232	24,281
2015					1,565,072	734,971	212,354	91,806	60,484	33,766
2016						1,619,590	806,055	204,162	108,102	79,211
2017							1,827,020	885,844	237,052	111,119
2018								1,816,053	877,898	237,846
2019									2,069,673	870,191
2020										1,925,211
Total	2,672,864	2,706,016	2,895,695	2,691,656	2,776,951	2,904,977	3,158,570	3,212,426	3,535,478	3,377,808

Loss reserve for each year of occurrence on the applicable balance sheet date (gross)

Year of occurrence	Calender year									
	≤2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
in EUR '000										
2011 and before	3,695,707	2,202,494	1,477,389	1,182,075	959,669	836,048	750,736	650,818	627,058	596,244
2012		1,602,011	767,831	440,116	286,807	212,221	169,230	142,029	109,382	99,906
2013			1,695,511	789,978	480,548	280,509	197,735	154,313	109,965	99,632
2014				1,749,247	813,249	468,519	313,557	234,036	158,058	131,716
2015					1,687,291	787,903	467,615	299,946	216,863	173,143
2016						1,757,426	803,864	497,502	329,162	262,292
2017							1,903,463	863,161	512,025	345,528
2018								1,999,997	957,118	571,423
2019									2,156,013	949,167
2020										2,387,581
Total	3,695,707	3,804,505	3,940,731	4,161,416	4,227,564	4,342,626	4,606,200	4,841,802	5,175,644	5,616,632

Reinsurance

VIG Insurance Group limits its potential liability arising from the insurance business by passing on, to the extent necessary, a portion of the assumed risks to the international reinsurance market. Some of the risks of insurance companies are reinsured within VIG Insurance Group and these risks are in turn ceded to reinsurers at the Group level.

REINSURANCE GUIDELINES

The reinsurance guidelines are jointly determined each year by the corporate Reinsurance department and the member of the Managing Board responsible for reinsurance during the development of the reinsurance strategy for the next financial year. They require each insurance company to provide, in consultation with the corporate Reinsurance department, reinsurance coverage that is appropriate for its local company. These guidelines govern the following points.

Reinsurance is a prerequisite for the acceptance of insurance coverage

Underwriting departments may only make a binding commitment to insure a risk if sufficient reinsurance coverage has already been assured.

Retention

It is Group-wide policy that no more than EUR 50.0 million for the first two natural disaster events and EUR 20.0 million for each additional event can be placed at risk on a PML (probable maximum loss) basis. The maximum Group-wide retention per individual loss is less than EUR 15.0 million.

Selection of reinsurers – diversification

VIG Holding and its subsidiaries divide their reinsurance coverage among many different international reinsurance companies that VIG Holding feels have appropriate credit quality, so as to minimise the risk arising from one reinsurer's inability to pay (credit risk). The monetary limit per reinsurer is set individually for each subsidiary.

Selection of reinsurers – ratings

For lines of business where claims settlement takes a long time, in particular for motor third party liability, general liability and aviation, VIG Insurance Group uses reinsurers with outstanding ratings (at least a Standard & Poor's rating of A, preferably a rating of AA or higher), which in all likelihood will also continue to exist over the long term. For lines of business with claims that are settled quickly (for example, natural catastrophes, fire, technology, transportation, storm, burglary, household, water pipes, motor own damage), where the number of reinsurers is greater, the preferred rating is Standard & Poor's A or higher. Only in a few cases – and for limited periods of time – are reinsurers with lower ratings accepted.

Design of reinsurance programmes

If it can be justified economically, any subsidiary can purchase reinsurance coverage individually from external reinsurers. If individual reinsurance policies can only be purchased by a subsidiary at uneconomical terms, VIG Insurance Group strives, as far as possible, to jointly place reinsurance contracts covering risks from natural catastrophes, property lines of business, casualty, transport, aviation and motor liability. If necessary, intra-Group assumptions of reinsurance are also passed on as retrocession in the reinsurance market for safety reasons. The guidelines for Wiener Städtische reinsurance coverage are presented below. Retentions for all other insurance companies are below those of Wiener Städtische.

REINSURANCE COVERAGE USING THE EXAMPLE OF WIENER STÄDTISCHE

Natural catastrophes

Wiener Städtische provides insurance for damage caused by natural catastrophes such as storms, hail, flooding or earthquakes. Wiener Städtische AG uses reinsurance coverage to limit its retention for natural disasters to EUR 15.0 million for the first loss event and EUR 5.0 million for each additional event.

Private customer business

The private customer business consists of essentially stable insurance portfolios having calculable results that are characterised above all by a stable claims frequency. Thus, such recurrent claims are only reinsured in exposed lines of business, for example storm insurance, with a targeted use of proportional reinsurance to reduce the effects on the retention. The effects on the retention of the small number of expected major losses are covered by non-proportional reinsurance. Even in this operating segment, Wiener Städtische's maximum net loss is between EUR 1.0 million and EUR 2.0 million, depending on the line of business.

Management and control

LIQUIDITY MANAGEMENT

VIG Insurance Group manages its liquidity using guidelines approved by the Managing Board of VIG Holding. As a rule, VIG Holding and each subsidiary are responsible for their own liquidity planning. As the parent company, VIG Holding is responsible for allocating capital for VIG Insurance Group as a whole. This allows capital to be efficiently distributed within VIG Insurance Group. It also allows VIG Holding to ensure that the target levels of liquidity and capital resources are available both at the VIG Insurance Group level and in the individual operating units.

Most of the liquidity for day-to-day operations comes from premiums received from primary insurance, regular income from investments and proceeds from the sale of investments. These inflows are offset by payments for property and casualty insurance claims, and benefit payments for life and health insurance. The remaining net liquidity is used to cover acquisition and operating costs.

The maturity pattern of the insurance business provides a natural liquidity buffer. Unlike the premiums received, VIG Insurance Group guarantees insurance coverage for a certain period of time, and no cash outflow occurs during this period until an insured event occurs. The liquidity buffer is invested during this period and generates investment income. A portion is held in the form of liquid investments to ensure that it can be quickly converted into cash to pay claims. In addition, the bond portfolio, in particular, is structured so that the proceeds from maturing bonds are received on the dates it is anticipated they will be needed. External influence factors, such as capital market developments and the interest rate level, affect the liquidity situation by improving or restricting the ability to sell the investment portfolio at market value.

The time, frequency and size of insured claims are also important for the liquidity situation of property and casualty insurance. The number of policy extensions also plays a role.

The liquidity needs for life insurance are generally affected by the difference between actual mortality experience and the assumptions used to calculate underwriting provisions. Market returns or minimum interest rates and the behaviour of life insurance customers, such as the number of policies surrendered or terminated, also have an effect on liquidity needs.

CAPITAL MANAGEMENT

In the interests of our shareholders and insurance customers, our goal is to ensure that VIG Holding has adequate capital resources at all times and that all operating insurance companies fulfil their respective minimum regulatory capital requirements. Due to its successful business strategy, VIG Holding has traditionally had very good capital resources. Maintaining this good capital base in the future is also important to us, both to allow us to take advantage of profitable growth opportunities and to cushion the effects of large loss events.

Standard & Poor's rating

VIG Holding also places great importance on permanently maintaining a strong credit rating with Standard & Poor's (S&P). VIG Holding is regularly rated by S&P. S&P has its own capital model for assessing the relationship between the risk capital required by a company and the capital resources available to it. In November 2020, S&P affirmed VIG Holding's A+ rating with a "stable" outlook.

The subordinated bonds issued in 2013 (EUR 500 million, tier 2, first call date 9 October 2023), 2015 (EUR 400 million, tier 2, first call date 2 March 2026) and 2017 (EUR 200 million, tier 2, first call date 13 April 2027) have been rated A- by S&P. According to the S&P publication of 25 November 2020, the Group's capital resources exceed the requirements for the AAA level. This means that VIG Holding has a very good credit rating when compared to similar insurance companies, and outstanding capital resources. When performing regular capital planning, VIG Holding takes account of the effects on its rating, with the goal of strengthening it over the long term.

Active capital management

VIG Holding uses the criteria above to monitor its capital positions and takes appropriate measures to further improve its capital structure and strengthen its capital and solvency situation over the long term. VIG Holding has set itself a goal of holding the solvency ratio at the current level in all of the insurance companies in the Group in spite of planned growth. A solvency corridor of 170% to 230% at the Solvency II Group level has been specified by VIG Holding.

Capital management focuses on subordinated long-term liabilities with equity-like characteristics. VIG Group Treasury continuously monitors capital market developments, with particular attention to developments concerning bonds with equity-like characteristics from the European insurance sector. New capital instruments developing in the capital market for insurance companies are examined for applicability to VIG Holding.

Capital resources

As of 31 December 2020, share capital of EUR 132,887,468.20 was registered in the commercial register, divided into 128,000,000 no-par value bearer ordinary shares with voting rights. VIG Holding held no own shares on 31 December 2020 (2019: none). In addition, VIG Holding can, according to the authorisation by the shareholders, increase its shareholders' equity by issuing common or preferred shares. The individual authorisations are listed in Note 8. Consolidated shareholders' equity starting on page 147.

VIG Insurance Group had an auditor-reviewed solvency ratio defined based on Solvency II of 238.1% as of 31 December 2020 (31 December 2019: 209.7%).

Long-term debt financing

VIG Insurance Group had subordinated bonds with a wide range of maturities outstanding as of 31 December 2020. Detailed information on the VIG Insurance Group bond programme is provided in Note 9. Subordinated liabilities starting on page 150. As shown by the maturities, VIG Insurance Group's focus is on subordinated liabilities that are eligible capital. General capital market conditions and other circumstances that affect the financial services sector as a whole or VIG Insurance Group in particular could have an adverse effect on the cost and availability of debt financing. The goal, therefore, is to actively manage the capital structure to keep refinancing risks as low as possible.

NOTES TO THE CONSOLIDATED BALANCE SHEET – ASSETS

1. INTANGIBLE ASSETS

Composition	31.12.2020	31.12.2019
in EUR '000		
Goodwill	1,237,316	1,382,535
Purchased insurance portfolios	19,491	38,191
Other intangible assets	**476,270**	**518,853**
Purchased software	401,463	423,377
Other	74,807	95,476
Total	**1,733,077**	**1,939,579**

1.1. Goodwill

Development goodwill	2020	2019
in EUR '000		
Acquisition costs	1,906,993	1,899,957
Cumulative impairment as of 31.12.	-524,458	-424,751
Book value as of 31.12. of the previous year	**1,382,535**	**1,475,206**
Exchange rate differences	-26,972	3,667
Book value as of 1.1.	**1,355,563**	**1,478,873**
Additions	1,809	12,483
Impairments	-120,056	-108,821
Book value as of 31.12.	**1,237,316**	**1,382,535**
Cumulative impairment as of 31.12.	628,303	524,458
Acquisition costs	**1,865,619**	**1,906,993**

In connection with the global COVID-19 pandemic in the 1st half of 2020 there were several triggers for an unscheduled impairment test of goodwill. The resulting impairments mainly affect the CGU groups Bulgaria (EUR 59,800,000), Croatia (EUR 45,017,000) and Georgia (EUR 12,518,000) and are primarily the result of a higher cost of equity due to the increase in uncertainty caused by the COVID-19 pandemic and the underlying scenario analyses that simulated the potential effects of COVID-19 on macroeconomic data.

The impairments in the previous year concerned the Romania CGU group.

Goodwill of CGU units (book values)	31.12.2020	31.12.2019
in EUR '000		
Austria	301,716	301,716
Czech Republic	430,094	444,212
Slovakia	111,257	111,257
Poland	144,136	154,447
Baltic states	75,481	75,301
Hungary	14,118	15,543
Bulgaria	124,354	184,154
Georgia	0	13,879
Albania incl. Kosovo	13,097	13,307
Croatia	0	45,615
North Macedonia	12,538	12,579
Central Functions	10,525	10,525
Total	1,237,316	1,382,535

Please see the section titled “Impairment of non-financial assets” on page 82 for information on the assumptions used for impairment testing.

1.2. Other intangible assets

Development purchased software	2020	2019
in EUR '000		
Acquisition costs	1,225,688	1,116,067
Cumulative valuation as of 31.12. of the previous year	-802,311	-753,229
Book value as of 31.12. of the previous year	423,377	362,838
Exchange rate differences	-4,188	161
Book value as of 1.1.	419,189	362,999
Reclassifications	-637	-5,061
Additions	109,904	125,991
Disposals	-3,146	-5,729
Changes in scope of consolidation	0	1,144
Scheduled depreciation	-123,847	-55,967
Impairments	0	0
Book value as of 31.12.	401,463	423,377
Cumulative valuation as of 31.12.	917,226	802,311
Acquisition costs	1,318,689	1,225,688

Information on the shortening of useful lives for software reported under other intangible assets is provided in the section titled “Estimates and discretionary decisions“ on page 76.

2. INVESTMENTS

Composition	31.12.2020	31.12.2019
in EUR '000		
Property	2,507,413	2,414,258
Owner-occupied property	477,469	488,701
Investment property	2,029,944	1,925,557
Shares in at equity consolidated companies	291,561	321,276
Financial assets	32,102,212	31,720,206
Loans and other investments	3,417,208	3,475,405
Other financial assets	28,685,004	28,244,801
Total	34,901,186	34,455,740

2.1. Property

Owner-occupied property

Development	2020	2019
in EUR '000		
Acquisition costs	757,958	698,852
Cumulative valuation as of 31.12. of the previous year	-269,257	-239,871
Book value as of 31.12. of the previous year	488,701	458,981
Exchange rate differences	-8,123	195
Book value as of 1.1.	480,578	459,176
Reclassifications	926	41,786
Additions	16,570	15,278
Disposals	-2,544	-1,310
Changes in scope of consolidation	0	-10,027
Appreciation	43	71
Scheduled depreciation	-16,811	-15,787
Impairments	-1,293	-486
Book value as of 31.12.	477,469	488,701
Cumulative valuation as of 31.12.	281,311	269,257
Acquisition costs	758,780	757,958

The impairment is primarily due to fair value lying below book value of property, as shown by appraisal reports.

Investment property

Development	2020	2019*
in EUR '000		
Acquisition costs	2,702,204	7,952,624
Cumulative valuation as of 31.12. of the previous year	-776,647	-2,445,939
Book value as of 31.12. of the previous year	1,925,557	5,506,685
Exchange rate differences	-2,990	523
Book value as of 1.1.	1,922,567	5,575,168
Reclassifications	-969	-41,736
Additions	136,342	304,429
Disposals	-2,942	-56,114
Changes in scope of consolidation	28,510	-3,755,688
Appreciation	246	11,253
Scheduled depreciation	-51,452	-108,111
Impairments	-2,358	-3,644
Book value as of 31.12.	2,029,944	1,925,557
Cumulative valuation as of 31.12.	827,675	776,647
Acquisition costs	2,857,619	2,702,204
Rental income	132,849	396,891
From investment property	132,849	396,891
Operating expenses for rented investment property	31,617	115,294
Operating expenses for vacant investment property	6,623	7,365
Operating expenses for building rights	0	519

*Includes right-of-use asset for building rights

The changes in the scope of consolidation are mainly due to first-time inclusion of DVIB alpha GmbH (EUR 7,922,000), VIG Home, s.r.o. (EUR +9.651,000), WSVA Liegenschaftsbesitz GmbH (EUR +10.078,000) and WSVB Liegenschaftsbesitz GmbH (EUR +821,000).

The impairment is primarily due to fair value lying below book value of property, as shown by appraisal reports.

Use of property

Detail property	31.12.2020	31.12.2019
in EUR '000		
Owner-occupied property	477,469	488,701
self-used	470,289	477,768
rented (operating lease)	7,180	10,933
Investment property excl. RoU-asset for building-rights	2,029,944	1,925,557
self-used	1,537	3,005
rented (operating lease)	2,028,407	1,922,552

2.2. Shares in at equity consolidated companies

Development	2020	2019
in EUR '000		
Book value as of 31.12. of the previous year	321,276	221,312
Exchange rate differences	-10	0
Book value as of 1.1.	321,266	221,312
Retrospective adjustment due to application of new standards	0	-3,181
Additions	6,471	0
Disposals	0	-5,000
Changes in scope of consolidation	393	153
Additions due to loss of control of previously fully consolidated companies	0	99,836
Impairments	-29,000	0
Share of changes in OCI	1,167	-1,394
Pro rata result of the period of shares in at equity consolidated companies	2,285	26,448
Dividend payment	-11,021	-16,898
Book value as of 31.12.	291,561	321,276
thereof segment Austria	150,862	183,232
thereof segment Czech Republic	28,331	25,739
thereof segment Poland	143	153
thereof segment Central Functions	112,225	112,152

The impairments of EUR 29,000,000 in the current financial year concern Österreichisches Verkehrsbüro AG. The company suffered considerably under the restrictions imposed during the COVID-19 pandemic. The increase in legal the uncertainty this caused led to an increase in its cost of capital and deterioration in multi-year planning. Österreichisches Verkehrsbüro AG was valued using an earnings-based discounted cash flow method.

The additions due to loss of control of previously fully consolidated companies item in the previous year concerns the change to the consolidation method used for the non-profit societies.

Associated companies are measured at equity.

Development of material shares in at equity consolidated companies	2020				
	Beteiligungs- und Wohnungs-anlagen GmbH	Gewista-Werbe-gesellschaft m.b.H.	Österreichisches Verkehrsbüro AG	Erste Heimstätte GmbH	VBV - Betriebliche Altersvorsorge AG
in EUR '000					
Book value as of 31.12. of the previous year	31,126	34,860	55,164	48,433	54,233
Book value as of 1.1.	31,126	34,860	55,164	48,433	54,233
Additions	0	0	0	0	4,267
Impairments	0	0	-29,000	0	0
Share of changes in OCI	0	0	-417	0	1,638
Pro rata result of the period of shares in at equity consolidated companies	4,013	3,735	-15,435	0	7,526
Dividend payment	-1,721	-4,154	0	0	-1,773
Book value as of 31.12.	33,418	34,441	10,312	48,433	65,891

Material shares in at equity consolidated companies	2020				
	Beteiligungs- und Wohnungs-anlagen GmbH	Gewista-Werbe-gesellschaft m.b.H.	Österreichisches Verkehrsbüro AG	Erste Heimstätte GmbH	VBV - Betriebliche Altersvorsorge AG*
in EUR '000					
Group interest in %	25.00%	33.00%	36.58%	99.77%	25.32%
Income	0	80,308	223,800	89,586	73,702
Expenses	-191	-70,401	-269,927	-40,155	-38,939
Financial result	14,531	2,542	-9,447	-50,924	5,295
Taxes	1,712	-1,130	13,354	-73	-9,265
Result of the period	16,052	11,319	-42,220	-1,566	30,793
Parent company minority interest	0	0	25	0	0
Adjustment item due to protective provisions of the Austrian Non-Profit Housing Act (Wohnungsgemeinnützigkeitsgesetz – WGG)	0	0	0	1,566	0
Result of the period less non-controlling interests	16,052	11,319	-42,195	0	30,793
thereof non-controlling interests	361	7,745	-950	0	693
thereof shares of at equity consolidated companies held by shareholders	15,691	0	-41,270	0	30,100
Share of result	4,013	3,735	-15,435	0	7,526
Fixed assets	340,336	121,892	336,521	919,748	377,064
Current assets (incl. other assets)	28,268	452	77,641	29,612	12,478,542
Borrowings	-234,931	-17,978	-373,555	-666,088	-12,595,373
Net assets	133,673	104,366	40,607	283,272	260,233
thereof non-controlling interests	3,008	104,366	914	79,556	5,855
thereof shares of at equity consolidated companies held by shareholders	130,665	0	39,693	203,716	254,378
Share of net assets	33,418	34,441	14,852	282,629	65,891
Impairments	0	0	-4,540	0	0
Adjustment item due to protective provisions of the Austrian Non-Profit Housing Act (Wohnungsgemeinnützigkeitsgesetz – WGG)	0	0	0	-234,196	0
Book value of shares in at equity consolidated companies	33,418	34,441	10,312	48,433	65,891

*Participation percentage: Q1 2020: 23.71%, starting with Q3 2020: 25.32%

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

Beteiligungs- und Immobilien GmbH and Beteiligungs- und Wohnungsanlagen GmbH were included in the consolidated financial statements with a different balance sheet date (30 September).

2.3. Loans and other investments

Composition of loans and other investments	31.12.2020	31.12.2019
in EUR '000		
Loans	1,647,782	1,461,846
Reclassified loans	136,308	139,584
Bonds classified as loans	782,794	814,678
Total loans	2,566,884	2,416,108
Other investments	850,324	1,059,297
thereof bank deposits	766,408	973,247
thereof deposits on assumed reinsurance business	83,900	86,032
Total	3,417,208	3,475,405

Composition of total loans	31.12.2020	31.12.2019
in EUR '000		
Loans	1,647,782	1,461,846
Loans to non-consolidated affiliated companies	76,886	65,779
Loans to participations	36,664	32,016
Mortgage loan	518,760	547,857
Policy loans and prepayments	18,621	20,278
Other loans	996,851	795,916
to public authorities	200,509	194,314
to financial institutions	159,628	164,675
to other commercial borrowers	518,209	435,739
to private persons and others	118,505	1,188
Reclassified loans	136,308	139,584
Bonds classified as loans	782,794	814,678
to public authorities	109,945	110,071
to financial institutions	638,656	668,645
to other commercial borrowers	34,193	35,962
Total	2,566,884	2,416,108

Public sector borrowers include national, state and local authorities. The loans included under other loans are generally loans that are not secured by insurance policies.

Collateral was provided for around 48.64% of the total loans reported.

