VIENNA INSURANCE GROUP

MORE GROWTH

Group Annual Report 2022

Financial calendar*

Annual General Meeting:
26 May 2023

Update 1st quarter 2023:
31 May 2023

Results for 1st half of 2023:
30 August 2023

Update 1st to 3rd quarters of 2023:
30 November 2023

* preliminary schedule

Key figures at a glance

Country	Premium volume	Result before taxes	Combined ratio	Employees
	in EUR '000	in EUR '000	in %	Number
Austria	4,138,384	249,410	92.4	4,851
Czech Republic	2,122,121	201,894	91.5	5,067
Poland	1,352,881	51,748	96.1	2,846
Extended CEE[1]	3,593,244	112,713	95.3	12,017
Special Markets[2]	846,187	49,402	93.0	3,022
Group Functions[3]	2,297,825	-101,236	–	1,029

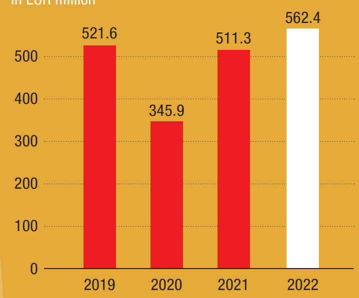
[1] Extended CEE: Albania including Kosovo, Baltic states, Bosnia-Herzegovina, Bulgaria, Croatia, Hungary, Moldova, North Macedonia, Romania, Serbia, Slovakia, Ukraine.

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

[3] Group Functions: VIG Holding, VIG Re, Wiener Re, VIG Fund, corporate IT service providers, Asset Management, Pension Funds, and intermediate holding companies.

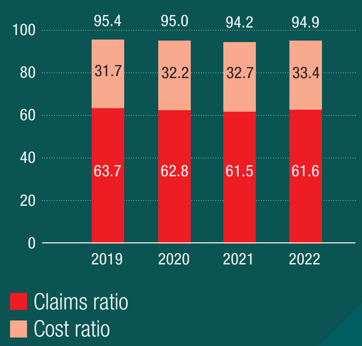
Profit before taxes

in EUR million



Combined ratio

in per cent



		2022	2021	2020	2019
Income statement					
Premiums written – gross	EUR million	12,559.2	11,002.6	10,428.5	10,399.4
Net earned premiums – retention	EUR million	10,910.9	9,705.6	9,336.6	9,317.9
Financial result incl. result from shares in at equity consolidated companies	EUR million	797.2	631.9	596.3	1,010.8
Expenses for claims and insurance benefits – retention	EUR million	-7,912.0	-7,136.6	-7,030.6	-7,262.7
Acquisition and administrative expenses	EUR million	-2,930.5	-2,536.8	-2,328.5	-2,293.2
Result before taxes	EUR million	562.4	511.3	345.9	521.6
Net result of the period after taxes and non-controlling interests	EUR million	465.9	375.7	231.5	331.3
Combined ratio	%	94.9	94.2	95.0	95.4
Claims ratio	%	61.6	61.5	62.8	63.7
Cost ratio	%	33.4	32.7	32.2	31.7
Balance sheet					
Investments[1]	EUR million	34,399.3	37,266.1	36,646.3	35,899.1
Shareholders' equity (including non-controlling interests)	EUR million	4,434.2	5,597.9	5,285.8	5,190.7
Underwriting provisions	EUR million	31,987.9	32,546.2	32,230.1	31,886.1
Total assets	EUR million	49,274.0	52,178.2	50,428.1	50,344.9
Operating Return on Equity (Operating RoE)[2]	%	11.9	10.9	11.1	11.4
Share					
Number of shares	Piece	128,000,000	128,000,000	128,000,000	128,000,000
Market capitalisation	EUR million	2,860.8	3,187.2	2,662.4	3,251.2
Average number of shares traded per day	Piece	~56,000	~51,000	~74,000	~65,000
Book value per share[3]	EUR	39.57	36.09	33.36	33.67
End-of-period price	EUR	22.350	24.900	20.800	25.400
High	EUR	26.850	27.050	26.350	25.850
Low	EUR	20.650	20.800	13.900	20.000
Share performance for the year (excluding dividends)	%	-10.24	19.71	-18.11	25.25
Dividend per share	EUR	1.30[4]	1.25	0.75	1.15
Dividend yield	%	5.82	5.02	3.61	4.53
Earnings per share[5]	EUR	3.58	2.94	1.81	2.59
Price-earnings ratio as of 31 December		6.24	8.47	11.49	9.81
Employees					
Number of employees (annual average)		28,832	25,684	25,680	25,736

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

[1] Including cash and cash equivalents.