Development of total loans	2020	2019
in EUR '000		
Acquisition costs	2,449,880	2,486,253
Cumulative valuation as of 31.12. of the previous year	-33,772	-30,989
Book value as of 31.12. of the previous year	2,416,108	2,455,264
Exchange rate differences	-2,853	-170
Book value as of 1.1.	2,413,255	2,455,094
Additions	3,782,491	1,721,177
Disposals	-3,629,063	-1,690,309
Changes in scope of consolidation	156	-66,840
Appreciation	68	43
Impairments	-23	-3,057
Book value as of 31.12.	2,566,884	2,416,108
Cumulative valuation as of 31.12.	7,522	33,772
Acquisition costs	2,574,406	2,449,880

Maturity structure of loans	31.12.2020	31.12.2019
in EUR '000		
Loans	1,647,782	1,461,846
up to one year	130,471	34,843
more than one year up to five years	472,675	443,462
more than five years up to ten years	271,829	259,694
more than ten years	772,807	723,847
Bonds classified as loans	782,794	814,678
up to one year	28,664	45,164
more than one year up to five years	395,188	305,499
more than five years up to ten years	161,943	267,658
more than ten years	196,999	196,357

Financial assets in the “Financial assets available for sale” category that were reclassified as loans in 2008 had a fair value of EUR 1,037,036,000 as of the reclassification date.

2.4. Other financial assets

Development	Held to maturity (incl. reclassified)		Available for sale		Recognised at fair value through profit and loss*	
	2020	2019	2020	2019	2020	2019
in EUR '000						
Acquisition costs	2,766,187	2,937,383				
Cumulative valuation as of 31.12. of the previous year	-2,486	-1,382				
Book value as of 31.12. of the previous year	2,763,701	2,936,001	25,148,103	23,481,693	332,997	327,585
Exchange rate differences	-79,580	27,618	-111,320	-1,509	-8,275	525
Book value as of 1.1.	2,684,121	2,963,619	25,036,783	23,480,184	324,722	328,110
Reclassifications	0	0	-6	-5,646	-51,352	-20,528
Additions	153,580	60,613	3,366,777	3,424,353	191,772	313,741
Disposals/repayments	-425,388	-260,531	-2,713,913	-2,848,101	-177,909	-303,948
Changes in scope of consolidation	44,125	0	-42,324	31,218	-46,084	128
Changes in value recognised in profit and loss	0	0	6,689	195	4,009	15,494
Changes recognised directly in equity	0	0	397,925	1,087,225	0	0
Impairments	0	0	-68,500	-21,325	-23	0
Book value as of 31.12.	2,456,438	2,763,701	25,983,431	25,148,103	245,135	332,997
Cumulative valuation as of 31.12.	1,401	2,486				
Acquisition costs	2,457,839	2,766,187				

*Including held for trading

The changes recognised directly in equity for the "Financial assets available for sale" category were mainly due to the effect of the yield curve on fixed-interest securities.

The reclassifications shown for the "Recognised at fair value through profit and loss (incl. held for trading)" category are reclassifications from and to financial instruments for unit-linked and index-linked life insurance.

Composition government bonds[1] (book values)	Held to maturity (incl. reclassified)		Available for sale		Recognised at fair value through profit and loss[2]	
	31.12.2020	31.12.2019	31.12.2020	31.12.2019	31.12.2020	31.12.2019
in %						
Austria	0.73	0.65	13.50	13.44	0.00	0.00
Germany	0.13	0.12	1.31	1.49	52.38	24.51
Czech Republic	64.50	69.31	6.39	5.82	0.00	0.00
Slovakia	3.46	3.35	6.82	7.71	0.00	0.00
Poland	17.65	12.26	13.57	13.28	44.84	75.06
Romania	0.03	0.11	5.46	5.28	1.69	0.00
Other countries	13.50	14.20	52.95	52.98	1.09	0.43

[1] Government bonds also include bonds issued by supranational organisations, government agencies, federal or constituent states and municipal bonds.

[2] Including held for trading

Financial assets held to maturity

Composition	Amortised cost		Fair value	
Financial assets held to maturity	31.12.2020	31.12.2019	31.12.2020	31.12.2019
in EUR '000				
Financial assets held to maturity	2,163,435	2,195,001	2,479,845	2,472,357
Government bonds	1,891,483	1,922,748	2,152,108	2,130,871
Covered bonds	214,205	206,930	267,285	271,484
Corporate bonds	45,628	50,766	47,592	55,310
Bonds from banks	10,192	14,557	10,751	14,692
Subordinated bonds	1,927	0	2,109	0
Financial assets reclassified as held to maturity	293,003	568,700	369,550	648,635
Government bonds	277,464	552,572	352,601	631,230
Covered bonds	2,012	2,098	2,233	2,260
Bonds from banks	13,527	14,030	14,716	15,145

Maturity structure	Amortised cost		Fair value	
Financial assets held to maturity	31.12.2020	31.12.2019	31.12.2020	31.12.2019
in EUR '000				
Financial assets held to maturity	2,163,435	2,195,001	2,479,845	2,472,357
up to one year	126,916	162,579	129,242	164,876
more than one year up to five years	783,974	694,185	842,647	759,296
more than five years up to ten years	705,266	619,859	760,378	695,164
more than ten years	547,279	718,378	747,578	853,021
Financial assets reclassified as held to maturity	293,003	568,700	369,550	648,635
up to one year	5,720	266,679	5,882	271,551
more than one year up to five years	154,423	163,032	167,213	177,555
more than five years up to ten years	0	2,098	0	2,260
more than ten years	132,860	136,891	196,455	197,269

Rating categories	Amortised cost	
Financial assets held to maturity (incl. reclassified)	31.12.2020	31.12.2019
in EUR '000		
AAA	82,351	64,997
AA	1,628,490	1,965,661
A	516,380	451,115
BBB	83,143	162,413
BB and lower	128,000	102,750
No rating	18,074	16,765
Total	2,456,438	2,763,701

Financial assets in the “Financial assets held to maturity” category that were reclassified from the “Financial assets available for sale” category in 2008 had a fair value of EUR 1,393,784,000 as of the reclassification date. VIG Insurance Group made use of the provisions on “Reclassification of financial assets” in IAS 39.50 et seqq. due to financial market developments in the 2nd half of 2008. Since the required information is not available and the cost to obtain the information would be excessively high, it would not be possible to determine the book values if reclassification had not been performed.

Financial assets available for sale

Composition	Fair value	
Financial assets available for sale	31.12.2020	31.12.2019
in EUR '000		
Bonds	22,895,705	22,300,441
Government bonds	11,107,686	10,699,611
Covered bonds	1,444,081	1,473,214
Corporate bonds	5,995,755	5,658,518
Bonds from banks	3,520,687	3,606,210
Subordinated bonds	827,496	862,888
Shares and other participations*	672,285	666,017
Investment funds	2,415,441	2,181,645
Equity funds	1,054,435	1,039,065
Pension funds	1,027,247	812,627
Alternative funds	9,022	10,135
Real estate funds	96,387	88,476
Balanced funds	228,350	231,342
Total	25,983,431	25,148,103

*Includes shares in non-consolidated subsidiaries and other participations amounting to EUR 257,779,000 (EUR 217,494,000)

Unrealised gains and losses	31.12.2020			31.12.2019		
Financial assets available for sale	Fair value	Unrealised gains	Unrealised losses	Fair value	Unrealised gains	Unrealised losses
in EUR '000						
Bonds	22,895,705	2,800,566	-31,810	22,300,441	2,593,329	-52,161
Shares and other participations	672,285	132,830	-11,841	666,017	107,787	-20,271
Investment funds	2,415,441	258,357	-35,183	2,181,645	230,442	-40,505
Total	25,983,431	3,191,753	-78,834	25,148,103	2,931,558	-112,937

In the case of the “Financial assets available for sale” category, the balance sheet value equals fair value. Unrealised gains and losses represent the difference between amortised cost and fair value.

Impairments	31.12.2020			31.12.2019		
Financial assets available for sale	Gross book value	Impairment	Net book value	Gross book value	Impairment	Net book value
in EUR '000						
Bonds	22,910,578	14,873	22,895,705	22,309,470	9,029	22,300,441
not adjusted	22,895,645	0	22,895,645	22,300,438	0	22,300,438
adjusted	14,933	14,873	60	9,032	9,029	3
Shares*	486,100	71,594	414,506	485,484	36,961	448,523
not adjusted	291,525	0	291,525	382,023	0	382,023
adjusted	194,575	71,594	122,981	103,461	36,961	66,500
Investment funds	2,479,584	64,143	2,415,441	2,230,276	48,631	2,181,645
not adjusted	2,329,235	0	2,329,235	2,135,880	0	2,135,880
adjusted	150,349	64,143	86,206	94,396	48,631	45,765
Total	25,876,262	150,610	25,725,652	25,025,230	94,621	24,930,609

*Not including impairment of shares in affiliated companies and other participations

Maturity structure	Fair value	
Financial assets available for sale	31.12.2020	31.12.2019
in EUR '000		
no maturity	3,192,840	2,938,675
up to one year	1,553,962	1,044,476
more than one year up to five years	7,272,358	6,810,127
more than five years up to ten years	8,260,812	8,680,671
more than ten years	5,703,459	5,674,154
Total	25,983,431	25,148,103

Rating categories	Fair value	
Fixed-interest financial assets available for sale	31.12.2020	31.12.2019
in EUR '000		
AAA	2,277,967	2,187,356
AA	6,022,531	5,856,128
A	8,373,395	8,733,258
BBB	5,407,591	4,660,993
BB and lower	641,667	727,385
No rating	172,554	135,321
Total	22,895,705	22,300,441

3. FINANCIAL INSTRUMENTS FOR UNIT-LINKED AND INDEX-LINKED LIFE INSURANCE (C)

Composition	31.12.2020			31.12.2019
	Unit-linked	Index-linked	Total	Total
in EUR '000				
Investment funds	6,502,389	0	6,502,389	6,465,516
Bonds	0	1,369,406	1,369,406	2,053,153
Shares	0	794	794	1,195
Bank deposits	64,958	14,054	79,012	91,022
Deposit receivables	8,242	0	8,242	8,500
Net of receivables and liabilities	8,196	0	8,196	941
Total	6,583,785	1,384,254	7,968,039	8,620,327

Maturity structure	31.12.2020	31.12.2019
in EUR '000		
no maturity	6,551,943	6,526,937
up to one year	445,691	691,873
more than one year up to five years	530,027	975,529
more than five years up to ten years	427,050	385,384
more than ten years	13,328	40,604
Total	7,968,039	8,620,327

4. REINSURERS' SHARE IN UNDERWRITING PROVISIONS

Development	Book value as of 1.1.	Exchange rate differences	Additions	Amount used/released	Book value as of 31.12.2020
in EUR '000					
Provision for unearned premiums	207,809	-20,370	132,080	-128,292	191,227
Mathematical reserve	31,603	-10	13,274	-31,420	13,447
Provision for outstanding claims	1,026,005	-25,353	895,215	-723,321	1,172,546
Provision for profit-unrelated premium refunds	14,857	-224	14,323	-14,590	14,366
Other underwriting provisions	3,160	-256	4,973	-2,971	4,906
Total	1,283,434	-46,213	1,059,865	-900,594	1,396,492

Maturity structure	31.12.2020	31.12.2019
in EUR '000		
up to one year	696,553	726,635
more than one year up to five years	405,903	329,763
more than five years up to ten years	160,805	119,934
more than ten years	133,231	107,102
Total	1,396,492	1,283,434

5. RECEIVABLES

Composition	31.12.2020	31.12.2019
in EUR '000		
Underwriting	1,015,400	1,003,123
Receivables from direct insurance business	810,381	790,293
from policyholders	622,939	624,956
from insurance intermediaries	131,571	127,731
from insurance companies	55,871	37,606
Receivables from reinsurance business	205,019	212,830
Non-underwriting	683,759	714,226
Other receivables	683,759	714,226
Total	1,699,159	1,717,349

Composition of other receivables	31.12.2020	31.12.2019
in EUR '000		
Receivables from finance lease	48,600	49,231
Receivables from recourse claims	35,155	27,787
Pro rata and outstanding interest and rent	360,564	381,464
Receivables from tax authority (excl. income tax) and from fees of all kinds	41,868	46,100
Receivables from sales of investments	10,884	8,750
Receivables from property management	13,844	15,244
Receivables from third party claims settlement	16,851	27,060
Receivables from green card deposits and surety	59,898	63,777
Receivables from pre-payments	16,918	21,174
Other receivables	79,177	73,639
thereof receivables from charges for services	24,579	21,503
thereof receivables from charges for pensions	16,221	10,975
Total	683,759	714,226

Maturity structure	31.12.2020			31.12.2019
	Premium receivables due	Non-underwriting	Total	Total
in EUR '000				
up to one year	263,059	613,724	876,783	858,338
more than one year up to five years	14,053	40,889	54,942	60,839
more than five years up to ten years	0	11,999	11,999	45,302
more than ten years	0	17,147	17,147	29,446
Subtotal	277,112	683,759	960,871	993,925
Premium receivables not yet due			423,987	418,698
Receivables from reinsurance business			205,019	212,830
Other underwriting receivables			109,282	91,896
Total			1,699,159	1,717,349

The gross receivables are offset by impairments (directly reducing the asset item) of EUR 86,725,000 (EUR 91,040,000) and provisions for cancellations of EUR 21,057,000 (EUR 12,628,000).

Ageing analysis	31.12.2020				
Overdue receivables	1–60 days overdue	61–90 days overdue	91–120 days overdue	more than 120 days overdue	Total
in EUR '000					
Premium receivables	164,674	62,199	20,928	45,974	293,775
not adjusted	61,681	34,072	13,101	22,217	131,071
adjusted	102,993	28,127	7,827	23,757	162,704
Non-underwriting receivables	9,093	9,758	3,609	25,321	47,781
not adjusted	6,855	9,167	1,479	15,665	33,166
adjusted	2,238	591	2,130	9,656	14,615

Ageing analysis	31.12.2019				
Overdue receivables	1–60 days overdue	61–90 days overdue	91–120 days overdue	more than 120 days overdue	Total
in EUR '000					
Premium receivables	162,651	57,440	14,797	64,446	299,334
not adjusted	68,771	30,398	6,475	39,503	145,147
adjusted	93,880	27,042	8,322	24,943	154,187
Non-underwriting receivables	5,305	8,737	2,216	26,023	42,281
not adjusted	4,380	8,557	2,147	14,502	29,586
adjusted	925	180	69	11,521	12,695

6. DEFERRED TAXES

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

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

Composition	31.12.2020		31.12.2019	
	Assets	Liabilities	Assets	Liabilities
in EUR '000				
Intangible assets	13,715	21,742	7,886	16,315
Right-of-Use Assets	0	60,577	0	65,353
Investments[1]	104,452	403,115	98,089	358,554
Receivables and other assets[2]	39,480	42,016	41,794	28,065
Accumulated losses carried forward	41,771	0	42,364	0
Tax-exempt reserves	0	10,975	0	11,288
Underwriting provisions[3]	221,233	144,104	131,429	168,943
Non-underwriting provisions	102,972	2,408	103,614	1,924
Liabilities and other liabilities[4]	92,345	27,301	93,094	30,689
Sum before valuation allowance	615,968	712,238	518,270	681,131
Valuation allowance for DTA	-34,872		-30,616	
Total before netting	581,096	712,238	487,654	681,131
Netting	-444,368	-444,368	-418,929	-418,929
Net balance	136,728	267,870	68,725	262,202

1 Including financial investments for unit-linked and index-linked life insurance

2 Including cash and cash equivalents

3 Including reinsurers' share in underwriting provisions as well as underwriting provisions for unit-linked and index-linked life insurance

4 Including subordinated liabilities

Deferred tax assets from seven-year amortisation of participations to going concern value were recognised in the amount of EUR 23,004,000 (EUR 15,477,000). Deferred tax liabilities and deferred tax assets of consolidated taxable entities in the tax group collected by the same tax authority were netted, resulting in a deferred tax liability of EUR 161,610,000 (EUR 148,358,000). In accordance with IAS 12.39, deferred tax liabilities were not reported for temporary differences from interests in subsidiaries and associated companies since they would not be reversed in the foreseeable future. The difference between the book value for tax purposes and the IFRS shareholders' equity is EUR 2,053,406,000 (EUR 2,043,083,000). Deferred taxes for undistributed subsidiary profits of EUR 14,404,000 (EUR 20,146,000) were also not reported, because a decision to distribute the profits had not yet been made.

EUR 31,149,000 (EUR 29,368,000) in deferred taxes on loss carry-forwards was not recognised.

7. OTHER ASSETS

Composition	31.12.2020	31.12.2019
in EUR '000		
Tangible assets* and inventories	117,335	128,950
Prepayments for projects	0	58
Other assets	36,905	47,548
Asset-side accruals	233,605	215,355
Total	387,845	391,911

*Amount of reported balance sheet value leased as of 31.12.2020: 7.49% (7.44%)

8. CONSOLIDATED SHAREHOLDERS' EQUITY

The share capital and other capital reserves items include contributions to share capital made by VIG Holding shareholders. Other capital reserves report the share of contributions paid that is in excess of the share capital. The capital reserves are reduced by external costs directly related to corporate actions affecting equity after taking tax effects into account.

Retained earnings are the earnings that subsidiaries have earned since joining VIG Insurance Group. These are reduced by the dividends distributed by the VIG Holding. Amounts resulting from changes in the scope of consolidation are also recognised here. If changes are made to accounting policies, the adjustments for earlier periods that are not included in the financial statements are recognised in the opening balance sheet value of retained earnings for the earliest period presented.

Other reserves consist of unrealised gains and losses from the measurement of available for sale financial instruments, and actuarial gains and losses that are recognised in comprehensive income in accordance with IAS 19. Unrealised gains and losses from the at equity measurement of associated companies, and translation differences resulting from currency translation for foreign subsidiaries are also reported in other reserves.

Non-controlling interests are also shown as part of shareholders' equity. These consist of shares held by third parties in the equity of consolidated subsidiaries that are not directly or indirectly fully owned by VIG Holding.

Earnings per share
Under IAS 33.10, basic earnings per share are to be calculated by dividing profit or loss attributable to common shareholders of the parent entity (the numerator) by the weighted average number of common shares outstanding (the denominator) during the period.

Earnings per share		2020	2019
Result of the period	EUR '000	242,668	413,088
Other non-controlling interests in net result of the period	EUR '000	-11,155	-13,698
Non-controlling interests in the result of the period of non-profit societies	EUR '000	0	-68,113
Result of the period less non-controlling interests	**EUR '000**	**231,513**	331,277
Number of shares at closing date	units	128,000,000	128,000,000
Earnings per share*	**EUR**	**1.81**	2.59

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

Since there were no potential dilution effects in either the current or previous reporting period, the basic earnings per share equals the diluted earnings per share.

Detailed information on capital management is provided on page 129.

Consolidated shareholders' equity

SHARE CAPITAL AND VOTING RIGHTS

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

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

The Managing Board must have at least three and no more than eight members. The Supervisory Board has at least three and at most ten members (shareholder representatives). Wiener Städtische Versicherungsverein, which directly and indirectly holds around 72.47% (71.54%) of the share capital, has the right to appoint up to one third of the members of the Supervisory Board if, and so long as, it holds 50% or less of the Company's voting shares. General Meeting resolutions are adopted by a simple majority, unless a different majority is required by law or the articles of association.

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

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

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

ANTICIPATORY RESOLUTIONS

The Managing Board is authorised to increase the share capital of the Company by a nominal amount of EUR 66,443,734.10 by issuing 64,000,000 no-par value bearer or registered shares in one or more tranches on or before 11 May 2022 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 12 May 2017 authorised the Managing Board to issue, subject to Supervisory Board approval, one or more tranches of bearer convertible bonds with a total nominal value of up to EUR 2,000,000,000.00 on or before 11 May 2022, with or without exclusion of shareholder pre-emptive rights, and to grant the holders of convertible bonds conversion rights for up to 30,000,000 no-par value bearer shares with voting rights in accordance with the convertible bond terms set by the Managing Board.

The share capital has consequently been raised in accordance with § 159(2) no. 1 of the Austrian Stock Corporation Act (AktG) by a contingent capital increase of up to EUR 31,145,500.36 through the issue of up to 30,000,000 no-par value bearer shares with voting rights. 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 12 May 2017 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 12 May 2017.

The General Meeting of 12 May 2017 further authorised the Managing Board to issue, subject to Supervisory Board approval, one or more tranches of bearer income bonds with a total nominal value of up to EUR 2,000,000,000.00 on or before 11 May 2022, with or without exclusion of shareholder pre-emptive 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 24 May 2019 authorised the Managing Board to acquire the Company's own no-par value bearer shares in accordance with § 65 (1) nos. 4 and 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 stock exchange closing price 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.

The General Meeting of 24 May 2019 also authorised the Managing Board to use own shares

- for issuing shares to employees and senior management of the Company or to employees, senior management and managing board members of companies affiliated with the Company;
- for servicing convertible bonds issued based on the resolution adopted by the General Meeting of 12 May 2017;
- for sales in accordance with § 65 (1b) AktG on the stock market or through a public offer. The Managing Board is also authorised for a period of a maximum of five years after adoption of the resolution to dispose of the acquired own shares in some other way without or with partial or full exclusion of shareholder pre-emptive rights. 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 none of its own shares on the balance sheet date.

Payout 2020 for the financial year 2019	Per share	Total
in EUR		
Ordinary shares	1.15	147,200,000

Proposed appropriation of profits
VIENNA INSURANCE GROUP AG Wiener Versicherung Gruppe (VIG Holding) ended financial year 2020 with a net retained profit of EUR 239,230,814.01. The following appropriation of profits will be proposed in the Annual General Meeting:

The 128 million shares shall receive a dividend of EUR 0.75 per share. The payment date for this dividend will be 27 May 2021, the record date 26 May 2021, and the ex-dividend date 25 May 2021.

A total of EUR 96,000,000.00 will therefore be distributed. The net retained profit of EUR 143,230,814.01 remaining for financial year 2020 after distribution of the dividend is to be carried forward.