[2] Operating RoE measures the profitability of the Group by expressing the business operating result as a ratio of the capital employed.

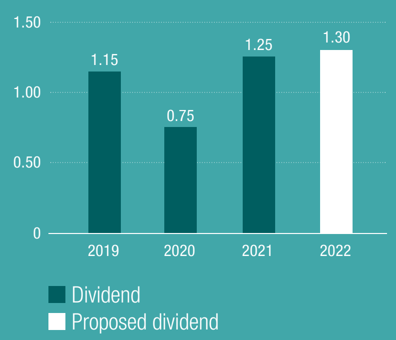
[3] The value is calculated using shareholders' equity before non-controlling interests, less the revaluation reserve and less hybrid capital.

[4] Planned dividend.

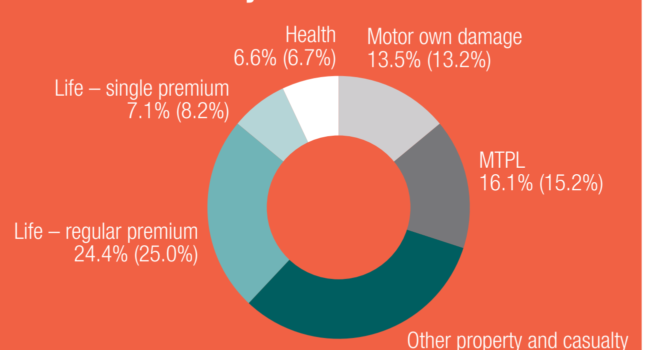
[5] The calculation of this figure considers the interest expenses for hybrid capital in 2022. The undiluted earnings per share equals the diluted earnings per share (in EUR).

Dividend per share

in EUR



Premiums by line of business



Values for 2021 in parentheses

GROWTH

Four good reasons to invest in VIG:

1 Broad portfolio with growth potential

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

2 Financial stability

- "A+" rating with stable outlook from Standard & Poor's
- Solvency ratio of 280% in 2022
- Continuous dividend distribution every year since 1994

3 Proven management principles ensure customer proximity

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

4 Sustainability as an integral part of our business model with own strategy since 2017

- Innovative products and services that offer social and environmental added value for as many parts of the population as possible
- Consideration of environmental and social criteria for investments and underwriting
- Diversity strategy promotes inclusion and equal opportunity

More information is available in the Sustainability Report 2022 or at www.vig.com/corporate-responsibility

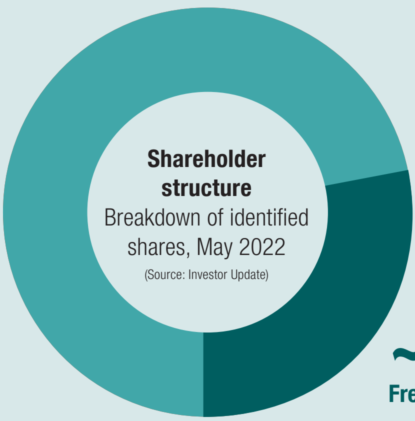
EUR 3.58
Earnings per share
Top result in a challenging environment

Dividend per share of
EUR 1.30
A dividend of EUR 1.30 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.

Solvency ratio of 280%
VIG continues to have excellent capital resources.

EUR 829.2 million
in green bonds
VIG takes social and environmental criteria into account in its investment strategy.

~72%
Wiener Städtische Versicherungsverein



~28%
Free float

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

MORE GROWTH AND **MORE** SOLIDARITY

**Dear Shareholders,
Ladies and Gentlemen!**

Looking back on 2022, I look back on a year in which we have all been concerned by the war in Europe. We all saw the news of the past year and are aware that media generally focuses on events that are decidedly less positive. In addition there was the catastrophic earthquake that hit south-east Türkiye and various regions of Syria. It is for this very reason that, in my message to you, I want to look in particular at what has gone well, including at what we are able to influence what affirms our trajectory so far and what gives us confidence in what is to come.