9. SUBORDINATED LIABILITIES

Subordinated liabilities of the Group

Issuing company	Issue date	Outstanding volume	Maturity	Interest	Fair value
		in EUR '000	in years	in %	in EUR '000
VIG Holding	9.10.2013	500,000	30[1]	First 10 years: 5.5% p.a.; thereafter variable	571,410
VIG Holding	2.3.2015	400,000	31[2]	First 11 years: 3.75% p.a.; thereafter variable	447,552
VIG Holding	13.4.2017	200,000	30[3]	First 10 years: 3.75% p.a.; thereafter variable	222,674
Donau Versicherung	15.4. + 21.5.2004	9,500	unlimited [4]	4.95% p.a.	10,940
Donau Versicherung	1.7.1999	1,500	unlimited [5]	4.95% p.a.	1,523
Wiener Städtische	1.3.1999	12,000	unlimited [6]	4.90% p.a.	13,475
Wiener Städtische	2.7.2001	16,100	unlimited [7]	6.10% p.a.	18,428
Wiener Städtische	15.11.2003	19,150	unlimited [8]	4.95% p.a.	21,388
Wiener Städtische	30.6.2006	34,700	unlimited [9]	4.75% p.a.	38,143
Wiener Städtische	11.5.2017	250,000	10 [10]	3.50% p.a.	270,235
Kooperativa (Czech Republic)	22.12.2010	20,959	unlimited [11]	5.05% p.a.	21,035
Total		1,463,909			1,636,803

1 The right to ordinary and extraordinary cancellation by the holder is excluded. Regular cancellation by the issuer is first allowed effective 9 October 2023.
2 The right to ordinary and extraordinary cancellation by the holder is excluded. Regular cancellation by the issuer is first allowed effective 2 March 2026.
3 The right to ordinary and extraordinary cancellation by the holder is excluded. Regular cancellation by the issuer is first allowed after 10 years.
4 Due to the call, the supplementary capital will be repaid in full in 2025.
5 Due to the call, the supplementary capital will be repaid in full in 2025.
6 This can only be cancelled subject to not less than 5 years' notice, unless Austrian insurance regulators agree to repayment being made early. Due to cancellations, EUR 3,750,000 will be repaid starting with 2021 and EUR 8,250,000 will be repaid starting with 2025.
7 This can only be cancelled subject to not less than 5 years' notice, unless Austrian insurance regulators agree to repayment being made early. Due to cancellations, EUR 16,100,000 will be repaid starting with 2024.
8 This can only be cancelled subject to not less than 5 years' notice, unless Austrian insurance regulators agree to repayment being made early. Due to cancellations, EUR 19,150,000 will be repaid between 2021 and 2024.
9 This can only be cancelled subject to not less than 5 years' notice, unless Austrian insurance regulators agree to repayment being made early. Due to cancellations, EUR 34,700,000 will be repaid starting with 2024.
10 The right to ordinary and extraordinary cancellation by the holder is excluded. No provision has been made for regular cancellation by the issuer.
11 Due to the call, the supplementary capital will be repaid in full in 2024.

VIG Holding subordinated liabilities

Interest on supplementary capital bonds is only paid out to the extent that the interest is covered by the company's national annual profit. The interest is, however, always included as an expense.

On 9 October 2013 the Company issued a subordinated bond with a total nominal value of EUR 500,000,000.00 and a term of 30 years. VIG Holding 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 5.50% 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 total nominal value of EUR 400,000,000.00 and a term of 31 years. VIG Holding 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.

The EUR 200,000,000.00 subordinated bond was privately placed with international institutional investors. The subordinated bond has a term of 30 years and VIG Holding can call it for the first time after ten years. It satisfies the tier 2 requirements of Solvency II and qualifies as capital based on the requirements of the S&P rating agency. The subordinated bond bears interest at a fixed rate of 3.75 % p.a. during the first ten years of its term and variable interest after that. Inclusion for trading in the Third Market of the Vienna Stock Exchange took place on 13 April 2017.

10. UNDERWRITING PROVISIONS – GROSS

Composition	31.12.2020	31.12.2019
in EUR '000		
Provision for unearned premiums	1,711,489	1,707,175
Mathematical reserve	22,243,792	22,497,943
Guaranteed policy benefits	20,805,425	21,034,685
Allocated and committed profit shares	687,585	729,776
Deferred mathematical reserve	750,782	733,482
Provision for outstanding claims	6,345,913	5,839,838
Provision for premium refunds	1,871,416	1,792,151
Profit-related premium refunds	317,907	351,412
Profit-unrelated premium-refunds	75,966	71,105
Deferred profit participation recognised through profit and loss*	400,710	412,373
Deferred profit participation recognised directly in equity*	1,076,833	957,261
Other underwriting provisions	57,445	48,969
Total	32,230,055	31,886,076

*The deferred profit participation is solely due to the profit-related premium refunds.

10.1. Provision for unearned premiums

Development	2020	2019
in EUR '000		
Book value as of 31.12. of the previous year	1,707,175	1,502,697
Exchange rate differences	-80,651	-1,329
Book value as of 1.1.	1,626,524	1,501,368
Additions	1,355,349	1,403,136
Amount used/released	-1,270,384	-1,278,058
Changes in scope of consolidation	0	80,729
Book value as of 31.12.	1,711,489	1,707,175

Maturity structure	31.12.2020	31.12.2019
in EUR '000		
up to one year	1,490,466	1,511,601
more than one year up to five years	193,417	168,335
more than five years up to ten years	20,349	20,245
more than ten years	7,257	6,994
Total	1,711,489	1,707,175

10.2. Mathematical reserve

Development	2020	2019
in EUR '000		
Book value as of 31.12. of the previous year	22,497,943	22,106,049
Exchange rate differences	-71,958	17,560
Book value as of 1.1.	22,425,985	22,123,609
Additions	2,353,715	2,316,162
Amount used/released	-2,536,377	-1,977,366
Transfer from provisions for premium refunds	469	35,538
Book value as of 31.12.	22,243,792	22,497,943

Maturity structure	31.12.2020	31.12.2019
in EUR '000		
up to one year	1,828,753	1,892,253
more than one year up to five years	5,493,625	5,489,988
more than five years up to ten years	4,035,723	4,454,134
more than ten years	10,885,691	10,661,568
Total	22,243,792	22,497,943

10.3. Provision for outstanding claims

Development	2020	2019
in EUR '000		
Book value as of 31.12. of the previous year	5,839,838	5,439,941
Exchange rate differences	-128,728	2,212
Book value as of 1.1.	5,711,110	5,442,153
Changes in scope of consolidation	0	153,507
Additions of provision for outstanding claims	4,571,281	4,729,151
for claims paid occurred in the reporting period	3,948,762	4,188,356
for claims paid occurred in previous periods	622,519	540,795
Use/release of provision	-3,936,424	-4,484,590
for claims paid occurred in the reporting period	-2,226,119	-1,681,198
for claims paid occurred in previous periods	-1,710,305	-2,803,392
Other changes	-54	-383
Book value as of 31.12.	6,345,913	5,839,838

Maturity structure	31.12.2020	31.12.2019
in EUR '000		
up to one year	2,830,510	2,613,910
more than one year up to five years	2,011,015	1,891,060
more than five years up to ten years	832,439	721,052
more than ten years	671,949	613,816
Total	6,345,913	5,839,838

EUR 119,215,000 (EUR 170,426,000) in recourse claims was deducted from the provision for outstanding claims. A detailed presentation of the change in gross loss reserve for the property and casualty line of business is provided on page 127.

10.4. Provision for premium refunds

Development	2020	2019
in EUR '000		
Provision for premium refunds		
Book value as of 31.12. of the previous year	422,517	424,013
Exchange rate differences	-3,260	131
Book value as of 1.1.	419,257	424,144
Additions	54,127	117,766
Amount used/released	-79,042	-83,855
Transfer to mathematical reserve	-469	-35,538
Book value as of 31.12.	393,873	422,517
Deferred profit participation		
Book value as of 31.12. of the previous year	1,369,634	962,184
Book value as of 1.1.	1,369,634	962,184
Unrealised gains and losses on financial assets available for sale	116,017	361,614
Underwriting gains and losses from provisions for employee benefits	3,555	-29,861
Revaluations recognised through profit and loss	-11,663	75,697
Book value as of 31.12.	1,477,543	1,369,634
Provision for premium refunds incl. deferred profit participation	1,871,416	1,792,151

Maturity structure for profit-related premium refunds incl. deferred profit participation	31.12.2020	31.12.2019
in EUR '000		
up to one year	186,066	161,339
more than one year up to five years	491,776	478,219
more than five years up to ten years	319,750	314,200
more than ten years	797,858	767,288
Total	1,795,450	1,721,046

Maturity structure for profit-unrelated premium refunds	31.12.2020	31.12.2019
in EUR '000		
up to one year	59,954	59,725
more than one year up to five years	1,738	1,824
more than five years up to ten years	2,266	1,713
more than ten years	12,008	7,843
Total	75,966	71,105

10.5. Other underwriting provisions

Development	2020	2019
in EUR '000		
Book value as of 31.12. of the previous year	48,969	71,025
Exchange rate differences	-1,197	-509
Book value as of 1.1.	47,772	70,516
Additions	19,276	13,408
Amount used/released	-9,603	-34,955
Book value as of 31.12.	57,445	48,969

Other underwriting provisions are primarily a provision for guaranteed interest for the PAC Doverie in Bulgaria and the provision for cancellations.

Maturity structure	31.12.2020	31.12.2019
in EUR '000		
up to one year	21,257	14,612
more than one year up to five years	3,713	5,119
more than five years up to ten years	1,454	2,084
more than ten years	31,021	27,154
Total	57,445	48,969

11. UNDERWRITING PROVISIONS FOR UNIT-LINKED AND INDEX-LINKED LIFE INSURANCE

Composition	31.12.2020	31.12.2019
in EUR '000		
Unit-linked life insurance	6,349,808	6,240,935
Index-linked life insurance	1,267,408	1,875,064
Total	7,617,216	8,115,999

Development	2020	2019
in EUR '000		
Book value as of 31.12. of the previous year	8,115,999	7,609,406
Exchange rate differences	-97,029	28,545
Book value as of 1.1.	8,018,970	7,637,951
Additions	932,438	1,364,571
Amount used/released	-1,334,192	-886,523
Book value as of 31.12.	7,617,216	8,115,999

Maturity structure	31.12.2020	31.12.2019
in EUR '000		
up to one year	584,911	801,276
more than one year up to five years	1,948,796	1,859,532
more than five years up to ten years	1,196,511	1,265,590
more than ten years	3,886,998	4,189,601
Total	7,617,216	8,115,999

12. NON-UNDERWRITING PROVISIONS

Composition	31.12.2020	31.12.2019
in EUR '000		
Provisions for pensions and similar obligations	590,947	611,114
Provision for pension obligations	485,620	506,360
Provision for severance obligations	105,327	104,754
Provisions for other employee benefits	55,072	69,515
Other non-underwriting provisions	230,790	250,930
Total	876,809	931,559

Provision for pension obligations

Development of DBO	2020	2019
in EUR '000		
Present value of the obligations (DBO) as of 31.12. of the previous year	920,002	854,166
Exchange rate differences	-22	3
Present value of obligations (DBO) as of 1.1.	919,980	854,169
Current service costs	15,979	13,731
Past service costs	5	0
Interest expense	6,808	12,245
Remeasurement	-14,318	99,598
Actuarial gain/loss demographic	777	1,174
Actuarial gain/loss financial	242	102,503
Experience adjustment	-15,337	-4,079
Settlement payments	-2,949	-36
Benefits paid	-31,336	-31,399
Changes in scope of consolidation	0	-28,306
Present value of the obligations (DBO) as of 31.12.	894,169	920,002
thereof active personnel	300,181	341,490
thereof DBO retirees	593,988	578,512

Development of plan assets	2020	2019
in EUR '000		
Plan assets as of 31.12. of the previous year	413,642	427,954
Plan assets as of 1.1.	413,642	427,954
Interest income	3,060	6,249
Remeasurement	3,114	523
Net return on assets	3,114	523
Contributions	16,110	14,031
Settlement payments	-72	0
Benefits paid	-27,305	-27,893
Changes in scope of consolidation	0	-7,222
Plan assets as of 31.12.	408,549	413,642

Development provision	2020	2019
in EUR '000		
Book value as of 31.12. of the previous year	506,360	426,212
Exchange rate differences	-22	3
Book value as of 1.1.	506,338	426,215
Current service costs	15,979	13,731
Past service costs	5	0
Interest expense	3,748	5,996
Remeasurement	-17,432	99,075
Net return on assets	-3,114	-523
Actuarial gain/loss demographic	777	1,174
Actuarial gain/loss financial	242	102,503
Experience adjustment	-15,337	-4,079
Contributions	-16,110	-14,031
Settlement payments	-2,877	-36
Benefits paid	-4,031	-3,506
Changes in scope of consolidation	0	-21,084
Book value as of 31.12.	485,620	506,360

ADDITIONAL INFORMATION FOR THE AUSTRIAN COMPANIES

The plan assets consist of the following:

Structure of financial investments in the mathematical reserve for occupational group insurance	31.12.2020	31.12.2019
in %		
Wiener Städtische and VIG Holding	100.00	100.00
Fixed-interest securities	95.55	88.33
Loans	1.53	1.57
Bank deposits	1.07	8.26
Shares, supplementary capital, profit participation rights, participation capital	1.86	1.84
Donau Versicherung	100.00	100.00
Fixed-interest securities	85.26	98.06
Bank deposits	14.74	0.00
Shares, supplementary capital, profit participation rights, participation capital	0.00	1.94

The asset allocation of the mathematical reserve for occupational group insurance is structured according to the maturity of the liabilities. Pension contributions are expected to be EUR 11,476,000 in financial year 2021 (ACTUAL in 2020: EUR 16,110,000 incl. transfers).

Pension sensitivity analysis	Variation	DBO	Change
	in %	in EUR '000	in %
Base parameters		882,290	
Interest rate	+0.5	815,421	-7.58
	-0.5	958,372	8.62
Future salary increases	+0.5	892,348	1.14
	-0.5	872,729	-1.08
Future pension increases	+0.5	945,560	7.17
	-0.5	824,977	-6.50
Employee turnover	+2.5	839,091	-4.90
	-2.5	887,054	0.54
Mortality	+5.0	864,746	-1.99
	-5.0	899,331	1.93

Parameter variations were calculated. Mortality is increased or decreased proportionally.

Pension cash flow	Expected payments
year(s)	in EUR '000
1	32,901
2	33,803
3	34,107
4	34,151
5	34,318
6–10	171,588
11–15	165,537
16–20	150,392
21–30	237,402
31–40	149,265
41+	88,619

13. LIABILITIES

Composition	31.12.2020	31.12.2019
in EUR '000		
Underwriting	1,083,646	1,108,477
Liabilities from direct business	890,430	836,074
to policyholders	522,515	538,894
to insurance intermediaries	248,045	232,177
to insurance companies	118,362	63,776
arising from financial insurance policies	1,508	1,227
Liabilities from reinsurance business	153,668	208,747
Deposits from ceded reinsurance business	39,548	63,656
Non-underwriting	1,170,660	986,095
Liabilities to financial institutions	325,267	215,418
Other liabilities	845,393	770,677
Total	2,254,306	2,094,572

Composition of other liabilities	31.12.2020	31.12.2019
in EUR '000		
Tax liabilities (excl. income taxes), levies and fees	90,896	90,154
Liabilities for social security	19,382	19,241
Property management, building contract and property transfer liabilities	16,423	11,137
Personnel-related liabilities	143,992	114,539
Liabilities for unpaid incoming invoices	114,167	109,957
Interest payable for subordinated liabilities	32,452	32,374
Lease liabilities	189,762	199,332
Liabilities from sureties	46,183	36,495
Financing liabilities*	104,314	75,850
Other liabilities	87,822	81,598
Total	845,393	770,677

*Includes derivative liabilities and other financing liabilities

Maturity structure	31.12.2020			31.12.2019
	Underwriting	Non-underwriting	Total	Total
in EUR '000				
up to one year	1,030,399	731,756	1,762,155	1,732,461
more than one year up to five years	40,552	236,693	277,245	117,476
more than five years up to ten years	9,263	72,214	81,477	115,930
more than ten years	3,432	129,997	133,429	128,705
Total	1,083,646	1,170,660	2,254,306	2,094,572

14. CONTINGENT LIABILITIES AND RECEIVABLES

Litigation relating to coverage

In their capacity as insurance companies, the Group companies are involved in a number of court proceedings as defendants or have been threatened with litigation. In addition, there are proceedings, in which the Group companies are not involved as parties, but may be affected by the outcome of such lawsuits due to agreements with other insurers concerning participation in claims. In the opinion of the Group, adequate provisions proportionate to the amount in dispute have been established for all claims in accordance with the law.

Off-balance sheet commitments	31.12.2020	31.12.2019
in EUR '000		
Liabilities and assumed liabilities	750	750
Guarantee bond	13,504	0

The off-balance sheet commitments are primarily related to loans of participations and guarantee bonds creating an obligation to provide funds.

NOTES TO THE CONSOLIDATED INCOME STATEMENT

15. PREMIUMS WRITTEN – GROSS

Composition	2020						
	Motor own damage insurance (Casco)	Motor third party liability insurance	Other property and casualty insurance	Life insurance – regular premium	Life insurance – single premium	Health insurance	Total
in EUR '000							
Austria	302,792	324,088	1,442,407	1,215,779	293,740	451,901	4,030,707
Czech Republic	244,265	311,892	492,354	630,899	34,685	18,298	1,732,393
Slovakia	105,648	150,282	110,312	168,980	177,187	17,111	729,520
Poland	190,967	297,169	407,732	168,103	106,357	25,908	1,196,236
Romania	180,441	84,061	119,761	48,482	48,235	12,824	493,804
Baltic states	89,221	113,671	129,745	67,660	32,950	59,668	492,915
Hungary	20,964	43,430	59,196	87,406	63,974	12,780	287,750
Bulgaria	61,074	32,962	52,447	29,605	8,043	15,509	199,640
Turkey/Georgia	42,267	45,984	131,531	0	0	31,870	251,652
Remaining CEE	51,732	103,021	117,456	78,836	59,699	28,866	439,610
Other Markets	0	0	133,525	87,526	58,946	0	279,997
Central Functions	0	0	1,682,277	26,009	0	28,236	1,736,522
Consolidation							-1,442,292
Total	1,289,371	1,506,560	4,878,743	2,609,285	883,816	702,971	10,428,454

Composition	2019						
	Motor own damage insurance (Casco)	Motor third party liability insurance	Other property and casualty insurance	Life insurance – regular premium	Life insurance – single premium	Health insurance	Total
in EUR '000							
Austria	295,254	319,378	1,384,503	1,238,776	271,928	433,437	3,943,276
Czech Republic	246,636	305,630	498,543	633,737	44,527	16,754	1,745,827
Slovakia	106,251	152,870	110,927	188,411	226,454	13,947	798,860
Poland	193,203	278,425	372,367	174,443	88,650	24,891	1,131,979
Romania	161,828	85,827	114,062	50,189	48,315	8,016	468,237
Baltic states	97,615	129,186	135,206	61,517	22,513	54,247	500,284
Hungary	18,692	46,184	59,932	87,982	58,502	18,228	289,520
Bulgaria	60,637	33,894	50,352	27,910	10,791	40,321	223,905
Turkey/Georgia	45,530	49,329	111,470	0	0	28,573	234,902
Remaining CEE	52,883	106,717	117,949	78,548	61,859	28,954	446,910
Other Markets	0	0	128,891	85,614	165,897	0	380,402
Central Functions	0	0	1,574,685	22,925	0	25,881	1,623,491
Consolidation							-1,388,186
Total	1,278,529	1,507,440	4,658,887	2,650,052	999,436	693,249	10,399,407

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

Composition	2020						
	Austria	Czech Republic	Slovakia	Poland	Romania	Baltic states	Hungary
in EUR '000							
Current income	685,403	75,914	40,323	23,704	20,957	11,008	3,656
Appreciation	677	4,844	986	4,052	98	1,442	0
thereof reversal in impairment	43	0	0	0	0	0	0
Gains from disposal	103,936	26,201	3,050	14,798	1,514	493	878
Other income	51,115	21,876	1,325	7,486	4,488	144	215
Total income	841,131	128,835	45,684	50,040	27,057	13,087	4,749
Depreciation	103,060	6,214	6,815	2,955	2,838	1,435	240
thereof impairment	57,745	2,280	2,213	1	1,180	0	174
Exchange rate differences	-842	709	58	-3,352	-836	22	121
Losses from disposal	5,400	26,718	576	3,350	212	254	199
Interest expenses	55,866	5,555	106	2,941	4,055	957	247
Interest expenses for personnel provisions	3,824	0	0	0	0	0	0
Interest expenses for liabilities to financial institutions	2,140	0	0	0	0	0	0
Interest expenses for financing liabilities	1,502	0	0	0	0	1	0
Interest expenses for subordinate liabilities	36,104	1,050	0	520	108	769	0
Interest expenses for lease liabilities	1,624	1,156	56	184	53	114	71
Other interest expenses	10,672	3,349	50	2,237	3,894	73	176
Other expenses	141,282	24,791	1,716	8,010	1,802	987	593
Managed portfolio fees	4,437	788	156	2,463	823	0	53
Asset management expenses	53,601	2,917	1,295	4,316	979	800	540
Other expenses	83,244	21,086	265	1,231	0	187	0
Total expenses	304,766	63,987	9,271	13,904	8,071	3,655	1,400

Composition	2020						
	Bulgaria	Turkey/Georgia	Remaining CEE	Other Markets	Central Functions	Consolidation	Total
in EUR '000							
Current income	3,939	10,520	35,864	19,190	88,058	-64,608	953,928
Appreciation	1,420	0	122	50	7,015	0	20,706
thereof reversal in impairment	0	0	19	50	6,934	0	7,046
Gains from disposal	962	21	8,216	347	14,317	0	174,733
Other income	22,542	24	628	499	4,080	0	114,422
Total income	**28,863**	**10,565**	**44,830**	**20,086**	**113,470**	**-64,608**	**1,263,789**
Depreciation	2,309	77	1,959	1,530	20,628	0	150,060
thereof impairment	51	0	558	1,080	6,915	0	72,197
Exchange rate differences	244	-861	-7,959	8	35,899	-557	22,654
Losses from disposal	320	0	143	229	4,953	0	42,354
Interest expenses	**420**	**1,824**	**784**	**148**	**83,052**	**-60,897**	**95,058**
Interest expenses for personnel provisions	0	0	0	0	478	0	4,302
Interest expenses for liabilities to financial institutions	0	0	0	0	3,192	0	5,332
Interest expenses for financing liabilities	139	59	0	0	26,452	-25,848	2,305
Interest expenses for subordinate liabilities	160	0	0	0	50,066	-23,059	65,718
Interest expenses for lease liabilities	42	91	440	0	237	-434	3,634
Other interest expenses	79	1,674	344	148	2,627	-11,556	13,767
Other expenses	**13,309**	**1,157**	**2,421**	**969**	**131,835**	**0**	**328,872**
Managed portfolio fees	254	0	391	0	0	0	9,365
Asset management expenses	12,947	695	1,373	906	124,857	0	205,226
Other expenses	108	462	657	63	6,978	0	114,281
Total expenses	**16,602**	**2,197**	**-2,652**	**2,884**	**276,367**	**-61,454**	**638,998**

Information on operating expenses for investment property is provided in Note 2.1. Property on page 133.