Embodying solidarity

We live a strong sense of solidarity within our Group. The employees in our companies have shown exceptional proof of their solidarity with their Ukrainian colleagues and their families. I would like to express my profound respect for all of our employees – especially those in Ukraine, who continue to be there for our customers. Not forgetting those in all other companies who are involved in numerous aid initiatives. For instance, we have set up the VIG Family Fund, which will contribute to rebuilding Ukraine in the medium and long term. We also responded immediately to the devastating earthquake that struck Türkiye and Syria in early 2023, providing emergency aid in the form of financial support.

Great potential in the CEE region, Resilience through diversity

VIG is the largest insurance group in Central and Eastern Europe, and we want to expand our leading position. We believe in the long-term potential that our home region has to offer and in the continued strong economic growth in the CEE region, which is above that of Western Europe. We have the economic strength and necessary stability for overcoming challenges. Whereas our Polish companies were impacted to a greater extent by the subdued economy during the reporting period, the Austrian and Czech markets performed very well indeed. The Romanian market has also shown itself to be more attractive, as a result of the withdrawal of a competitor from the market. In all of our markets, we want to support our stakeholders as a reliable partner and to keep growing. To do this, we place great importance on diversity within the Group as this is what makes us innovative and flexible and ensures that we can be close to our customers.

Key figures 2022

Result before taxes: EUR 562.4 million (+10.0%)

Group premiums EUR 12.6 billion (+14.1%)

Combined ratio: 94.9%

Successful acquisitions from Aegon

In 2022, we were able to achieve our goal of expanding our market leadership in Central and Eastern Europe thanks to our acquisition of the companies in Hungary and Türkiye that were previously owned by the Dutch Aegon Group. This acquisition makes us the market leader in Hungary, where the Group not only grew by 1,000 employees, 1.5 million customers and EUR 311 million in premium volume, but also benefits from new opportunities in Asset Management and the Pension Funds >

Setting the course: ready for the future

As Chairwoman of VIG's Managing Board, Elisabeth Stadler's work always focused on the long term. Having joined in 2016, the measures implemented during her time as head of the company have made VIG more digital and more sustainable and will continue to have a positive impact on the company's development into the future. She has decided not to renew her contract in June 2023.

2016
- Start of the strategic work programme Agenda 2020. Over the course of five years, operational performance is improved and new business opportunities are seized.

2017
- VIG Xelerate is held for the first time. This internal innovation competition drives digital transformation and promotes the transfer of knowledge across the Group.
- VIG publishes its sustainability strategy and a sustainability report for the first time.

2018
- Cooperation agreement with Erste Group is extended to 2033.

2019
- VIG exceeds a premium volume of EUR 10 billion for the first time.
- The VIG Climate Change Strategy is published and contains strict investment and underwriting policies for the coal sector.

2020
- Thanks to early digital transformation efforts VIG deals well with the COVID-19 pandemic. The working model for employees is made permanently more flexible, with working from home introduced to the benefit of all.

2021
- Start of the new strategy programme VIG 25. Sustainability targets are embedded at a strategic level for the first time.
- VIG is the first insurance company in Europe to issue a sustainability bond. The net proceeds totalling around EUR 500 million are invested in social and environmental projects.

2022
- VIG on course for expansion: The companies in Hungary and Türkiye that were previously part of Aegon are acquired successfully. VIG becomes the market leader in Hungary.

Solidarity with Ukraine

Immediately after the Russian attack on Ukraine, VIG's companies started working on aid initiatives for their Ukrainian colleagues and their families. Several employees volunteered their time, gathered aid supplies and offered accommodation to refugees. The VIG Managing Board set up the VIG Family Fund with a starting donation of EUR 5 million. Further information is available in the Sustainability Report starting on page 56.

Support for those affected by earthquake

Following the catastrophic earthquake, the Managing Board of VIG Holding decided to donate EUR 1 million in emergency aid to the Red Cross. In addition to this amount, a further EUR 500,000 was provided to each of the aid funds set up by the two local VIG companies, with the aim of supporting the affected employees and their families.

>

business. The expansion also contributes to our goal as set out in our strategic programme VIG 25: more value creation by further expanding our business model beyond the insurance sector.

A good handle on inflation

As part of our strategic programme VIG 25, we are continuing to work on increasing the efficiency of our processes. This is a key part of cushioning the impact of the increased claims handling costs. In addition, negotiations with our partners – such as car repair stations – help to alleviate cost pressure. Moreover, we are currently still recording fewer claims in the motor sector than before the COVID-19 pandemic. Premium payments in our largest markets will be automatically adjusted to developments, such as to the consumer price index. In other markets, we predominantly have single-year agreements, which offers another opportunity for premium adjustments. On the whole, VIG has a good handle on the challenge posed by high inflation, as demonstrated by the combined ratio, which was 94.9% at the end of the year.