Composition	2019						
	Austria	Czech Republic	Slovakia	Poland	Romania	Baltic states	Hungary
in EUR '000							
Current income	743,222	82,399	45,281	26,435	21,082	8,760	4,542
Appreciation	8,464	5,336	739	5,381	315	1,174	0
thereof reversal in impairment	383	0	0	7	0	0	0
Gains from disposal	176,473	15,876	6,284	7,625	1,646	3,753	1,316
Other income	54,411	9,394	1,291	7,642	603	160	1,377
Total income	982,570	113,005	53,595	47,083	23,646	13,847	7,235
Depreciation	57,116	11,221	1,430	2,710	4,752	513	256
thereof impairment	13,979	6,701	0	0	3,075	34	215
Exchange rate differences	59	960	-15	-81	-1,566	-19	146
Losses from disposal	6,268	10,186	159	593	2	65	648
Interest expenses	59,689	8,443	1,134	4,322	5,169	982	205
Interest expenses for personnel provisions	6,613	0	0	0	0	0	0
Interest expenses for liabilities to financial institutions	1,811	0	0	0	0	0	0
Interest expenses for financing liabilities	1,404	0	0	0	0	0	0
Interest expenses for subordinate liabilities	35,997	1,082	0	526	109	770	0
Interest expenses for lease liabilities	2,006	1,377	92	224	57	162	86
Other interest expenses	11,858	5,984	1,042	3,572	5,003	50	119
Other expenses	120,493	11,432	1,337	8,780	1,792	933	1,115
Managed portfolio fees	4,623	1,815	119	1,806	678	52	416
Asset management expenses	53,815	2,081	1,217	3,936	877	714	699
Other expenses	62,055	7,536	1	3,038	237	167	0
Total expenses	243,625	42,242	4,045	16,324	10,149	2,474	2,370

Composition	2019						
	Bulgaria	Turkey/Georgia	Remaining CEE	Other Markets	Central Functions	Consolidation	Total
in EUR '000							
Current income	3,760	15,421	41,610	19,919	278,602	-74,450	1,216,583
Appreciation	885	0	653	24	11,922	0	34,893
thereof reversal in impairment	0	0	568	24	10,580	0	11,562
Gains from disposal	568	0	3,547	1,216	21,970	0	240,274
Other income	21,213	336	544	482	3,998	0	101,451
Total income	26,426	15,757	46,354	21,641	316,492	-74,450	1,593,201
Depreciation	1,223	104	2,474	3,718	75,202	-92	160,627
thereof impairment	0	0	1,253	534	2,721	0	28,512
Exchange rate differences	-48	-284	3,207	46	2,858	126	5,389
Losses from disposal	239	3,648	160	181	6,299	0	28,448
Interest expenses	453	3,281	976	169	101,623	-70,447	115,999
Interest expenses for personnel provisions	0	0	0	0	841	0	7,454
Interest expenses for liabilities to financial institutions	0	0	0	0	8,539	0	10,350
Interest expenses for financing liabilities	142	65	0	0	37,826	-27,473	11,964
Interest expenses for subordinate liabilities	160	0	0	0	49,934	-23,224	65,354
Interest expenses for lease liabilities	53	98	600	2	1,064	-686	5,135
Other interest expenses	98	3,118	376	167	3,419	-19,064	15,742
Other expenses	12,885	1,135	1,946	926	133,318	-120	295,972
Managed portfolio fees	226	0	412	0	220	0	10,367
Asset management expenses	12,566	1,007	1,102	897	131,902	0	210,813
Other expenses	93	128	432	29	1,196	-120	74,792
Total expenses	14,752	7,884	8,763	5,040	319,300	-70,533	606,435

Composition	2020			2019		
Income	Current income	Appreciation	Gains from disposal	Current income	Appreciation	Gains from disposal
in EUR '000						
Property	103,732	289	2,388	284,323	11,324	15,531
Loans	**79,564**	**68**	**46,503**	95,333	43	1,118
Loans	41,667	68	332	40,586	43	1,020
Reclassified loans	7,276	0	0	8,266	0	41
Bonds classified as loans	30,621	0	46,171	46,481	0	57
Financial assets held to maturity - bonds	68,171	0	0	73,722	0	2
Financial assets reclassified as held to maturity - bonds	20,570	0	1	27,443	0	0
Financial assets available for sale	**629,024**	**6,689**	**96,259**	651,872	195	214,511
Bonds	553,159	6,689	62,980	574,808	195	51,811
Shares and other participations	32,538	0	15,548	29,102	0	137,242
thereof participations	16,076		542	9,153		1,788
Investment funds	43,327	0	17,731	47,962	0	25,458
Financial assets recognised at fair value through profit and loss*	**3,549**	**13,660**	**29,051**	5,648	23,331	7,706
Bonds	2,770	2,614	57	4,356	6,712	289
Shares and other non-fixed-interest securities	211	1,950	2,306	492	2,323	1,490
Investment funds	494	4,837	1,067	676	4,637	1,270
Derivatives	74	4,259	25,621	124	9,659	4,657
Other investments	19,740	0	531	29,998	0	1,406
Unit-linked and index-linked life insurance	29,578	0	0	48,244	0	0
Total	**953,928**	**20,706**	**174,733**	1,216,583	34,893	240,274

*Including held for trading

EUR 99,442,000 (EUR 105,309,000) for financial assets available for sale was reclassified from shareholders' equity to the income statement in the current reporting period.

Composition	2020			2019		
Expenses	Depreciation	Exchange rate differences	Losses from disposal	Depreciation	Exchange rate differences	Losses from disposal
in EUR '000						
Property	71,914	0	92	128,028	0	2,122
Loans	**23**	**-748**	**305**	3,057	804	611
Loans	23	-325	305	3,057	991	70
Reclassified loans	0	0	0	0	0	541
Bonds classified as loans	0	-423	0	0	-187	0
Financial assets held to maturity - bonds	0	-1,239	4	0	1,168	0
Financial assets reclassified as held to maturity - bonds	0	-323	0	0	-187	0
Financial assets available for sale	**68,501**	**-4,700**	**10,997**	21,325	39	11,073
Bonds	9,079	-5,880	2,967	0	-523	1,014
Shares and other participations	43,911	15	484	11,310	115	3,803
thereof participations	807		308	5,111		3,767
Investment funds	15,511	1,165	7,546	10,015	447	6,256
Financial assets recognised at fair value through profit and loss*	**9,622**	**827**	**30,567**	8,217	837	12,757
Bonds	5,032	-7	417	1,590	-15	172
Shares and other non-fixed-interest securities	884	9	2,943	1,802	-7	305
Investment funds	3,677	-197	1,624	3,469	-33	383
Derivatives	29	1,022	25,583	1,356	892	11,897
Other investments	0	28,837	389	0	2,728	1,885
Total	**150,060**	**22,654**	**42,354**	160,627	5,389	28,448

*Including held for trading

Interest expenses and other expenses result from items on the liabilities side of the balance sheet or from business operations and therefore cannot be directly allocated to an investment class.

17. RESULT FROM SHARES IN AT EQUITY CONSOLIDATED COMPANIES

Composition	2020	2019
in EUR '000		
Income	**490**	24,074
Current result	490	24,074
Expenses	**-29,000**	0
Depreciation	-29,000	0
thereof impairment	-29,000	0
Total	**-28,510**	24,074

Consolidated financial statements

18. OTHER INCOME AND EXPENSES

Composition	2020	2019
in EUR '000		
Other income	145,661	193,203
Underwriting	80,850	117,570
Non-underwriting	64,811	75,633
Other expenses	373,617	444,433
Underwriting	203,588	266,487
Non-underwriting	170,029	177,946

Details of other income	2020	2019
in EUR '000		
Other income	145,661	193,203
thereof compensation for services performed	11,650	12,637
thereof release of other provisions	5,056	15,267
thereof fees of all kinds	22,925	40,185
thereof exchange rate gains	50,317	20,584
thereof income related to leases	286	8,415
thereof reversal of allowances for receivables and receipt of payment for written-off receivables	13,216	36,059
thereof commission income	3,300	0
thereof interest not from investments	3,127	0

Details of other expenses	2020	2019
in EUR '000		
Other expenses	373,617	444,433
thereof creation of allowances for receivables and receivable write-offs	44,839	59,268
thereof write-downs of insurance portfolio and customer base	33,617	15,034
thereof brokering expenses	1,387	2,198
thereof underwriting taxes	43,342	38,054
thereof exchange rate losses	21,529	19,078
thereof expenses related to leases	31,898	30,473
thereof other contributions and fees	14,381	11,257
thereof expenses for government-imposed contributions	24,055	40,714
thereof impairment of goodwill and trademarks*	124,437	111,321

*The impairment in the current reporting year concern the CGU group Bulgaria, Croatia, Georgia and Asirom and Seesam trademark. The impairments in the previous year concern the CGU group of Romania and the Seesam trademark.

19. EXPENSES FOR CLAIMS AND INSURANCE BENEFITS – RETENTION

Composition	2020	2019
in EUR '000		
Expenses for claims and insurance benefits – gross	7,688,410	7,764,264
Payments for claims and insurance benefits	7,657,038	7,282,818
Changes in the provision for outstanding claims	633,520	307,945
Change in mathematical reserve	-707,301	-208
Change in other underwriting provisions	8,343	-23,798
Expenses for profit-related and profit-unrelated premium refunds	96,810	197,507
Expenses for claims and insurance benefits – reinsurers´ share	-657,841	-501,520
Payments for claims and insurance benefits	-470,632	-452,658
Changes in the provision for outstanding claims	-158,933	-36,265
Change in mathematical reserve	98	3,065
Change in other underwriting provisions	-2,002	-745
Expenses for profit-unrelated premium refunds	-26,372	-14,917
Expenses for claims and insurance benefits – retention	7,030,569	7,262,744
Payments for claims and insurance benefits	7,186,406	6,830,160
Changes in the provision for outstanding claims	474,587	271,680
Change in mathematical reserve	-707,203	2,857
Change in other underwriting provisions	6,341	-24,543
Expenses for profit-related and profit-unrelated premium refunds	70,438	182,590

20. ACQUISITION AND ADMINISTRATIVE EXPENSES

Composition	2020	2019
in EUR '000		
Acquisition expenses	2,046,899	2,019,325
Commission expenses*	1,426,524	1,411,039
Pro rata personnel expenses	370,464	356,741
Pro rata material expenses	249,911	251,545
Administrative expenses	446,504	436,257
Pro rata personnel expenses	213,450	217,655
Pro rata material expenses	233,054	218,602
Reinsurance commissions	-164,924	-162,356
Total	2,328,479	2,293,226

*Includes commissions of EUR 1,324,483,000 (EUR 1,315,958,000) for direct insurance business

21. TAXES

Composition	2020	2019
in EUR '000		
Actual taxes	201,011	114,404
from the current period	233,519	108,062
from previous periods	-32,508	6,342
Deferred taxes	-97,817	-5,923
Change of deferred taxes in the current year	-103,928	23,180
Deferred taxes due to temporary differences relating to other periods	8,108	-32,572
Deferred taxes due to loss carry forwards relating to other periods	-1,997	3,469
Total	103,194	108,481

Reconciliation	2020	2019
in EUR '000		
Expected tax rate in %	25.0%	25.0%
Result before taxes	345,862	521,569
Expected tax expenses	86,466	130,392
Adjusted for tax effects due to:		
Different local tax rate	-24,352	-23,144
Change of tax rates	1,483	354
Non-deductible expenses	111,835	84,629
Income not subject to tax	-76,579	-82,906
Taxes from previous years	-26,397	-22,760
Non-recognition/reduction of deferred tax assets due to temporary differences	2,803	-260
Non-recognition/reduction of deferred tax assets due to loss carry forwards	8,703	6,986
Effects due to group taxation/profit transfers	-4,063	5,452
Tax effects due to deferred profit participation	16,997	2,647
Others	6,298	7,091
Effective tax expenses	103,194	108,481
Effective tax rate in %	29.8%	20.8%

The income tax rate of the parent company VIG Holding is used as the Group tax rate.

22. FINANCIAL INSTRUMENTS AND FAIR VALUE MEASUREMENT HIERARCHY

Information on the nature and extent of risks arising from financial instruments is provided in the section titled “Financial instruments and risk management“ on page 107.

Fair values and book values of financial instruments and investments

Fair values and book values of financial instruments and investments	31.12.2020				
	Book value	Level 1	Level 2	Level 3	Fair value
in EUR '000					
Property	2,507,413	0	63,132	4,127,729	4,190,861
Owner-occupied property	477,469	0	27,210	769,443	796,653
Investment property	2,029,944	0	35,922	3,358,286	3,394,208
Shares in at equity consolidated companies	291,561				
Loans	2,566,884	162,320	2,615,357	102,552	2,880,229
Loans	1,647,782	76,214	1,610,950	85,860	1,773,024
Reclassified loans	136,308	59,988	97,855	5,000	162,843
Bonds classified as loans	782,794	26,118	906,552	11,692	944,362
Other financial assets	28,685,004	23,919,022	4,424,592	734,347	29,077,961
Financial assets held to maturity	2,163,435	1,924,912	544,108	10,825	2,479,845
Financial assets reclassified as held to maturity	293,003	352,601	16,949	0	369,550
Financial assets available for sale	25,983,431	21,517,902	3,806,396	659,133	25,983,431
Financial assets recognised at fair value through profit and loss*	245,135	123,607	57,139	64,389	245,135
Other investments	850,324				850,324
Financial investments for unit-linked and index-linked life insurance	7,968,039	7,968,039			7,968,039
Subordinated liabilities	1,463,909		1,615,767	21,036	1,636,803
Liabilities to financial institutions	325,267				325,267

*Including held for trading

Fair values and book values of financial instruments and investments	31.12.2019				
	Book value	Level 1	Level 2	Level 3	Fair value
in EUR '000					
Property	2,414,258	0	62,027	3,801,084	3,863,111
Owner-occupied property	488,701	0	25,815	771,602	797,417
Investment property excl. RoU-asset for building-rights	1,925,557	0	36,212	3,029,482	3,065,694
Shares in at equity consolidated companies	321,276				
Loans	2,416,108	157,229	2,504,730	60,170	2,722,129
Loans	1,461,846	0	1,520,534	49,716	1,570,250
Reclassified loans	139,584	61,764	108,264	0	170,028
Bonds classified as loans	814,678	95,465	875,932	10,454	981,851
Other financial assets	28,244,801	23,908,755	3,947,383	745,954	28,602,092
Financial assets held to maturity	2,195,001	2,065,196	384,538	22,623	2,472,357
Financial assets reclassified as held to maturity	568,700	631,230	17,405	0	648,635
Financial assets available for sale	25,148,103	21,011,483	3,476,413	660,207	25,148,103
Financial assets recognised at fair value through profit and loss*	332,997	200,846	69,027	63,124	332,997
Other investments	1,059,297				1,059,297
Financial investments for unit-linked and index-linked life insurance	8,620,327	8,620,327			8,620,327
Subordinated liabilities	1,464,597	0	1,663,318	21,317	1,684,635
Liabilities to financial institutions	215,418				215,418

*Including held for trading

Property (fair values)	31.12.2020	31.12.2019
in EUR '000		
Owner-occupied property	796,653	797,417
evaluated by an independent expert	310,809	301,833
evaluated by an internal expert	485,844	495,584
Investment property	3,394,208	3,065,694
evaluated by an independent expert*	810,888	916,420
evaluated by an internal expert	2,583,320	2,149,274

*This corresponds to 23.89% (29.89%) of the fair value of investment property.

Measurement process

The measurement process aims to determine the fair value of financial assets using price quotations that are publicly available in active markets or valuations based on recognised economic models using observable inputs. If public price quotations and observable market data are not available for an investment, the investment is generally measured using valuation reports prepared by appraisers (e.g. expert reports). The organisational units responsible for appraisal of investments are independent of the units that assume the risk exposure of the investments, thereby ensuring separation of functions and responsibilities.

As a rule, the aim is to use the same price within VIG Insurance Group to value a particular security on each valuation date. In practice, however, situations occur when the cost of process compliance would be inappropriate. For example, the local provisions in some countries (in which VIG Insurance Group operates) require the insurance companies there to use prices on the local stock exchange to value certain investments. In this case, if the same security is held by other companies in VIG Insurance Group, these companies might use another price source for valuation.

Institutional funds are another example where uniform valuation can only be achieved at an inordinately high cost. The Austrian companies hold varying amounts of institutional funds that are required under the IFRS to be included in the consolidated financial statements. However, the valuation logic of an institutional fund requires the fund value (NAV) on a particular date to be calculated using the (in general, closing) prices on the previous day. In this case, a security that is both held in an institutional fund and directly held will be valued using different prices.

The following items are measured at fair value:

- Financial assets available for sale,
- Financial assets recognised at fair value through profit and loss (incl. held for trading),
- Derivative financial instruments (assets/liabilities), and
- Financial instruments for unit-linked and index-linked life insurance.

Balance sheet items that are not reported at fair value are subject to a non-recurring measurement at fair value. These items are measured at fair value when events occur that indicate that the book value might no longer be recoverable (impairment).

The following items are not reported at fair value:

- Financial assets held to maturity,
- Shares in at equity consolidated companies,
- Property (owner-occupied and investment property),
- Loans, and
- Receivables.

REAL ESTATE VALUATION

The following valuation methods are used to calculate the fair value of property in VIG Insurance Group:

- capitalised earnings method,
- discounted cash flow method and
- asset value method (only for property and to determine maintenance expenses).

Each time valuation is performed, the methods are verified which allow the fair value of a property to be calculated. VIG Insurance Group mainly uses the capitalised earnings method. In rare cases, the asset value method or discounted cash flow method is also used, provided it can be used to determine the highest and best use value for the property type.

Capitalised earnings method

In this method, the value of a property is determined by using an appropriate interest rate to capitalise expected or received future gross profits over the expected useful life. The net operating income is calculated by deducting actual operating, maintenance and administrative expenses (management expenses). An allowance for lost rental income and any liquidation proceeds and costs are also taken into account. The rate used to calculate capitalised earnings is based on the achievable return on investment. Net operating income minus the return on the land is capitalised at this rate over the remaining useful life to calculate the capitalised earnings value of the physical facilities. This is added to the land value to calculate the total capitalised earnings value of the property. The method for calculating land value is described in more detail under the asset value method.

Discounted cash flow method

The discounted cash flow method is a valuation method that discounts cash flows during the forecast phase (phase I) back to the valuation date. Discounting is performed using a rate for a comparable risky investment with property- and market-specific premiums. The gross profit for the year plus vacancy rental (at current market rent) minus non-allocable management costs equals the net operating income for the year. The method allows precise analysis of the individual years of the initial forecast phase so that investments and vacancies can be assigned to individual years and accounted for in advance. In phase II, the proceeds from a fictitious disposal at the end of the forecast phase (max. 10 years) are calculated by capitalising future cash flows. The rate used for this calculation is the rate for a comparably risky investment plus market- and property-specific premiums, less the expected increase in value.

Asset value method

The asset value method is comprised of the land value, building value, the value of outdoor facilities and the value of existing annexes and represents a market-oriented method. This method is, as a rule, used to determine the value of undeveloped property.

Land value is generally calculated using the residual value method, with a premium or discount for overuse/underuse applied since 2018 instead of a development discount. A simplified usable area study or an estimate of development possibilities based on developments in the vicinity is used to determine whether overuse or underuse exists. This calculation is used in both the capitalised earnings method and asset value method.

OTHER DISCLOSURES ABOUT THE VALUATION PROCESS

The use of different pricing models and assumptions can lead to differing results for fair value. Changes in the estimates and assumptions used to determine the fair value of assets in cases where no market price quotations are available may necessitate a write-up or write-down of the book value of the assets in question and recognition of the corresponding income or expense in the income statement.

Certain investments whose fair value is normally not measured repeatedly are measured a single time at fair value when events or changes in circumstances indicate that the book value might no longer be recoverable. If financial assets are measured at fair value when impairment is recognised or fair value minus selling costs is used as a measurement basis in accordance with IFRS 5, a disclosure to this effect is included in Note 16. Financial result excl. result from shares in at equity consolidated companies starting on page 160 or Note 18. Other income and expenses on page 166.

Reclassification of financial instruments

The companies in VIG Insurance Group regularly review the validity of the last fair value classification performed on each valuation date. A reclassification is performed, for example, if needed inputs are no longer directly observable in the market.

Reclassifications between Level 1 and 2 primarily occur if liquidity, trading frequency or trading activity of the particular financial instrument once again, or no longer allows one to conclude that an active market exists. For example, the market maker for a security changes frequently, with corresponding changes on liquidity. A similar example is when shares are included in (or removed from) an index that acts as a benchmark for many funds. The classification can also change in this case. As a result of the decentralised organisation of VIG Insurance Group, the classifications are generally reviewed by the local companies at the end of the period. Any reclassifications are presented as if they had taken place at the end of the period.

Sensitivities

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

The spread assumption is the critical factor for the changes in value of Level 3 measured bonds in the "Financial instruments available for sale" category and the sensitivity to this factor is of particular interest as a result. Due to the COVID-19 crisis, the spreads have increased up to 120 basis points compared to the measurement for 31 December 2019.

The most important bonds measured using a level 3 method in the "Financial instruments available for sale" category are held by the Austrian, Czech and Polish companies and show the following sensitivities:

Financial assets available for sale – loans	Fair Value
in EUR '000	
Fair value at 31.12.2020	292,349
Spread +50bp	-3,558
Effect on the statement of comprehensive income	-3,558

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

Property	Fair Value
in EUR '000	
Fair value at 31.12.2020	3,799,023
Rental income -5%	3,662,118
Rental income +5%	3,942,403
Capitalisation rate -50bp	4,039,238
Capitalisation rate +50bp	3,600,033
Land prices -5%	3,766,835
Land prices +5%	3,838,594

Since property is measured at cost, negative sensitivities would only affect profit or loss if property value fell below book value. Other comprehensive income was therefore unaffected.

Measurement hierarchy – financial instruments measured at fair value

Measurement hierarchy	31.12.2020			31.12.2019		
Financial instruments recognised at fair value	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
in EUR '000						
Financial assets						
Financial assets available for sale	21,517,902	3,806,396	659,133	21,011,483	3,476,413	660,207
Bonds	18,893,447	3,709,909	292,349	18,569,199	3,387,820	343,422
Shares and other participations	372,249	3,636	296,400	391,778	4,507	269,732
Investment funds	2,252,206	92,851	70,384	2,050,506	84,086	47,053
Financial investments for unit- and index-linked life insurance	7,968,039			8,620,327		

The unrealised effect on the result (net profit or loss) from level 3 financial instruments that are still in the portfolio and whose fair value is recognised in profit or loss was EUR -625,000 during the reporting year (EUR 2,864,000).

Unobservable input factors

Asset class	Measurement methods	Unobservable input factors	Range
Property	Market value	Capitalisation rate	0.88%–7.50%
		Rental income	EUR 3,000–EUR 3,765,000
		Land prices	EUR 0–EUR 8,000
	Discounted Cash flow	Capitalisation rate	3.55%–8.11%
		Rental income	EUR 96,000–EUR 6,275,000
	Building rights	Capitalisation rate	3.0%–4.0%
		Rental income	EUR 76,000–EUR 1,652,000
		Land prices	EUR 250–EUR 500
		Construction interest actually paid	0.2%–5.7%
Financial assets available for sale	Present value method	Spreads	-0.09%–4.13%

Reconciliation of financial instruments

Development	2020			2019		
Financial assets available for sale	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
in EUR '000						
Fair value at 31.12 of the previous year	21,011,483	3,476,413	660,207	19,451,543	3,396,763	633,387
Exchange rate differences	-102,154	-5,287	-3,879	-3,260	1,707	44
Fair value at 1.1.	20,909,329	3,471,126	656,328	19,448,283	3,398,470	633,431
Reclassification between securities categories	0	0	-6	-5,646	0	0
Reclassification to Level	36,688	135,265	44,850	14,698	56,361	7,855
Reclassification from Level	-130,840	-56,090	-29,873	-46,430	-15,374	-17,110
Additions	2,751,042	518,759	96,976	2,947,006	282,522	194,825
Disposals	-2,327,967	-320,465	-65,481	-2,456,288	-343,821	-47,992
Changes in scope of consolidation	0	0	-42,324	135,562	0	-104,344
Changes in value recognised in profit and loss	6,689	0	0	195	0	0
Changes recognised directly in equity	332,084	58,483	7,358	986,115	98,422	2,688
Impairments	-59,123	-682	-8,695	-12,012	-167	-9,146
Fair value at 31.12.	21,517,902	3,806,396	659,133	21,011,483	3,476,413	660,207

For information on the effects of changes in value recognised in profit or loss, please refer to Note 16. Financial result excl. result from shares in at equity consolidated companies on page 160.

Development of financial liabilities assigned to Level 3	Subordinated liabilities	
	2020	2019
in EUR '000		
Fair value at 31.12 of the previous year	21,317	21,119
Exchange rate differences	-674	262
Fair value at 1.1.	20,643	21,381
Reclassification to Level 3	0	0
Reclassification from Level 3	0	0
Changes in value recognised in profit and loss	393	-64
Changes recognised directly in equity	0	0
Fair value at 31.12.	21,036	21,317

23. NUMBER OF EMPLOYEES AND PERSONNEL EXPENSES

Number of employees	2020	2019
Number		
Field staff	13,450	13,667
Office staff	12,230	12,069
Total	**25,680**	25,736

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

Personnel expenses	2020	2019
in EUR '000		
Wages and salaries	594,092	593,731
Expenses for severance benefits and payments to company pension plans	7,908	7,686
Expenses for retirement provisions	13,690	27,565
Mandatory social security contributions and expenses	162,082	160,533
Other social security expenses	21,108	21,883
Total	**798,880**	811,398
thereof field staff	361,418	351,328
thereof office staff	437,462	460,070

Supervisory board and managing board remuneration (gross)	2020	2019
in EUR '000		
Remuneration paid to Supervisory Board members	578	506
Total payments to former members of the Managing Board or their survivors	1,149	790
Provision for future pension and severance obligations of Managing Board members	3,546	3,288
Provision for other future long-term claims of Managing Board members	5,772	4,957
Remuneration paid to active Managing Board members	6,279	5,480
Total	**17,324**	15,021

Remuneration for Managing Board members

Managing Board remuneration takes into account the importance of the Group and the responsibility that goes with it, the economic situation of the Company, and the appropriateness of the remuneration in the market environment.

The variable portion of the remuneration emphasises the need for sustainability and achieving it fully depends critically on an analysis of the sustainable performance of the Company that extends beyond a single reporting year.

The performance-related remuneration is limited. The maximum performance-related remuneration that the Managing Board can receive by achieving the traditional targets in financial year 2020 is around 30% to around 40% of total remuneration. Special bonus remuneration can also be earned for appropriate target achievement, and remuneration for overachievement in certain target areas. In total, the members of the Managing Board can earn variable remuneration equal to a maximum of around 45% to 50% of their total remuneration in this way.

Large parts of performance-related remuneration are only paid after a delay. The delay for financial year 2020 extends to 2024. The deferred portions are awarded based on the sustainable performance of the Group.

The Managing Board is not entitled to performance-related remuneration if performance fails to meet certain thresholds. Even if the targets are fully met in a given financial year, because of the focus on sustainability, the full variable remuneration is only awarded if the Group also achieves sustainable performance in the three following years.

Managing Board remuneration does not include stock options or similar instruments.

Members of the Company's Managing Board who are active as of 31 December 2019 are entitled to funded defined benefit pensions – based, among other things, on the length of service in VIG Insurance Group – equal to a maximum of 40% of the measurement base if they remain in the Managing Board until age 65. The measurement base is equal to their standard fixed remuneration. This pension amount can be increased in individual cases if work continues past the maximum pension age, since a pension is not drawn during this period.

Starting as of 1 January 2020, newly appointed members of the Managing Board can be granted entitlements to defined benefit pensions (alternatively entitlements to defined contribution pensions). As a rule, entitlements require at least one reappointment, and are granted in stages, so that the maximum entitlement of 40% of fixed remuneration cannot be reached until age 65 after at least 10 years of service as a member of the Managing Board. If a member of the Managing Board has previously served in other positions in the Group for at least 5 years, an entitlement can already be granted at the beginning of the term of office.

Pensions are normally received (regardless of the initial appointment date) only if a Managing Board member's position is not extended and the member is not at fault for the lack of extension, or the Managing Board Member retires due to illness or age.

The provisions of the Austrian Employee and Employment Provisions Act (Mitarbeiter- und Selbstständigen-Vorsorgegesetz) ("new severance") apply to the contracts of the Managing Board members.

Only the contracts for Managing Board members who have been active in the Group for a long time provide for a severance payment structured in accordance with the provisions of the Austrian Employee Act (Angestelltengesetz), in the version prior to 2003, in combination with applicable industry-specific provisions. This allows these Managing Board Members to receive a severance payment equal to two to twelve months' remuneration, depending on the period of service, with a supplement of 50% if the member retires or leaves after a long-term illness. A Managing Board Member who leaves by their own choice, without agreement with the Company, before retirement is possible, or leaves due to their own fault, is not entitled to severance payment.

Managing Board Members are provided with a company car for both business and personal use. The members of the Managing Board received EUR 6,279,000 (EUR 5,480,000) from the Company during the reporting period for their services. The members of the Managing Board received EUR 719,000 (EUR 556,000) from subsidiaries during the reporting period.

Former members of the Managing Board received EUR 1,149,000 (EUR 790,000).

The Managing Board had eight members until 30 June 2020 and seven members starting 1 July 2020.

24. AUDITING FEES AND AUDITING SERVICES

Composition in EUR '000	2020	2019
Audit of consolidated financial statements	251	251
Audit of parent company financial statements	56	56
Other audit services	392	369
Tax advisory fees	21	119
Fees for auditrelated services	479	664
Total	1,199	1,459

25. BODIES OF THE COMPANY

Supervisory Board	
Chairman	Günter Geyer
1st Deputy Chairman	Rudolf Ertl
2nd Deputy Chairwoman/Chairman	Maria Kubitschek (until 25 September 2020)
	Georg Riedl (since 5 October 2020)
Members	Martina Dobringer
	Gerhard Fabisch
	Peter Mihók
	Heinz Öhler
	Georg Riedl (until 4 October 2020)
	Gabriele Semmelrock-Werzer
	Katarina Slezáková (since 25 September 2020)
	Gertrude Tumpel-Gugerell

Managing Board	
Chairwoman	Elisabeth Stadler
Members	Franz Fuchs (until 30 June 2020)
	Liane Hirner
	Peter Höfinger
	Gerhard Lahner
	Gábor Lehel
	Hartwig Löger (since 1 January 2021)
	Harald Riener
	Peter Thirring

26. AFFILIATED COMPANIES AND PARTICIPATIONS

Company name, registered office	Country of domicile	Equity interest 2020[1)]	Equity interest 2019[1)]	Equity 2020[2)]	Equity 2019[2)]
		in %	in %	in EUR '000	in EUR '000
Fully consolidated companies					
"BULSTRAD LIFE VIENNA INSURANCE GROUP" JOINT STOCK COMPANY, Sofia	Bulgaria	100.00	100.00	30,111	23,405
"Compensa Vienna Insurance Group", ADB, Vilnius	Lithuania	100.00	100.00	88,220	34,892
"Grüner Baum" Errichtungs- und Verwaltungsges.m.b.H., Vienna	Austria	100.00	100.00	39,953	39,949
Anděl Investment Praha s.r.o., Prague	Czech Republic	100.00	100.00	23,498	27,237
Anif-Residenz GmbH & Co KG, Vienna	Austria	100.00	100.00	14,901	14,868
arithmetica Consulting GmbH, Vienna	Austria	100.00	100.00	358	-13
Asigurarea Românească - ASIROM Vienna Insurance Group S.A., Bucharest	Romania	99.72	99.70	85,031	86,455
ATBIH GmbH, Vienna	Austria	100.00	100.00	182,488	161,487
BCR Asigurări de Viață Vienna Insurance Group S.A., Bucharest	Romania	93.98	93.98	47,537	48,037
Blizzard Real Sp. z o.o., Warsaw	Poland	100.00	100.00	2,925	5,143
BTA Baltic Insurance Company AAS, Riga	Latvia	100.00	90.83	71,897	65,536
Bulgarski Imoti Asistans EOOD, Sofia	Bulgaria	100.00	100.00	-543	-571
Businesspark Brunn Entwicklungs GmbH, Vienna	Austria	100.00	100.00	34,433	33,936
CAL ICAL "Globus", Kiev	Ukraine	100.00	100.00	0	4,447
Camelot Informatik und Consulting Gesellschaft m.b.H., Vienna	Austria	95.00	95.00	1,202	1,093
CAPITOL, akciová spoločnosť, Bratislava	Slovakia	100.00	100.00	1,242	1,220
CENTER Hotelbetriebs GmbH, Vienna	Austria	80.00	80.00	-1,042	-442
Central Point Insurance IT-Solutions GmbH, Vienna	Austria	100.00	100.00	-24,296	16,900
Česká podnikatelská pojišťovna, a.s., Vienna Insurance Group, Prague	Czech Republic	100.00	100.00	129,748	106,337
Compania de Asigurări "DONARIS VIENNA INSURANCE GROUP" Societate pe Actiuni, Chișinău	Moldova	99.99	99.99	4,837	4,829
Compensa Life Vienna Insurance Group SE, Tallinn	Estonia	100.00	100.00	51,483	45,259
Compensa Towarzystwo Ubezpieczeń Na Życie S.A. Vienna Insurance Group, Warsaw	Poland	99.97	99.97	72,226	71,350
Compensa Towarzystwo Ubezpieczeń S.A. Vienna Insurance Group, Warsaw	Poland	99.94	99.94	140,163	118,251
CP Solutions a.s., Prague	Czech Republic	100.00	100.00	12,027	12,247
DBLV Immobesitz GmbH, Vienna	Austria	100.00	100.00	27	26
DBLV Immobesitz GmbH & Co KG, Vienna	Austria	100.00	100.00	3,075	2,337
DBR-Liegenschaften GmbH & Co KG, Stuttgart	Germany	100.00	100.00	9,674	9,174
DBR-Liegenschaften Verwaltungs GmbH, Stuttgart	Germany	100.00	100.00	19	20
Deutschmeisterplatz 2 Objektverwaltung GmbH, Vienna	Austria	100.00	100.00	3,043	3,015
Donau Brokerline Versicherungs-Service GmbH, Vienna	Austria	100.00	100.00	95,792	95,082
DONAU Versicherung AG Vienna Insurance Group, Vienna	Austria	100.00	100.00	104,360	100,454
DVIB alpha GmbH, Vienna	Austria	100.00	100.00	8,377	8,298
DVIB GmbH, Vienna	Austria	100.00	100.00	94,041	93,709
DV Immoholding GmbH, Vienna	Austria	100.00	100.00	8,315	8,319
ELVP Beteiligungen GmbH, Vienna	Austria	100.00	100.00	23,322	23,318
Floridsdorf am Spitz 4 Immobilienverwertungs GmbH, Vienna	Austria	100.00	100.00	18,672	18,708
Gesundheitspark Wien-Oberlaa Gesellschaft m.b.H., Vienna	Austria	100.00	100.00	29,826	30,231
Global Assistance Baltic SIA, Riga	Latvia	100.00		300	
Insurance Company Nova Ins EAD, Sofia	Bulgaria	100.00	100.00	5,110	5,090
Insurance Company Vienna osiguranje d.d., Vienna Insurance Group, Sarajevo	Bosnia-Herzegovina	100.00	100.00	9,921	9,670
INSURANCE JOINT-STOCK COMPANY "BULSTRAD VIENNA INSURANCE GROUP", Sofia	Bulgaria	100.00	100.00	59,540	50,732
InterRisk Lebensversicherungs-AG Vienna Insurance Group, Wiesbaden	Germany	100.00	100.00	23,518	23,518

Company name, registered office	Country of domicile	Equity interest 2020[1)]	Equity interest 2019[1)]	Equity 2020[2)]	Equity 2019[2)]
InterRisk Towarzystwo Ubezpieczeń S.A. Vienna Insurance Group, Warsaw	Poland	100.00	100.00	112,131	100,159
InterRisk Versicherungs-AG Vienna Insurance Group, Wiesbaden	Germany	100.00	100.00	53,770	54,270
INTERSIG VIENNA INSURANCE GROUP Sh.A., Tirana	Albania	89.98	89.98	6,085	5,447
Joint Stock Company Insurance Company GPI Holding, Tbilisi	Georgia	90.00	90.00	12,291	14,632
Joint Stock Company International Insurance Company IRAO, Tbilisi	Georgia	100.00	100.00	3,640	4,289
Joint Stock Insurance Company WINNER-Vienna Insurance Group, Skopje	North Macedonia	100.00	100.00	7,138	6,605
Kaiserstraße 113 GmbH, Vienna	Austria	100.00	100.00	2,637	2,536
KÁLVIN TOWER Ingatlanfejlesztési és Beruházási Korlátolt Felelősségű Társaság, Budapest	Hungary	100.00	100.00	2,499	2,738
KAPITOL, a.s., Brno	Czech Republic	100.00	100.00	2,318	3,828
KOMUNÁLNA poisťovňa, a.s. Vienna Insurance Group, Bratislava	Slovakia	100.00	100.00	76,662	70,097
KOOPERATIVA poisťovňa, a.s. Vienna Insurance Group, Bratislava	Slovakia	98.47	98.47	408,100	372,351
Kooperativa pojišťovna, a.s., Vienna Insurance Group, Prague	Czech Republic	97.28	97.28	754,598	773,635
LD Vermögensverwaltung GmbH, Vienna	Austria	100.00	100.00	74	73
Limited Liability Company "UIG Consulting", Kiev	Ukraine	100.00	100.00	2,005	7,352
LVP Holding GmbH, Vienna	Austria	100.00	100.00	591,192	654,028
MAP-WSV Beteiligungen GmbH, Vienna	Austria	100.00	100.00	220,778	187,153
MC EINS Investment GmbH, Vienna	Austria	100.00	100.00	19,096	17,873
MH 54 Immobilienanlage GmbH, Vienna	Austria	100.00	100.00	26,402	26,431
Nußdorfer Straße 90-92 Projektentwicklung GmbH & Co KG, Vienna	Austria	100.00	100.00	39,213	38,882
OMNIASIG VIENNA INSURANCE GROUP S.A., Bucharest	Romania	99.54	99.50	149,566	135,599
Palais Hansen Immobilienentwicklung GmbH, Vienna	Austria	56.55	56.55	17,200	18,764
Passat Real Sp. z o.o., Warsaw	Poland	100.00	100.00	-1,390	-241
Pension Assurance Company Doverie AD, Sofia	Bulgaria	92.58	92.58	29,183	27,582
PFG Holding GmbH, Vienna	Austria	89.23	89.23	77,316	124,315
PFG Liegenschaftsbewirtschaftungs GmbH & Co KG, Vienna	Austria	92.88	92.88	7,446	17,042
Porzellangasse 4 Liegenschaftsverwaltung GmbH & Co KG, Vienna	Austria	100.00	100.00	13,005	12,009
PRIVATE JOINT-STOCK COMPANY "INSURANCE COMPANY "KNIAZHA LIFE VIENNA INSURANCE GROUP", Kiev	Ukraine	99.81	97.80	2,743	2,251
Private Joint-Stock Company "Insurance company" Ukrainian insurance group", Kiev	Ukraine	100.00	100.00	17,594	20,657
PRIVATE JOINT-STOCK COMPANY "UKRAINIAN INSURANCE COMPANY "KNIAZHA VIENNA INSURANCE GROUP", Kiev	Ukraine	99.99	99.99	8,481	7,940
PROGRESS Beteiligungsges.m.b.H., Vienna	Austria	70.00	70.00	17,973	18,659
Projektbau GesmbH, Vienna	Austria	100.00	100.00	15,358	15,553
Projektbau Holding GmbH, Vienna	Austria	90.00	90.00	14,186	7,988
Rathstraße 8 Liegenschaftsverwertungs GmbH, Vienna	Austria	100.00	100.00	1,498	1,401
Ray Sigorta A.Ş., Istanbul	Turkey	94.96	94.96	37,079	39,219
Schulring 21 Bürohaus Errichtungs- und Vermietungs GmbH & Co KG, Vienna	Austria	100.00	100.00	7,736	7,736
SECURIA majetkovosprávna a podielová s.r.o., Bratislava	Slovakia	100.00	100.00	7,160	7,198
Senioren Residenz Fultererpark Errichtungs- und Verwaltungs GmbH, Vienna	Austria	100.00	100.00	-6,409	-6,171
Senioren Residenz Veldidenapark Errichtungs- und Verwaltungs GmbH, Innsbruck	Austria	66.70	66.70	8,268	8,430
SIA “Alauksta 13/15”, Riga	Latvia	100.00		3	
SIA “Artilērijas 35”, Riga	Latvia	100.00		3	
SIA “Ģertrūdes 121”, Riga	Latvia	100.00		3	
SIA "Urban Space", Riga	Latvia	100.00	100.00	456	470
Sigma Interalbanian Vienna Insurance Group Sh.a, Tirana	Albania	89.05	89.05	14,918	13,481
SMARDAN 5 DEVELOPMENT S.R.L., Bucharest	Romania	100.00		-8	
Stock Company for Insurance and Reinsurance MAKEDONIJA Skopje - Vienna Insurance Group, Skopje	North Macedonia	94.26	94.26	25,925	25,624
SVZ GmbH, Vienna	Austria	100.00	100.00	162,664	161,771

Company name, registered office	Country of domicile	Equity interest 2020[1)]	Equity interest 2019[1)]	Equity 2020[2)]	Equity 2019[2)]
SVZD GmbH, Vienna	Austria	100.00	100.00	60,408	63,081
SVZI GmbH, Vienna	Austria	100.00	100.00	158,700	157,019
T 125 GmbH, Vienna	Austria	100.00	100.00	8,875	9,210
TBI BULGARIA EAD in liquidation, Sofia	Bulgaria	100.00	100.00	40,437	40,501
TECHBASE Science Park Vienna GmbH, Vienna	Austria	100.00	100.00	18,033	18,125
twinformatics GmbH, Vienna	Austria	100.00	100.00	2,546	1,957
UNION Vienna Insurance Group Biztosító Zrt., Budapest	Hungary	98.64	98.64	50,254	53,484
Untere Donaulände 40 GmbH & Co KG, Vienna	Austria	100.00	100.00	11,341	11,254
Vienibas Gatve Investments OÜ, Tallinn	Estonia	100.00	100.00	-102	-109
Vienibas Gatve Properties SIA, Riga	Latvia	100.00	100.00	1,631	1,602
Vienna-Life Lebensversicherung AG Vienna Insurance Group, Bendern	Liechtenstein	100.00	100.00	9,163	8,684
Vienna Life Towarzystwo Ubezpieczeń na Życie S.A. Vienna Insurance Group, Warsaw	Poland	100.00	100.00	4,167	3,575
VIG-AT Beteiligungen GmbH, Vienna	Austria	100.00	100.00	314,222	333,751
VIG-CZ Real Estate GmbH, Vienna	Austria	100.00	100.00	140,059	140,026
VIG FUND, a.s., Prague (Consolidated Financial Statements)[3]	Czech Republic	100.00	100.00	194,236	196,827
VIG Home, s.r.o., Bratislava	Slovakia	100.00		8,006	
V.I.G. ND, a.s., Prague	Czech Republic	100.00	100.00	90,566	93,792
VIG Offices 1, s.r.o., Bratislava	Slovakia	100.00	100.00	30,121	30,332
VIG Properties Bulgaria AD, Sofia	Bulgaria	99.97	99.97	3,746	3,880
VIG RE zajišťovna, a.s., Prague	Czech Republic	100.00	100.00	180,831	178,936
VIG REAL ESTATE DOO, Belgrade	Serbia	100.00	100.00	10,462	10,626
VIG Services Ukraine, LLC, Kiev	Ukraine	100.00	100.00	1,461	39
VITEC Vienna Information Technology Consulting GmbH, Vienna	Austria	51.00	51.00	504	589
WGPV Holding GmbH, Vienna	Austria	100.00	100.00	107,980	108,441
WIBG Holding GmbH & Co KG, Vienna	Austria	100.00	100.00	78,898	77,212
WIBG Projektentwicklungs GmbH & Co KG, Vienna	Austria	100.00	100.00	79,044	76,635
Wiener Osiguranje Vienna Insurance Group ad, Banja Luka	Bosnia-Herzegovina	100.00	100.00	9,088	9,330
Wiener osiguranje Vienna Insurance Group dioničko društvo za osiguranje, Zagreb	Croatia	97.82	97.82	107,483	113,778
"WIENER RE" akcionarsko društvo za reosiguranje, Belgrade	Serbia	100.00	100.00	7,569	7,139
WIENER STÄDTISCHE OSIGURANJE akcionarsko drustvo za osiguranje, Belgrade	Serbia	100.00	100.00	62,421	62,819
WIENER STÄDTISCHE VERSICHERUNG AG Vienna Insurance Group, Vienna	Austria	97.75	97.75	545,874	539,292
Wiener TU S.A. Vienna Insurance Group, Warsaw	Poland	100.00	100.00	44,171	35,240
WIENER VEREIN BESTATTUNGS- UND VERSICHERUNGSSERVICE-GESELLSCHAFT M.B.H., Vienna	Austria	100.00	100.00	1,896	1,245
WILA GmbH, Vienna	Austria	100.00	100.00	15,790	8,794
WINO GmbH, Vienna	Austria	100.00	100.00	18,300	14,244
WNH Liegenschaftsbesitz GmbH, Vienna	Austria	100.00	100.00	4,969	4,383
WSBV Beteiligungsverwaltung GmbH & Co KG, Vienna	Austria	100.00	100.00	11,294	9,453
WSV Beta Immoholding GmbH, Vienna	Austria	100.00	100.00	45,987	41,300
WSVA Liegenschaftbesitz GmbH, Vienna	Austria	100.00	100.00	10,468	10,358
WSVB Liegenschaftbesitz GmbH, Vienna	Austria	100.00	100.00	29,150	28,894
WSVC Liegenschaftbesitz GmbH, Vienna	Austria	100.00		16,298	
WSV Immoholding GmbH, Vienna	Austria	100.00	100.00	399,183	356,423
WSV Triesterstraße 91 Besitz GmbH & Co KG, Vienna	Austria	100.00	100.00	79,710	78,023
WSV Vermögensverwaltung GmbH, Vienna	Austria	100.00	100.00	4,568	4,412
WWG Beteiligungen GmbH, Vienna	Austria	87.07	87.07	91,785	88,606

1 The share in equity equals the share in voting rights before non-controlling interests.

2 The capital value shown corresponds to the latest local annual financial statements available.

3 In addition to the parent company, the consolidated financial statements of VIG FUND, a.s., Prague, also include the following companies: Atrium Tower Sp.z.o.o, Warsaw, EUROPEUM Business Center s.r.o, Bratislava, HUN BM Korlátolt Felelősségű Társaság, Budapest, KKB Real Estate SIA, Riga and SK BM s.r.o., Bratislava.

Company name, registered office	Country of domicile	Equity interest 2020[1]	Equity interest 2019[1]	Equity 2020[2]	Equity 2019[2]
		in %	in %	in EUR '000	in EUR '000
At equity consolidated companies					
"Schwarzatal" Gemeinnützige Wohnungs- und Siedlungsanlagen-GmbH, Vienna	Austria	100.00	100.00	158,289	149,695
AB Modřice, a.s., Prague	Czech Republic	100.00	100.00	374	388
AIS Servis, s.r.o., Brno	Czech Republic	100.00	100.00	2,384	2,418
Alpenländische Gemeinnützige WohnbauGmbH, Innsbruck	Austria	94.84	94.84	212,947	198,680
Beteiligungs- und Immobilien GmbH, Linz	Austria	25.00	25.00	18,651	18,642
Beteiligungs- und Wohnungsanlagen GmbH, Linz	Austria	25.00	25.00	133,673	211,593
Bohemia Servis Finance a.s., Žatec	Czech Republic	100.00		357	
Bohemika HYPO s.r.o., Žatec	Czech Republic	100.00		-1	
ČPP servis, s.r.o., Prague	Czech Republic	100.00	100.00	1,581	115
CROWN-WSF spol. s.r.o., Prague	Czech Republic	30.00	30.00	8,224	9,451
EGW Erste gemeinnützige Wohnungsgesellschaft mbH, Vienna	Austria	99.77	99.77	289,207	300,881
ERSTE d.o.o. - za upravljanje obveznim i dobrovljnim mirovinskim fondovima, Zagreb	Croatia	25.30	25.30	14,470	14,414
FinServis Plus, s.r.o., Prague	Czech Republic	100.00	100.00	81	24
Gemeinnützige Industrie-Wohnungsaktiengesellschaft, Leonding	Austria	55.00	55.00	317,753	302,072
Gemeinnützige Mürz-Ybbs Siedlungsanlagen-GmbH, Kapfenberg	Austria	99.92	99.92	142,197	134,869
Gewista-Werbegesellschaft m.b.H., Vienna	Austria	33.00	33.00	104,366	105,637
GLOBAL ASSISTANCE, a.s., Prague	Czech Republic	100.00	100.00	5,408	5,600
Global Expert, s.r.o., Pardubice	Czech Republic	100.00	100.00	461	430
Global Partner ČR, a.s., Prague	Czech Republic	65.00		76	
HOTELY SRNÍ, a.s., Prague	Czech Republic	100.00	100.00	12,971	13,498
Main Point Karlín II., a.s., Prague	Czech Republic	100.00	100.00	1,497	367
NEUE HEIMAT Oberösterreich Gemeinnützige Wohnungs- und SiedlungsgesmbH, Linz	Austria	99.82	99.82	198,070	183,568
Neuland gemeinnützige Wohnbau-Gesellschaft m.b.H., Vienna	Austria	61.00	61.00	108,101	107,674
Pražská softwarová s.r.o., Prague	Czech Republic	100.00	100.00	124	73
Österreichisches Verkehrsbüro Aktiengesellschaft, Vienna (Consolidated Financial Statements)	Austria	36.58	36.58	40,607	84,423
S - budovy, a.s., Prague	Czech Republic	100.00	100.00	2,895	2,989
Sanatorium Astoria, a.s., Karlsbad	Czech Republic	100.00	100.00	4,295	5,103
SOZIALBAU gemeinnützige Wohnungsaktiengesellschaft, Vienna	Austria	54.17	54.17	337,194	329,640
SURPMO, a.s., Prague	Czech Republic	100.00	100.00	782	628
Towarzystwo Ubezpieczeń Wzajemnych „TUW", Warsaw	Poland	52.16	52.16	62,278	62,204
Urbanbau Gemeinnützige Bau-, Wohnungs- und Stadterneuerungsgesellschaft m.b.H., Vienna	Austria	51.46	51.46	137,346	131,588
VBV - Betriebliche Altersvorsorge AG, Vienna (Consolidated Financial Statements)	Austria	25.32	23.71	260,233	254,506

1 The share in equity equals the share in voting rights before non-controlling interests.

2 The capital value shown corresponds to the latest local annual financial statements available.

Company name, registered office	Country of domicile	Equity interest 2020[1) in %
Non-consolidated companies		
" Assistance Company " Ukrainian Assistance Service" LLC, Kiev	Ukraine	100.00
"Eisenhof" Gemeinnützige Wohnungsgesellschaft m.b.H., Vienna	Austria	20.13
"JAHORINA AUTO" d.o.o., Banja Luka	Bosnia-Herzegovina	100.00
"Neue Heimat" Stadterneuerungsgesellschaft m.b.H., Linz	Austria	79.51
Akcionarsko društvo za životno osiguranje Wiener Städtische Podgorica, Vienna Insurance Group, Podgorica	Montenegro (Rep.)	100.00
ALBA Services GmbH, Vienna	Austria	48.87
Amadi GmbH, Wiesbaden	Germany	100.00
AQUILA Hausmanagement GmbH, Vienna	Austria	97.75
AREALIS Liegenschaftsmanagement GmbH, Vienna	Austria	48.87
Autosig SRL, Bucharest	Romania	99.54
B&A Insurance Consulting s.r.o., Moravská Ostrava	Czech Republic	48.45
BEESAFE SPÓŁKA Z OGRANICZONA ODPOWIEDZIALNOSCIA, Warsaw	Poland	99.99
Benefia Ubezpieczenia Spolka z ograniczona odpowiedzialnoscia, Warsaw	Poland	99.94
Brunn N68 Sanierungs GmbH, Vienna	Austria	48.87
Bulstrad Trudova Meditzina EOOD, Sofia	Bulgaria	100.00
CAPITOL CONSULTANCY SERVICES S.R.L., Bucharest	Romania	99.15
CAPITOL INTERMEDIAR DE PRODUSE DE LEASING S.R.L., Bucharest	Romania	99.15
CARPLUS Versicherungsvermittlungsagentur GmbH, Vienna	Austria	97.75
CLAIM EXPERT SERVICES S.R.L., Bucharest	Romania	99.15
Compensa Dystrybucja Sp. z o. o., Warsaw	Poland	99.98
DELOIS s. r. o., Bratislava	Slovakia	98.47
DV Asset Management EAD, Sofia	Bulgaria	100.00
DV CONSULTING EOOD, Sofia	Bulgaria	100.00
DV Invest EAD, Sofia	Bulgaria	100.00
DVS Donau-Versicherung Vermittlungs- und Service-Gesellschaft m.b.H., Vienna	Austria	100.00
EBS Wohnungsgesellschaft mbH Linz, Linz	Austria	24.44
EBV-Leasing Gesellschaft m.b.H., Vienna	Austria	47.90
EGW Datenverarbeitungs-Gesellschaft m.b.H., Vienna	Austria	71.92
EGW Liegenschaftsverwertungs GmbH, Vienna	Austria	71.92
EGW-NOE Erste gemeinnützige Wohnungsgesellschaft mbH, Wiener Neustadt	Austria	71.92
ERSTE Biztosítási Alkusz Kft, Budapest	Hungary	98.64
European Insurance & Reinsurance Brokers Ltd., London	United Kingdom	100.00
EXPERTA Schadenregulierungs-Gesellschaft mbH, Vienna	Austria	99.44
Finanzpartner GmbH, Vienna	Austria	48.87
Foreign limited liability company "InterInvestUchastie", Minsk	Belarus	100.00
GELUP GmbH, Vienna	Austria	32.58
GGVier Projekt-GmbH, Vienna	Austria	53.76
Glamas Beteiligungsverwaltungs GmbH & Co "Beta" KG, Vienna	Austria	28.51
Global Assistance Polska Sp.z.o.o., Warsaw	Poland	99.99
GLOBAL ASSISTANCE SERVICES s.r.o., Prague	Czech Republic	100.00
GLOBAL ASSISTANCE SERVICES SRL, Bucharest	Romania	99.21
GLOBAL ASSISTANCE SLOVAKIA s.r.o., Bratislava	Slovakia	99.22
Global Services Bulgaria JSC, Sofia	Bulgaria	100.00
Hausservice Objektbewirtschaftungs GmbH, Vienna	Austria	20.72
Hotel Voltino in Liquidation, Zagreb	Croatia	97.82
HORIZONT Personal-, Team- und Organisationsentwicklung GmbH, Vienna	Austria	98.29
Immodat GmbH, Vienna	Austria	20.72
IMOVE Immobilienverwertung- und -verwaltungs GmbH, Vienna	Austria	20.72
INSHIFT GmbH & Co. KG, Köln	Germany	23.53
InterRisk Informatik GmbH, Wiesbaden	Germany	100.00
ITIS Sp.z.o.o., Warsaw	Poland	49.01
Joint Stock Company "Curatio", Tbilisi	Georgia	90.00

Company name, registered office	Country of domicile	Equity interest 2020[1)]
Joint Stock Insurance Company WINNER LIFE - Vienna Insurance Group, Skopje	North Macedonia	100.00
Kitzbüheler Bestattung WV GmbH, Kitzbühel	Austria	97.75
KUPALA Belarusian-Austrian Closed Joint Stock Insurance Company, Minsk	Belarus	98.26
KWC Campus Errichtungsgesellschaft m.b.H., Klagenfurt	Austria	48.87
Lead Equities II. Auslandsbeteiligungs AG, Vienna	Austria	21.59
Lead Equities II.Private Equity Mittelstandsfinanzierungs AG, Vienna	Austria	21.59
LiSciV Muthgasse GmbH & Co KG, Vienna	Austria	28.51
Money & More Pénzügyi Tanácsadó Zártkörűen Működő Részvéntársaság, Budapest	Hungary	98.64
PFG Liegenschaftsbewirtschaftungs GmbH, Vienna	Austria	73.69
POLISA - ŻYCIE Ubezpieczenia Sp.z.o.o., Warsaw	Poland	99.97
Privat Joint-stock company "OWN SERVICE", Kiev	Ukraine	100.00
Projektbau Planung Projektmanagement Bauleitung GesmbH, Vienna	Austria	54.51
Renaissance Hotel Realbesitz GmbH, Vienna	Austria	40.00
Risk Consult Bulgaria EOOD, Sofia	Bulgaria	51.00
Risk Consult Polska Sp.z.o.o., Warsaw	Poland	68.15
RISK CONSULT Sicherheits- und Risiko- Managementberatung Gesellschaft m.b.H., Vienna	Austria	51.00
Risk Expert Risk ve Hasar Danismanlik Hizmetleri Limited Sirketi, Istanbul	Turkey	64.19
Risk Experts Risiko Engineering GmbH, Vienna	Austria	12.24
Risk Experts s.r.o., Bratislava	Slovakia	51.00
Risk Logics Risikoberatung GmbH, Vienna	Austria	51.00
Rößlergasse Bauteil Drei GmbH, Vienna	Austria	100.00
Rößlergasse Bauteil Zwei GmbH, Vienna	Austria	97.75
samavu s.r.o, Bratislava	Slovakia	98.47
SB Liegenschaftsverwertungs GmbH, Vienna	Austria	40.26
S.C. CLUB A.RO S.R.L., Bucharest	Romania	99.72
S.C. Risk Consult & Engineering Romania S.R.L., Bucharest	Romania	51.00
S.C. SOCIETATEA TRAINING IN ASIGURARI S.R.L., Bucharest	Romania	99.15
serviceline contact center dienstleistungs-GmbH, Vienna	Austria	97.75
S.O.S.- EXPERT d.o.o. za poslovanje nekretninama, Zagreb	Croatia	100.00
Senioren Residenzen gemeinnützige Betriebsgesellschaft mbH, Vienna	Austria	97.75
Slovexperta, s.r.o., Žilina	Slovakia	98.70
Soleta Beteiligungsverwaltungs GmbH, Vienna	Austria	28.51
Sparkassen-Versicherungsservice Gesellschaft m.b.H., Vienna	Austria	97.75
Spółdzielnia Usługowa VIG EKSPERT W WARSZAWIE, Warsaw	Poland	99.97
TAUROS Capital Investment GmbH & Co KG, Vienna	Austria	19.55
TAUROS Capital Management GmbH, Vienna	Austria	24.93
TBI Info OOD, Sofia	Bulgaria	20.00
TGMZ TGMZ Team Gesund Medizin Zentren GmbH, Vienna	Austria	39.10
TOGETHER GmbH, Vienna	Austria	24.71
twinfaktor GmbH, Vienna	Austria	74.16
UAB "Compensa Life Distribution", Vilnius	Lithuania	100.00
UNION-Erted Ellatasszervezö Korlatold Felelössegü Tarsasag, Budapest	Hungary	89.69
Versicherungsbüro Dr. Ignaz Fiala Gesellschaft m.b.H., Vienna	Austria	47.90
Vienna Insurance Group Polska Spółka z organiczoną odpowiedzialnością, Warsaw	Poland	99.99
Vienna International Underwriters GmbH, Vienna	Austria	100.00
viesure innovation center GmbH, Vienna	Austria	98.87
VIG Asset Management, a.s., Prague	Czech Republic	100.00
VIG AM Services GmbH, Vienna	Austria	100.00
VIG Management Service SRL, Bucharest	Romania	99.15
VIG Offices, s.r.o., Bratislava	Slovakia	98.47
VIG POLSKA REAL ESTATE SPÓŁKA Z OGRANICZONA ODPOWIEDZIALNOSCIA, Warsaw	Poland	99.97
VIG Services Bulgaria EOOD, Sofia	Bulgaria	100.00
VIG Services Shqiperi Sh.p.K., Tirana	Albania	89.52
VIG ZP, s. r. o., Bratislava	Slovakia	99.22

Company name, registered office	Country of domicile	Equity interest 2020[1)]
VIG/C-QUADRAT TOWARZYSTWO FUNDUSZY INVESTYCYJNYCH SPÓŁKA AKCYJNA, Warsaw	Poland	39.99
VIVECA Beteiligungen GmbH, Vienna	Austria	100.00
VÖB Direkt Versicherungsagentur GmbH, Graz	Austria	48.87
WAG Wohnungsanlagen Gesellschaft m.b.H., Linz	Austria	24.44
Wien 3420 Aspern Development AG, Vienna	Austria	23.92
Wiener Städtische Donau Leasing GmbH, Vienna	Austria	97.75
Wiener Verein Bestattungsbetriebe GmbH, Kramsach	Austria	97.75
WOFIN Wohnungsfinanzierungs GmbH, Vienna	Austria	20.72
WSBV Beteiligungsverwaltung GmbH, Vienna	Austria	97.75

1 The share in equity equals the share in voting rights before non-controlling interests.

Merged companies	Country of domicile	Mererger date	Absorbing company
"Compensa Services" SIA, Riga	Latvia	1.7.2020	"Compensa Vienna Insurance Group", ADB, Vilnius
AB "Compensa Services", Vilnius	Lithuania	1.7.2020	"Compensa Vienna Insurance Group", ADB, Vilnius
Seesam Insurance AS, Tallinn	Estonia	1.7.2020	"Compensa Vienna Insurance Group", ADB, Vilnius

Please see the section titled “Scope and methods of consolidation“ starting on page 96 for information on changes in the scope of consolidation.

The information required under § 265(2) no. 4 of the Austrian Corporation Code (UGB) is provided in the overview of participations in the separate financial statements.

27. RELATED PARTIES

Related parties

Related parties are the affiliated companies, joint ventures and associated companies listed in Note 26. Affiliated companies and participations starting on page 178. In addition, the members of the Managing Board and Supervisory Board of VIG Holding also qualify as related parties. Wiener Städtische Versicherungsverein directly and indirectly holds around 72.47% (around 71.54%), and therefore a majority of the voting rights of VIG Holding. Based on this controlling interest, it and the members of its managing board and supervisory board are therefore also related parties.

Remuneration for Supervisory Board and Managing Board members and notes on the remuneration plan for Managing Board members are provided in Note 23. Number of employees and personnel expenses starting on page 175.

Members of the Managing Board and Supervisory Board did not receive any advances or loans and had no loans outstanding during the reporting periods. There were also no guarantees outstanding for members of the Managing Board or Supervisory Board during the reporting periods.

Transactions with related companies

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

Transactions with Wiener Städtische Versicherungsverein

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

Wiener Städtische Versicherungsverein for intercompany charges for internal audit services, finance and accounting, provision of staff and office leases based on the arm's length principle.

Open items with related companies	31.12.2020	31.12.2019
in EUR '000		
Loans	163,279	156,210
Associated companies	101,375	95,057
Subsidiaries not included in the consolidated financial statements	61,904	61,153
Receivables	227,592	211,134
Parent company	208,982	195,433
Associated companies	5,012	3,931
Subsidiaries not included in the consolidated financial statements	13,598	11,770
Liabilities	272,252	230,544
Parent company	255,508	206,347
Associated companies	1,989	2,548
Subsidiaries not included in the consolidated financial statements	14,755	21,649

Transactions with related companies	2020	2019
in EUR '000		
Loans	19,447	21,233
Associated companies	11,131	14,660
Subsidiaries not included in the consolidated financial statements	8,316	6,573
Receivables	71,281	70,372
Parent company	45,414	26,344
Associated companies	9,307	3,410
Subsidiaries not included in the consolidated financial statements	16,560	40,618
Liabilities	225,298	183,006
Parent company	55,127	21,623
Associated companies	47,254	47,167
Subsidiaries not included in the consolidated financial statements	122,917	114,216

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

Open items with related persons	31.12.2020	31.12.2019
in EUR '000		
Loans	0	12
Receivables	126	32
Liabilities	81	118

Transactions with related parties	2020	2019
in EUR '000		
Loans	12	0
Receivables	505	153
Liabilities	1,494	1,228

The related party items in the income statement do not exceed EUR 2,000,000 and primarily consist of Payments to Supervisory Board members.

28. LEASES

The interest expenses for leases recognised in the reporting period are shown in Note 16. Financial result excl. result from shares in at equity consolidated companies starting on page 160.

28.1. Lessee

The significant cash outflows for leases from lessees amount to a total of EUR 48,800,000 (EUR 53,515,000).

28.2. Lessor – operating leases

Maturity analysis of undiscounted lease payments	31.12.2020	31.12.2019
in EUR '000		
up to one year	107,547	106,710
one to two years	102,266	99,447
two to three years	94,751	94,176
three to four years	88,510	86,529
four to five years	81,078	79,302
more than five years	2,088,127	2,209,319
Total	2,562,279	2,675,483

Lease income	2020	2019
in EUR '000		
Fixed lease income	107,714	249,266
Lease income of variable lease payments	16,836	45,589
Total	124,550	294,855

29. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

Vienna Insurance Group plans to issue a senior sustainability bond and strengthen its capital structure
Based on the current interest rate situation and long-term capital planning of the Group, the Managing Board has initiated measures to issue a senior sustainability bond, with a focus on increasing investments in socially and environmentally sustainable projects.

Depending on market conditions, the senior sustainability bond will be issued in the 1st half of 2021 with a volume of EUR 500 million. The structuring and issue date have not yet been finalised. The details of the issue and the sustainability bond framework, incl. a second party opinion from an independent rating agency, will be published during the course of the issue.

Given its existing debt capacity and the current favourable environment, a subordinated bond with a volume of EUR 300 million was also placed as a restricted tier 1 instrument with the principal shareholder of Vienna Insurance Group, Wiener Städtische Versicherungsverein.

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

PROFIT PARTICIPATION IN AUSTRIA

Life insurance

Under the FMA regulation of 6 October 2015 on profit participation in the life insurance sector (LV-GBV), the expenses for profit-related premium refunds and policyholder profit participation plus any direct credits must be at least 85% of the measurement basis. The measurement basis within the meaning of § 4(1) LV-GBV is calculated as follows for life insurance policies eligible for profit participation:

Measurement basis	2020	2019
in EUR '000		
Net earned premiums – retention	817,649	854,768
Income and expenses from investments and interest expenses	309,369	417,847
Expenses for claims and insurance benefits – retention	-974,159	-1,053,896
Acquisition and administrative expenses	-130,053	-134,268
Other underwriting and non-underwriting income and expenses	3,362	-2,295
Taxes on income	934	1,489
Total	27,102	83,645

Health insurance

According to § 1 of the FMA regulation on profit participation in the health insurance sector (KV-GBV) of 15 October 2015, the regulation is applicable to policies whose actuarial bases were submitted after 30 June 2007 and whose terms provide for profit participation. The expenses for profit-related premium refunds plus any direct credits have to be at least 85% of the measurement basis for the health insurance policies concerned. The measurement basis within the meaning of § 3(1) KV-GBV is calculated as follows for health insurance policies eligible for profit participation:

Measurement basis	2020	2019
in EUR '000		
Net earned premiums – retention	8,482	8,320
Income and expenses from investments and interest expenses	806	830
Expenses for claims and insurance benefits – retention	-8,583	-7,577
Acquisition and administrative expenses	-1,026	-990
Other underwriting and non-underwriting income and expenses	19	-27
Taxes on income	-97	-478
Total	-399	78

PREMIUMS PER BALANCE SHEET UNIT (INCL. CONSOLIDATION EFFECTS)

Property and Casualty insurance

Premiums written – gross	2020	2019
in EUR '000		
Direct business	6,033,384	5,881,023
Casualty insurance	432,980	429,607
Health insurance	120,115	121,712
Motor own damage insurance (Casco)	1,289,371	1,278,529
Rail vehicle own-damage	3,333	3,288
Aircraft own-damage insurance	6,070	6,258
Sea, lake and river shipping own-damage insurance	13,079	13,685
Transport insurance	56,919	54,875
Fire and natural hazards insurance	1,136,903	1,077,116
Other property	617,018	551,566
Third party liability insurance for self-propelled land vehicles	1,506,560	1,507,440
Carrier insurance	23,734	22,460
Aircraft liability insurance	5,926	6,690
Sea, lake and river shipping liability insurance	3,942	4,037
General liability insurance	516,297	489,710
Credit insurance	4,255	2,251
Guarantee insurance	48,264	48,719
Insurance for miscellaneous financial losses	105,297	99,380
Legal expenses insurance	61,377	60,680
Assistance insurance, travel health insurance	81,944	103,020
Indirect business	361,477	334,464
Marine, aviation and transport insurance	15,900	14,122
Other insurance	317,099	294,461
Health insurance	28,478	25,881
Total	6,394,861	6,215,487

A portion of the net earned premiums of EUR 0,000 (EUR 802,000) from indirect property and casualty insurance business was deferred one year before being recognised in the income statement.

Life insurance

Premiums written – gross	2020	2019
in EUR '000		
Regular premium - direct business	2,575,974	2,625,257
Single-premium - direct business	880,005	993,954
Direct business	3,455,979	3,619,211
thereof policies with profit participation	1,402,808	1,504,455
thereof policies without profit participation	473,434	456,643
thereof unit-linked life insurance portfolio	1,560,736	1,618,067
thereof index-linked life insurance portfolio	19,001	40,046
Indirect business	23,752	23,311
Total	3,479,731	3,642,522

Financial instruments for unit-linked and index-linked life insurance are shown in the respective separate financial statements.

Of the EUR 384,000 (EUR 456,000) in net earned premiums from indirect life insurance business, EUR 345,000 (EUR 343,000) was deferred for one year before being shown in the income statement.

Health insurance

Premiums written – gross	2020	2019
in EUR '000		
Direct business	553,862	541,398

KEY FIGURES PER BALANCE SHEET UNIT

	2020				2019			
	Property/ Casualty	Life	Health	Total	Property/ Casualty	Life	Health	Total
in %								
Cost ratio	32.18	18.59	16.27	26.25	31.68	19.78	15.48	26.21
Claims ratio	62.84				63.69			
Combined ratio	95.02				95.37			

DECLARATION BY THE MANAGING BOARD

We declare to the best of our knowledge that the consolidated financial statements prepared in accordance with applicable accounting standards give a true and fair view of the Group’s net assets, financial position and results of operations, that the Group management report presents the business development, result and position of the Group so as to give a true and fair view of its net assets, financial position and results of operations, and that the Group management report provides a description of the principal risks and uncertainties to which the Group is exposed.

The declaration for the annual financial statements of VIENNA INSURANCE GROUP AG Wiener Versicherung Gruppe is issued in the Annual Report of this company.

The consolidated financial statements for financial year 2020 were approved for publication by a resolution of the Managing Board on 17 March 2021.

Vienna, 17 March 2021

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

Liane Hirner
CFO, Member of the Managing Board

Peter Höfinger
Member of the Managing Board

Gerhard Lahner
Member of the Managing Board

Gábor Lehel
Member of the Managing Board

Hartwig Löger
Member of the Managing Board

Harald Riener
Member of the Managing Board

Peter Thirring
Member of the Managing Board

Managing Board areas of responsibility:

Elisabeth Stadler:	Management of the VIG Group, Strategy, General Secretariat and Legal, Corporate Social Responsibility, Affiliated companies department, European Affairs, Group Communications & Marketing, Group Sponsoring, Bancassurance and international partnerships, Human Resources; Country responsibilities: Austria, Czech Republic
Liane Hirner:	Finance and accounting, Enterprise Risk Management, Asset-Risk Management, Data Management & Processes; Country responsibilities: Germany, Liechtenstein, Belarus
Peter Höfinger:	Corporate and large customer business, Vienna International Underwriters (VIU), Group Reinsurance; Country responsibilities: Albania, Baltic states, Bulgaria, Kosovo, Montenegro, Nordics, Serbia
Gerhard Lahner:	Asset Management, Asset Liability Management, Group Treasury
Gábor Lehel:	Actuarial Department, Personal Insurance; Country responsibilities: Bosnia-Herzegovina, Croatia, North Macedonia, Hungary
Hartwig Löger	Group Development and Strategy, Planning and Controlling
Harald Riener:	Sales Initiatives Customers & SME, Assistance; Country responsibilities: Moldova, Poland, Romania, Ukraine
Peter Thirring:	Motor and Property Insurance, External Incoming Reinsurance, Group IT, Business Organisation; Country responsibilities: Georgia, Slovakia, Turkey

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

AUDITOR'S REPORT

REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

Audit Opinion

We have audited the consolidated financial statements of

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

and its subsidiaries ("the Group"), which comprise the Consolidated Balance Sheet as at 31 December 2020, the Consolidated Income Statement, the Consolidated Statement of Comprehensive Income, the Consolidated Shareholders' Equity, the Consolidated Cash Flow Statement for the year then ended, and the Notes to the Consolidated Financial Statements.

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2020, and its consolidated financial performance and consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) as adopted by the EU, the additional requirements pursuant to Section 245a UGB (Austrian Commercial Code) as well as other legal or regulatory requirements.

Basis for our Opinion

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

Key Audit Matters

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

We have identified the following key audit matters:

- Recoverability of goodwill
- Liability Adequacy Test – "LAT"

RECOVERABILITY OF GOODWILL

Refer to notes 1.1. Goodwill on page 131, Impairment of goodwill on page 77 and Intangible Assets (A) on page 82

Risk for the Consolidated Financial Statements

The recoverability of goodwill recognized in the Consolidated Financial Statements of the Vienna Insurance Group amounting to EUR 1,237.3 million, is monitored separately at country level. At least once a year and in case of a triggering event on an ad hoc basis Vienna Insurance Group performs a recoverability test (the so-called impairment test) of the recorded goodwill amounts.

The impairment test of goodwill is complex and based on discretionary factors. Those factors include in particular the expected future cash flows of the individual countries (taking into account the development of future premiums, budgeted combined ratios and financial income), which are primarily based on past experience as well as on the management's assessment of the expected market environment and the effects of the Covid 19 pandemic 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 goodwill:

- We have assessed the appropriateness of key assumptions, of discretionary decisions and of the valuation method applied for the impairment testing.
- 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, in particular the effects of the Covid 19 pandemic on the future business development and reconciled the assumptions regarding the market development with general and sector-specific market expectations.
- We have analysed the consistency of planning data using information from prior periods.
- Given that minor changes in the applied cost of capital rate significantly impact the recoverable amount of the cash generating units, we have, together with our valuation specialists, assessed the determination of the applied cost of capital rate and comprehended the derivation of the underlying parameters.
- By means of our own sensitivity analysis we have determined whether the tested book values are still sufficiently covered by the recoverable amounts in case of possible changes in the assumptions within a realistic range.
- Additionally, we have assessed whether the disclosures in the notes with respect to the recoverability of goodwill are appropriate.

LIABILITY ADEQUACY TEST – "LAT"

Refer to notes pages 92ff, 123 to 124

Risk for the Consolidated Financial Statements

With life and health insurance, Vienna Insurance Group holds a significant amount of long-term contracts for which premiums have been calculated using a high discount rate. As these interest rates are also used to measure the liabilities from insurance contracts, there is – due to the persistently low interest rates in the market – a risk that the insurance liabilities are not adequately measured.

At each balance sheet date Vienna Insurance Group uses current estimates of future cash flows from insurance contracts to determine whether the insurance liabilities are adequately accounted for in the balance sheet.

To ensure this, future cash flows from existing policies are calculated on a best estimate basis using actuarial methods. For life and health insurance the cash flow model used for this purpose is also used to calculate the Market Consistent Embedded Value ("MCEV"). The MCEV is determined according to the "Market Consistent Embedded Value Principles" published by the CFO Forum in June 2008 and last amended in April 2016.

The performance of the liability adequacy test is complex, and its underlying assumptions are based on a large number of estimates and discretionary factors.

Our Response

We involved our actuarial specialist as part of the audit team and carried out the following main audit procedures in connection with the liability adequacy test:

- We have examined the appropriateness of key assumptions and discretionary decisions as well as the calculation models and methods applied.
- In order to assess the appropriateness of the assumptions and methods used, we gained an understanding of the methodology in discussions with the actuaries of Vienna Insurance Group and analysed the assumptions used as well as the resulting cash flows.
- In particular, we assessed whether the applied methodology was consistent with the "Market Consistent Embedded Value Principles" published by the CFO Forum in June 2008 and last amended in April 2016.
- In addition, we assessed the appropriateness of the implementation of the methodology within the models, analysed the consistency of assumptions used on the basis of information from prior periods, and examined the completeness of the modeled portfolio.
- Furthermore, we critically dealt with the sensitivity analysis prepared by the company.

Other Information

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

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

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

Responsibilities of Management and the Audit Committee for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the EU, the additional requirements pursuant to Section 245a UGB (Austrian Commercial Code) as well as other legal or regulatory requirements and for such internal controls as management determines are necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditor’s Responsibilities

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

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

Moreover:

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

REPORT ON OTHER LEGAL REQUIREMENTS

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

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

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

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

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

Additional Information in accordance with Article 10 AP Regulation
We were elected as auditors at the Annual General Meeting on 24 May 2019 and were appointed by the supervisory board on 24 June 2019 to audit the financial statements of Company for the financial year ending on that date.

In addition, during the Annual General Meeting on 25 September 2020, we have been elected as auditors for the following financial year and appointed by the supervisory board on 22 October 2020.

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 Consolidated Financial Statements" section of our report is consistent with our additional report to the Audit Committee, in accordance with Article 11 AP Regulation.

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

Engagement Partner
The engagement partner is Mr Thomas Smrekar.

Vienna, 17 March 2021

KPMG Austria GmbH
Wirtschaftsprüfungs- und Steuerberatungsgesellschaft

signed by:

Thomas Smrekar
Wirtschaftsprüfer
(Austrian Chartered Accountant)

This report is a translation of the original report in German, which is solely valid.
The consolidated financial statements together with our auditor's opinion may only be published if the consolidated financial statements and the group management report are identical with the audited version attached to this report. Section 281 Paragraph 2 UGB (Austrian Commercial Code) applies.

List of abbreviations

Abbreviation	Full company name
Alpenländische Heimstätte GmbH	Alpenländische Heimstätte, gemeinnützige Wohnungsbau- und Siedlungsgesellschaft m.b.H., Innsbruck
Asirom	Asigurarea Românească - ASIROM Vienna Insurance Group S.A., Bucharest
BCR Life	BCR Asigurări de Viaţă Vienna Insurance Group S.A., Bucharest
BTA Baltic	BTA Baltic Insurance Company AAS, Riga
Bulstrad Life	BULSTRAD LIFE VIENNA INSURANCE GROUP JOINT STOCK COMPANY, Sofia
Bulstrad Non-Life	INSURANCE JOINT-STOCK COMPANY "BULSTRAD VIENNA INSURANCE GROUP", Sofia
Compensa Life (Estonia)[1]	Compensa Life Vienna Insurance Group SE, Tallinn
Compensa Life (Poland)[1)]	Compensa Towarzystwo Ubezpieczeń Na Życie S.A. Vienna Insurance Group, Warsaw
Compensa Non-Life (Lithuania)[1]	"Compensa Vienna Insurance Group", ADB, Vilnius
Compensa Non-Life (Poland)[1]	Compensa Towarzystwo Ubezpieczeń S.A. Vienna Insurance Group, Warsaw
ČPP	Česká podnikatelská pojišťovna, a.s., Vienna Insurance Group, Prague
Donaris	Compania de Asigurări "DONARIS VIENNA INSURANCE GROUP" Societate pe Actiuni, Chişinău
Donau Versicherung	DONAU Versicherung AG Vienna Insurance Group, Vienna
Erste Group	Erste Group Bank AG, Vienna
Erste Heimstätte GmbH	Erste gemeinnützige Wohnungsgesellschaft Heimstätte Gesellschaft m.b.H., Vienna
Gemeinnützige Industrie-Wohnungsaktiengesellschaft	Gemeinnützige Industrie-Wohnungsaktiengesellschaft, Leonding
Gemeinnützige Mürz-Ybbs Siedlungsanlagen-GmbH	Gemeinnützige Mürz-Ybbs Siedlungsanlagen-GmbH, Kapfenberg
Gewista-Werbegesellschaft m.b.H.	Gewista-Werbegesellschaft m.b.H., Vienna
GPIH	Joint Stock Company Insurance Company GPI Holding, Tbilisi
InterRisk	InterRisk Towarzystwo Ubezpieczeń S.A. Vienna Insurance Group, Warsaw
InterRisk Life	InterRisk Lebensversicherungs-AG Vienna Insurance Group, Wiesbaden
InterRisk Non-Life	InterRisk Versicherungs-AG Vienna Insurance Group, Wiesbaden
Intersig	INTERSIG VIENNA INSURANCE GROUP Sh.A., Tirana
IRAO	Joint Stock Company International Insurance Company IRAO, Tbilisi
Kniazha	PRIVATE JOINT-STOCK COMPANY "UKRAINIAN INSURANCE COMPANY "KNIAZHA VIENNA INSURANCE GROUP", Kiev
Kniazha Life	PRIVATE JOINT-STOCK COMPANY "INSURANCE COMPANY "KNIAZHA LIFE VIENNA INSURANCE GROUP", Kiev
Komunálna	KOMUNÁLNA poisťovňa, a.s. Vienna Insurance Group, Bratislava
Kooperativa (Slovakia)[1]	KOOPERATIVA poisťovňa, a.s. Vienna Insurance Group, Bratislava
Kooperativa (Czech Republic)[1]	Kooperativa pojišťovna, a.s., Vienna Insurance Group, Prague
Health	Health insurance
Life	Life insurance
Makedonija Osiguruvanje	Stock Company for Insurance and Reinsurance MAKEDONIJA Skopje - Vienna Insurance Group, Skopje
n/a	not applicable
Neue Heimat Oberösterreich GmbH	NEUE HEIMAT Oberösterreich Gemeinnützige Wohnungs- und SiedlungsgesmbH, Linz
Neuland GmbH	Neuland gemeinnützige Wohnbau-Gesellschaft m.b.H., Vienna
Nova	Insurance Company Nova Ins EAD, Sofia
Omniasig	OMNIASIG VIENNA INSURANCE GROUP S.A., Bucharest
Österreichisches Verkehrsbüro	Österreichisches Verkehrsbüro Aktiengesellschaft, Vienna (Consolidated Financial Statements)
PAC Doverie	Pension Assurance Company Doverie AD, Sofia
PČS	Pojišťovna České spořitelny, a.s.,Vienna Insurance Group, Pardubice
Ray Sigorta	Ray Sigorta A.Ş., Istanbul
s Versicherung	Sparkassen Versicherung AG Vienna Insurance Group, Vienna
Property/Casualty	Property and casualty insurance
Schwarzatal GmbH	"Schwarzatal" Gemeinnützige Wohnungs- und Siedlungsanlagen-GmbH, Vienna
Seesam	Seesam Insurance AS, Tallinn
Sigma Interalbanian	Sigma Interalbanian Vienna Insurance Group Sh.a, Tirana
Sozialbau AG	SOZIALBAU gemeinnützige Wohnungsaktiengesellschaft, Vienna
TUW "TUW"	Towarzystwo Ubezpieczeń Wzajemnych „TUW", Warsaw
UIG	Private Joint-Stock Company "Insurance company" Ukrainian insurance group", Kiev
Union Biztosító	UNION Vienna Insurance Group Biztosító Zrt., Budapest
Urbanbau GmbH	Urbanbau Gemeinnützige Bau-, Wohnungs- und Stadterneuerungsgesellschaft m.b.H., Vienna

Abbreviation	Full company name
VBV - Betriebliche Altersvorsorge AG	VBV - Betriebliche Altersvorsorge AG, Vienna (Consolidated Financial Statements)
Vienna International Underwriters or VIU	Vienna International Underwriters GmbH, Vienna
Vienna Life (Poland)[1]	Vienna Life Towarzystwo Ubezpieczeń na Życie S.A. Vienna Insurance Group, Warsaw
Vienna osiguranje (Bosnia and Herzegowina)[1]	Insurance Company Vienna osiguranje d.d., Vienna Insurance Group, Sarajevo
Vienna-Life (Liechtenstein)[1]	Vienna-Life Lebensversicherung AG Vienna Insurance Group, Bendern
viesure	viesure innovation center GmbH, Vienna
VIG Fund	VIG FUND, a.s., Prague (Consolidated Financial Statements)
VIG Insurance Group[2]	VIENNA INSURANCE GROUP AG Wiener Versicherung Gruppe, Vienna
VIG Holding[3]	VIENNA INSURANCE GROUP AG Wiener Versicherung Gruppe, Vienna
VIG Re	VIG RE zajišťovna, a.s., Prague
Wiener Osiguranje (Croatia)[1]	Wiener osiguranje Vienna Insurance Group dioničko društvo za osiguranje, Zagreb
Wiener Osiguranje (Bosnia and Herzegowina)[1]	Wiener Osiguranje Vienna Insurance Group ad, Banja Luka
Wiener Re	"WIENER RE" akcionarsko društvo za reosiguranje, Belgrade
Wiener Städtische	WIENER STÄDTISCHE VERSICHERUNG AG Vienna Insurance Group, Vienna
Wiener Städtische Osiguranje (Serbia)[1]	WIENER STÄDTISCHE OSIGURANJE akcionarsko drustvo za osiguranje, Belgrade
Wiener Städtische Versicherungsverein	Wiener Städtische Wechselseitiger Versicherungsverein - Vermögensverwaltung - Vienna Insurance Group, Vienna
Wiener TU (formerly Gothaer TU)	Wiener TU S.A. Vienna Insurance Group, Warsaw
Winner Life	Joint Stock Insurance Company WINNER LIFE - Vienna Insurance Group, Skopje
Winner Non-Life	Joint Stock Insurance Company WINNER-Vienna Insurance Group, Skopje
WOFIN GmbH	WOFIN Wohnungsfinanzierungs GmbH, Vienna
WWG Beteiligungen GmbH	WWG Beteiligungen GmbH, Vienna

1 Country names in parentheses are added if there is more than one company with the same abbreviated name and it is not clear from the context which one is intended. The context is assumed to be clear, for example, if the name is used in a description of activities taking place within a country.

2 Used when referring to consolidated VIG group companies.

3 Used when referring to the individual company.

Glossary

Acquisition and administrative expenses
The acquisition and administrative expenses item is broken down into acquisition expenses, administrative expenses less reinsurance commissions and profit commissions for re-insurance cessions. Expenses for claims investigation, loss prevention and claims processing (claims handling expenses) or for making insurance payments (settlement costs) are shown in the expenses for insurance benefits item.

Affiliated companies
The parent company and its subsidiaries are considered to be affiliated companies if the parent company is able to exert control over the business policies of the subsidiary. Examples of this are where the parent company can affect variable returns from the subsidiary, a controlling agreement exists or it is possible to appoint the majority of the Members of the Managing Board or other executive bodies of the subsidiary.

Asset and liability management (ALM)
ALM refers to taking both assets and liabilities into account when implementing strategic decisions in order to achieve optimal company results and is therefore needed for determining or managing the risk capital required, matching assets and liabilities (duration, cash flow and income matching) and optimising investments and reinsurance.

Austrian Commercial Code (UGB)
Austrian Commercial Code: Unternehmensgesetzbuch (UGB) as of 1 January 2007, Handelsgesetzbuch (HGB) until 31 December 2006.

Austrian Insurance Supervision Act (VAG)
The Austrian Insurance Supervision Act (Versicherungs-aufsichtsgesetz – VAG) includes provisions governing the organisation and supervision of insurance companies.

Baltic states
The Baltic states consist of the countries Estonia, Latvia and Lithuania.

Cash flow statement
The cash flow statement presents the changes in cash and cash equivalents during a financial year, broken down into the three areas of ordinary activities, investing activities, and financing activities. The aim is to provide information on the financial strength of the company. Indirect cash flow is calculated using the profit for the year adjusted by non-cash income and expenses, such as depreciation and changes in long-term provisions.

Ceded reinsurance premiums
Share of the premiums that is paid to a reinsurer so that it will cover certain risks.

Central and Eastern Europe (CEE) or CEE markets
The definition of "CEE" includes all of the growth markets in Central and Eastern Europe in which VIG Insurance Group is operating. This includes Albania, Austria, Belarus, Bosnia-Herzegovina, Bulgaria, Croatia, the Czech Republic, Estonia, Georgia, Hungary, Kosovo, Latvia, Lithuania, Moldova, Montenegro, North Macedonia, Poland, Romania, Serbia, Slovakia, Slovenia, Turkey and Ukraine. Note that differences may exist between this definition and the definition of CEE used by other companies, financial institutions (e.g. IMF, OECD, WIFO, IHS), etc.

Claims incurred but not reported
Losses that are reported in the current financial year but occurred in the previous year. Each year as of the balance sheet date, a reserve (= incurred but not reported reserve, IBNR) is formed for losses that relate to the financial statement year but are not reported until the following year.

Combined ratio (net)
The combined ratio is calculated as the sum of all underwriting income and expenses, and net payments for claims and insurance benefits, including the net change in underwriting provisions, divided by net earned premiums in the property and casualty balance sheet unit.

Consolidation
The financial statements of the parent company and those of the subsidiaries are combined when the consolidated financial statements are prepared by the parent company. During this process, intragroup equity interests, interim results, receivables and payables and income and expenses are eliminated.

Deposits on assumed and ceded reinsurance business
Deposits on assumed reinsurance business are underwriting claims of the reinsurance company against the direct insurer. When business is ceded, the direct insurer retains a portion of the reinsurer's share of premiums and claims as security. This security portion is shown as a deposit on assumed reinsurance business in the reinsurer's balance sheet. The direct insurer recognises a deposit on ceded reinsurance business in the same amount.

Derivative financial instruments (derivatives)
Derivatives are financial instruments whose value depends on the price of an underlying asset. Derivatives can be classified systematically according to the nature of the underlying asset (interest rates, share prices, currency rates or commodity prices). Options, futures, forwards and swaps are examples of derivative financial instruments.

Direct business
Insurance business where a direct legal relationship exists between the insurance company and policyholder.

Earnings per share (undiluted/diluted)
The ratio of consolidated profit for the year divided by the average number of shares issued. The diluted earnings per share include convertible securities that have been exercised, or are still available for exercise, in the calculation of the number of shares and profit for the year. The convertible securities consist of convertible bonds and stock options.

Embedded value
The embedded value represents the economic value of the insurance business and is comprised of future profits from the insurance portfolio. Profits from future new business are not included. It therefore corresponds to the distributable profits after taxes and takes into account the risks contained in the business.

Enterprise Risk Management (ERM)
The responsibilities of ERM are identification, assessment, analysis and management of opportunities and risks for the company.

Equity method
This method is used to account for shares in associated companies. As a rule, the value recognised corresponds to the Group's proportional share of the equity in these companies or groups of companies within the Group. For current valuation, the value recognised is adjusted using a proportional share of changes to equity with the shares in the result for the year being allocated to the Group result and disbursed profit distributions deducted.

Erste Group
An abbreviated version of the company name of Erste Group Bank AG.

ESG (Environmental Social Governance)
ESG stands for the Environment, Social and (responsible) Governance sustainability criteria and describes the degree to which a company takes these factors into account, as well as an investment approach that can be used to select potential companies (investments).

Expenses for claims and insurance benefits
The expenses for claims and insurance benefits item is comprised of the payments for insurance claims, expenses for claims investigation, claims settlement (claims settlement expenses), and claims prevention, and the change in the associated provisions.

Fair value
The value of a financial instrument that is observable in the market or can be calculated using a theoretical pricing model that takes into account factors on which the price depends.

Financial assets available for sale
Available-for-sale financial assets include securities that were not acquired with the intention of being held to maturity, or for short-term trading purposes. They are recognised at fair value as of the balance sheet date. Fluctuations in market value are recognised directly in equity.

Financial assets held to maturity
These financial assets comprise debt securities that are intended to be held to maturity. They are measured initially at acquisition cost and are subsequently measured at amortised cost. In the case of permanent impairment, a write-down is recognised in profit or loss.

Financial result
The financial result consists of income and expenses from investments, interest expenses and other expenses. This includes, for example, income from financial instruments, loans, property and participations, as well as bank interest and expenses incurred in the financial area, such as depreciation of property, write-downs of financial instruments to listed market prices, bank fees or interest expenses for financing.

General Data Protection Regulation (GDPR)
Regulation (EU) 2016/679 on the protection of natural persons with regard to the processing of personal data entered into force on 25 May 2018 and was therefore immediately applicable in the European Union. The GDPR standardises the provisions applicable to the processing of personal data by private-sector companies and public bodies in the entire EU. The main objectives of the GDPR are data security and strengthening the fundamental rights and freedoms of natural persons. The GDPR was implemented in Austria by the Austrian Data Protection Amendment Act of 2018 (Datenschutz-Anpassungsgesetz 2018), which extensively amended the Austrian Data Protection Act of 2000 (Datenschutzgesetz 2000).

Gross domestic product (GDP)
GDP is a measure of the economic output of a country. All goods and services produced or provided within a country (by citizens or foreigners) during a specified period, are evaluated at current prices (market prices) or constant prices (prices in a certain base year). By using a constant price level in the calculations, price increases can be eliminated so that the figures presented over time are independent of inflation. GDP at constant prices is also known as real GDP.

Gross/Net
In insurance terminology, “gross/net” means before or after reinsurance has been deducted (“net” is also used to mean “for own account” or “retention”). In connection with income from participations, the term “net” is used when related expenses have already been deducted from income (e.g. write-offs and losses from disposals). Therefore, (net) income from participations equals the profit or loss from these interests.

Income from investments and interest income
Income from investments and interest income is comprised of income from participations (of which affiliated companies), income from property, income from other investments, write-ups, gains from disposals, and other income and interest income.

Indirect business
Insurance business where the company acts as a reinsurer.

Insurance density
Annual per capita insurance premiums, used as an indicator for the state of development of a country’s insurance sector.

Insurance Distribution Directive (IDD)
Directive 2016/97/EU, also referred to as the Insurance Distribution Directive, has been applicable within the European Union since 1 October 2018. The IDD affects all aspects of the insurance business, including the recruiting of insurance distributors entailing training and advanced training, product development, the advisory process including wide-ranging duties to provide information, the distribution of standardised information sheets, the handling of conflicts of interest and compensation.

Insurance payments (net)
(Net) insurance payments are expenses for claims and insurance benefits (after deducting reinsurance).

Insurance supervisory authority
The Austrian insurance supervisory authority is a part of the Austrian Financial Market Authority (FMA) that was established as an independent authority in April 2002. Its supervision extends to private-sector insurance companies with registered offices in Austria.

International Accounting Standards (IAS)
The IAS are international accounting standards – also see International Financial Reporting Standards.

International Financial Reporting Standards (IFRS)
The IFRS are international financial reporting standards. Since 2002, the designation IFRS has stood for the overall framework of all standards adopted by the International Accounting Standards Board (IASB). Standards that were previously adopted, however, are still cited as IAS.

Loss reserve
A reserve for losses that have already been incurred but have not yet been settled. Claims and claims settlement expenses can be divided into two categories: reserves for reported but not yet settled claims ("RBNS"), and reserves for claims that have been incurred but have not yet been reported, or the correct amount has not been reported ("IBNR", "IBNER").

Market capitalisation (stock market value)
This equals the value of a stock corporation calculated by multiplying the current stock exchange price by the total number of shares issued.

Mathematical reserve
A reserve calculated according to mathematical principles for future insurance payments in the life and health insurance balance sheet units. In the health insurance balance sheet unit, this is also referred to as an ageing reserve.

Net earned premiums
The portion of premiums written that is allocated to the reported financial year.

Non-life
Non-life insurance includes the property and casualty insurance and health insurance segments.

Nordics
Nordics includes the countries of Denmark, Norway, Sweden and Finland. VIG Holding is represented by branches in Denmark, Norway and Sweden. The EU freedom to provide services allows customers to also be served in Finland. Note that differences may exist between this definition and the definition of Nordics or Northern Europe used by other companies, financial institutions (e.g. IMF, OECD, WIFO, IHS), etc.

Options
Options are derivative financial instruments which entitle, but do not obligate the buyer to purchase (call option) or sell (put option) an underlying asset at a future point in time for a specified price. In contrast, the seller of the option is obligated to deliver or purchase the asset and receives a premium for providing the option.

Organic growth
Organic growth means the growth of a company resulting from the company's own financial strength. Such growth is therefore not the result of purchasing other companies.

Own Risk and Solvency Assessment (ORSA)
Under Article 45 of Directive 2009/138/EC, every insurance company must perform the Own Risk and Solvency Assessment (ORSA) as part of its risk management system.

Personal insurance
Personal insurance includes all insurance that covers personal risks (such as life insurance, health insurance and accident insurance).

Premium
Agreed fee paid in exchange for assumption of risk by an insurance company.

Premiums written
Direct business premiums written are comprised of set premiums, plus policyholder collateral payments, but not including insurance or fire service taxes, reduced by premiums cancelled during the financial year. In indirect business, the premiums written correspond to the premiums that the ceding insurer has indicated for offset.

Present value
Current value of future cash flows, calculated by discounting the future cash flows with a certain discount rate.

Price-earnings ratio (PE ratio)
A financial ratio for evaluating shares. The PE ratio is the ratio of the share price to the earnings per share in a reference period, or to the expected earnings per share in a future period. If the reference period is defined as one year, the PE ratio is the end-of-year price divided by the earnings per share in that year.

Profit participation
See profit-related premium refunds.

Profit-related premium refunds
The policyholder's profit participation in the profit of the insurance class in question (mandatory for traditional life insurance).

Profit-unrelated premium refunds
Contractually accorded refund of premiums to the policyholder.

Provision for unearned premiums
Unearned premiums are the portion of premiums written that were specified for the period following the balance sheet date and are therefore not included in the income for the financial year. These premiums are used to cover obligations arising after the balance sheet date.

Rating
A rating is an evaluation on a scale of the creditworthiness of a debtor (countries, companies, etc.) often carried out by a specialised rating agency. Also see Standard and Poor's.

Reinsurance
Reinsurance is when an insurance company insures a portion of its risk with another insurance company.

Retained earnings
Retained earnings are the profits generated by the company that have not been distributed as dividends.

Return on equity (RoE)
RoE measures the profitability of the Group by expressing the result before taxes as a ratio of the capital employed. This ratio is calculated by dividing the result before taxes and non-controlling interests by the average shareholders' equity. Shareholders' equity adjusted for a provision for unrealised gains and losses is used for this purpose.

Single premium
A single premium is a special type of premium payment for life insurance in which a certain amount is paid as a single premium at the beginning of the policy.

Solvency II
Solvency II is a legal directive applicable in Europe for the capital adequacy of insurance companies. It concerns methods for risk-based management of the overall solvency of insurance companies and also includes qualitative elements (e.g. internal risk management).

Standard & Poor's (S&P)
S&P is an internationally recognised rating agency. It analyses and evaluates companies, countries and bonds, among other things. It uses its own rating scale, which ranges from AAA for the highest category to CC for the lowest when rating the financial strength of insurance companies. The ratings can be modified by adding a plus or minus sign.

Stress test
Stress tests are a special form of scenario analysis. The objective is to arrive at a quantitative assessment of the potential losses incurred by portfolios in the event of extreme market fluctuations.

Underwriter
Underwriters are responsible for evaluating risks in the insurance industry, and have the authority to underwrite risks. An underwriter estimates the probability and size of a loss as precisely as possible, calculates insurance premiums and establishes policy terms.

Underwriting provisions
Underwriting provisions consist of the provision for outstanding claims, mathematical reserve, unearned premiums, provisions for profit-related and profit-unrelated premium refunds, the equalisation provision and other underwriting provisions.

Unit-linked and index-linked life insurance
Insurance where the investment in financial instruments is made at the policyholder's risk. The financial instruments in this area are valued at fair value, with the underwriting reserves shown at the value of the financial instruments.

Value-at-risk (VaR)
The VaR concept is a procedure used to calculate potential losses arising from changes in the price of a trading position. This loss potential is expressed using a specific confidence limit (e.g. 98%), and is calculated based on market-related price changes.

Value of new business
The present value of profits in future years that can be generated from new policies concluded in the current financial year.

VIG Insurance Group
As a rule, this term refers to all consolidated VIG (insurance) companies. If a statement refers exclusively to the activities of the Holding, the term VIG Holding is used.

Volatility
Volatility refers to the fluctuations in securities prices, currency prices and interest rates.

ALBANIA
SIGMA INTERALBANIAN – VIENNA INSURANCE GROUP
INTERSIG – VIENNA INSURANCE GROUP

BOSNIA-HERZEGOVINA
WIENER OSIGURANJE – VIENNA INSURANCE GROUP
vienna osiguranje – VIENNA INSURANCE GROUP

BULGARIA
BULSTRAD – VIENNA INSURANCE GROUP
Life BULSTRAD – VIENNA INSURANCE GROUP
novains – VIENNA INSURANCE GROUP
PENSION ASSURANCE COMPANY DOVERIE – VIENNA INSURANCE GROUP

DENMARK
VIG – VIENNA INSURANCE GROUP

GERMANY
InterRisk – VIENNA INSURANCE GROUP
VIG Re

ESTONIA
bta – VIENNA INSURANCE GROUP
COMPENSA – VIENNA INSURANCE GROUP
Seesam – VIENNA INSURANCE GROUP

FRANCE
VIG Re

GEORGIA
GPI – VIENNA INSURANCE GROUP
IRAO – VIENNA INSURANCE GROUP

ITALY
WIENER STÄDTISCHE – VIENNA INSURANCE GROUP

KOSOVO
SIGMA – VIENNA INSURANCE GROUP

CROATIA
WIENER OSIGURANJE – VIENNA INSURANCE GROUP

LATVIA
bta – VIENNA INSURANCE GROUP
COMPENSA – VIENNA INSURANCE GROUP

LIECHTENSTEIN
VIENNA-LIFE – VIENNA INSURANCE GROUP

LITHUANIA
bta – VIENNA INSURANCE GROUP
COMPENSA – VIENNA INSURANCE GROUP

MOLDOVA
DONARIS – VIENNA INSURANCE GROUP

MONTENEGRO
Život WIENER STÄDTISCHE – VIENNA INSURANCE GROUP

NORTH MACEDONIA
WINNER – VIENNA INSURANCE GROUP
Life WINNER – VIENNA INSURANCE GROUP
ОСИГУРУВАЊЕ МАКЕДОНИЈА – VIENNA INSURANCE GROUP

NORWAY
VIG – VIENNA INSURANCE GROUP

AUSTRIA
WIENER STÄDTISCHE – VIENNA INSURANCE GROUP
Donau – VIENNA INSURANCE GROUP

POLAND
COMPENSA – VIENNA INSURANCE GROUP
InterRisk – VIENNA INSURANCE GROUP
Vienna Life – VIENNA INSURANCE GROUP
wiener – VIENNA INSURANCE GROUP

ROMANIA
OMNIASIG – VIENNA INSURANCE GROUP
Asirom – VIENNA INSURANCE GROUP
BCR ASIGURARI DE VIATA – VIENNA INSURANCE GROUP

SWEDEN
VIG – VIENNA INSURANCE GROUP

SERBIA
WIENER STÄDTISCHE – VIENNA INSURANCE GROUP
WIENER RE Beograd – VIENNA INSURANCE GROUP

SLOVAKIA
Kooperativa – VIENNA INSURANCE GROUP
KOMUNÁLNA POISŤOVŇA – VIENNA INSURANCE GROUP

SLOVENIA
WIENER STÄDTISCHE – VIENNA INSURANCE GROUP

CZECH REPUBLIC
Kooperativa – VIENNA INSURANCE GROUP
ČPP – VIENNA INSURANCE GROUP
VIG Re

TURKEY
RAY SIGORTA – VIENNA INSURANCE GROUP

UKRAINE
КНЯЖА – VIENNA INSURANCE GROUP
life КНЯЖА – VIENNA INSURANCE GROUP
УКРАЇНСЬКА СТРАХОВА ГРУПА – VIENNA INSURANCE GROUP

HUNGARY
UNION – VIENNA INSURANCE GROUP

BELARUS
КУПАЛА – VIENNA INSURANCE GROUP

Version: March 2021

Service information

We are Number 1 in Austria and Central and Eastern Europe.

VIG
VIENNA INSURANCE GROUP

Addresses of Group companies

Country	Postal address	Phone	E-mail/Internet address
ALBANIA			
Intersig	AL-Tirana Rr. Ismail Qemali, Samos Tower/Kati II	+355 (0) 4 227 0576	info@intersig.al www.intersig.al
Sigma Interalbanian	AL-Tirana Rr. Komuna e Parisit, Pallati Lura	+355 (0) 4 225 8254	kontakt@sivig.al www.sivig.al
BOSNIA-HERZEGOVINA			
Vienna osiguranje	BiH-71000 Sarajevo Fra Andela Zvizdovica 1/A9	+387 (0) 33 943 640	info@viennaosiguranje.ba www.viennaosiguranje.ba
Wiener Osiguranje	BiH-78000 Banja Luka Kninska 1a	+387 (0) 51 931 100	direkcija@wiener.ba www.wiener.ba
BULGARIA			
Bulstrad Non-Life	BG-1000 Sofia Positano Square 5	+359 (0) 2 985 66 10	public@bulstrad.bg www.bulstrad.bg
Bulstrad Life	BG-1301 Sofia Sveta Sofia Str. 6	+359 (0) 2 401 4000	bullife@bulstradlife.bg www.bulstradlife.bg
Nova	BG-1000 Sofia Positano Square 5	+359 (0) 2 93 30 46	office@novains.bg www.novains.bg
PAC Doverie	BG-1113 Sofia Tintyava Str. 13-B	+359 (0) 2 46 46 173	head@poc-doverie.bg www.poc-doverie.bg
DENMARK			
VIG Holding (branch)	DK-1250 Copenhagen Sankt Annæ Plads 13	+45 72 19 64 08	Tom.Faerovik@vig.com www.denmark.vig
GERMANY			
InterRisk Life	D-65203 Wiesbaden Karl-Bosch-Straße 5	+49 (0) 611 27 87-0	info@interrisk.de www.interrisk.de
InterRisk Non-Life	D-65203 Wiesbaden Karl-Bosch-Straße 5	+49 (0) 611 27 87-0	info@interrisk.de www.interrisk.de
VIG Re (branch)	D-60323 Frankfurt am Main Bockenheimer Landstr. 66	+49 151 58 26 05 33	info@vig-re.com www.vig-re.com
ESTONIA			
BTA Baltic (branch)	EE-11415 Tallinn Lõõtsa 2B	+372 5 68 68 068	bta@bta.ee www.bta.ee
Compensa Life	EE-10152 Tallinn Narva mnt. 63/2	+372 610 3000	info@compensalife.ee www.compensalife.ee
Seesam (branch of Compensa Non-Life Lithuania)	EE-10145 Tallinn Maakri 19/1	+372 628 1800	seesam@seesam.ee www.seesam.ee
FRANCE			
VIG Re (branch)	FR-75002 Paris 25 rue Louis le Grand	+33 6 03 61 78 93	info@vig-re.com www.vig-re.com
GEORGIA			
GPIH	GE-0171 Tbilisi Kostava Str. 67	+995 322 505 111	info@gpih.ge www.gpih.ge
IRAO	GE-0160 Tbilisi Bochorishvili Str. 88/15	+995 322 949 949	office@irao.ge www.irao.ge

Country	Postal address	Phone	E-mail/Internet address
ITALY			
Wiener Städtische (branch)	IT-00147 Rome Via Cristoforo Colombo 112	+39 0 6 510 70 11	wiener@wieneritalia.com www.wieneritalia.com
KOSOVO			
Sigma Interalbanian Kosovo (branch)	KOS-10000 Prishtinë, Aktash, Rr. Edmond Hoxha Nr. 27	+381 38 246 301	info@sigma-ks.net www.sigma-ks.net
CROATIA			
Wiener Osiguranje	HR-10000 Zagreb Slovenska ulica 24	+385 (0) 1 371 86 00	kontakt@wiener.hr www.wiener.hr
LATVIA			
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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, typesetting 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.

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WEBSITE – ONLINE REPORT

The annual report is available in German and English on our Internet website (www.vig.com) under Investor Relations and can also be downloaded in both languages as a PDF file.

Service tip **Online annual report**

The VIG Insurance Group website provides an online version of the annual report that is optimised for both the Internet and mobile devices. All sections may be downloaded in PDF form. You can also download the most important tables as Excel files. Other features such as links within the report and a comparison with the previous year create transparency and take you directly to the information being sought. The online version of the report also allows you to perform a full-text search quickly and easily. The search results are presented on an overview page, sorted by relevance. The term being searched for is highlighted in colour on this page and on the page in the report.

In case of doubt, the German version is authoritative.

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