A positive personal summary

I have held the position of Chairwoman of VIG since 2016 and it has been a great pleasure to do so. However, I will not be extending my employment contract when it expires in June 2023. I would like to thank all of my colleagues at VIG for the successes we have achieved during my tenure. We have achieved many great things together in the last seven years, and we have been able to continually improve our important key figures. In 2022, premium volume rose to EUR 12.6 billion and our pre-tax result climbed to EUR 562.4 million. In light of this positive business performance, we also want to offer our shareholders an attractive dividend and will recommend to the Annual General Meeting an increase of 4.0% to EUR 1.30.

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“Great levels of solidarity are clear to see within our Group.”

In its first five years, the strategic work programme Agenda 2020 laid the foundations for continued success in the future, both in terms of digitalisation and the focus on sustainability. We have also implemented numerous initiatives, from closed file review, anti-fraud management and the expansion of the Assistance area through to new product ideas. The strategic programme VIG 25 focuses on more efficiency, greater proximity to our customers and more value creation. In addition, we were drawing up a Group-wide sustainability programme in conjunction with VIG 25 that sets out objectives and measures in the reporting period. This sustainability programme is created in collaboration with various experts from VIG Holding and all Group company CEOs and in consideration of special local requirements. We aim to finalise this in 2023.

New financial reporting

New balance sheet and income statement, plus new key figures: The IFRS 9 and IFRS 17 standards will change VIG's reporting practices from 2023. A teach-in with CFRO Liane Hirner and further information can be found at **www.vig.com/IFRS-17-9**

Confidently into the future

There is a lot in store for 2023 – both expected and unexpected. The new financial reporting standards IFRS 9 and IFRS 17 entered into force on 1 January 2023 and will change the way that we present our results in the future. However, the new financial reporting defined by IFRS 9/17 will not have any impact on VIG's strategy or business model.

VIG is well prepared for the future and has a very experienced Managing Board. I am delighted that my colleague on the Managing Board, Hartwig Löger, with his profound knowledge of the insurance sector and of the CEE region, will assume the position of Chairman in mid-2023. Together with the Managing Board and our roughly 29,000 employees, he will ensure that VIG will continue to distinguish itself through success and reliability and keep its promise: Protecting what matters.

Elisabeth Stadler
Chairwoman of the Managing Board

Read more

Additional videos and information about the financial year 2022 are available online at www.annual-report.vig/2022

Some of the additional content:

- Videos with the future heads of the Managing Board Hartwig Löger and Peter Höfinger
- Explanatory videos on “Who is VIG?” on the “VIG 25 Strategy Programme”
- Further highlights from the 2022 financial year

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

CONTENTS

Company

Group management report

For VIG, the concepts of more growth and more solidarity go hand in hand. You can read more about our commitment to society and the environment and about further aspects of responsible corporate governance in our Sustainability Report 2022 or at www.vig.com/corporate-responsibility

Consolidated financial statements

Service information

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 over **50 insurance companies and pension funds**. The roots of the Group reach back to the year 1824.

The insurance companies are established in their respective regional markets and their roughly **29,000 employees** provide the best possible protection against the risks of day-to-day life for roughly **28 million customers**.

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

Diversity creates added value

VIG's reports are colourful because VIG is colourful. The rounded, colourful sections of the Annual Report and the Sustainability Report represent the markets in which we operate. VIG places value on decentralised structures, local entrepreneurship and high levels of autonomy on the part of the insurance companies. Diversity is a core value of the Group – and is a key success factor, even in turbulent times.

roughly **28,000,000** customers

roughly **29,000** employees

over **50** insurance companies and pension funds

operating in **30** countries

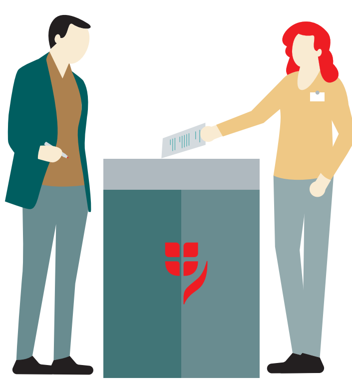
close to **200** years of experience in the Group

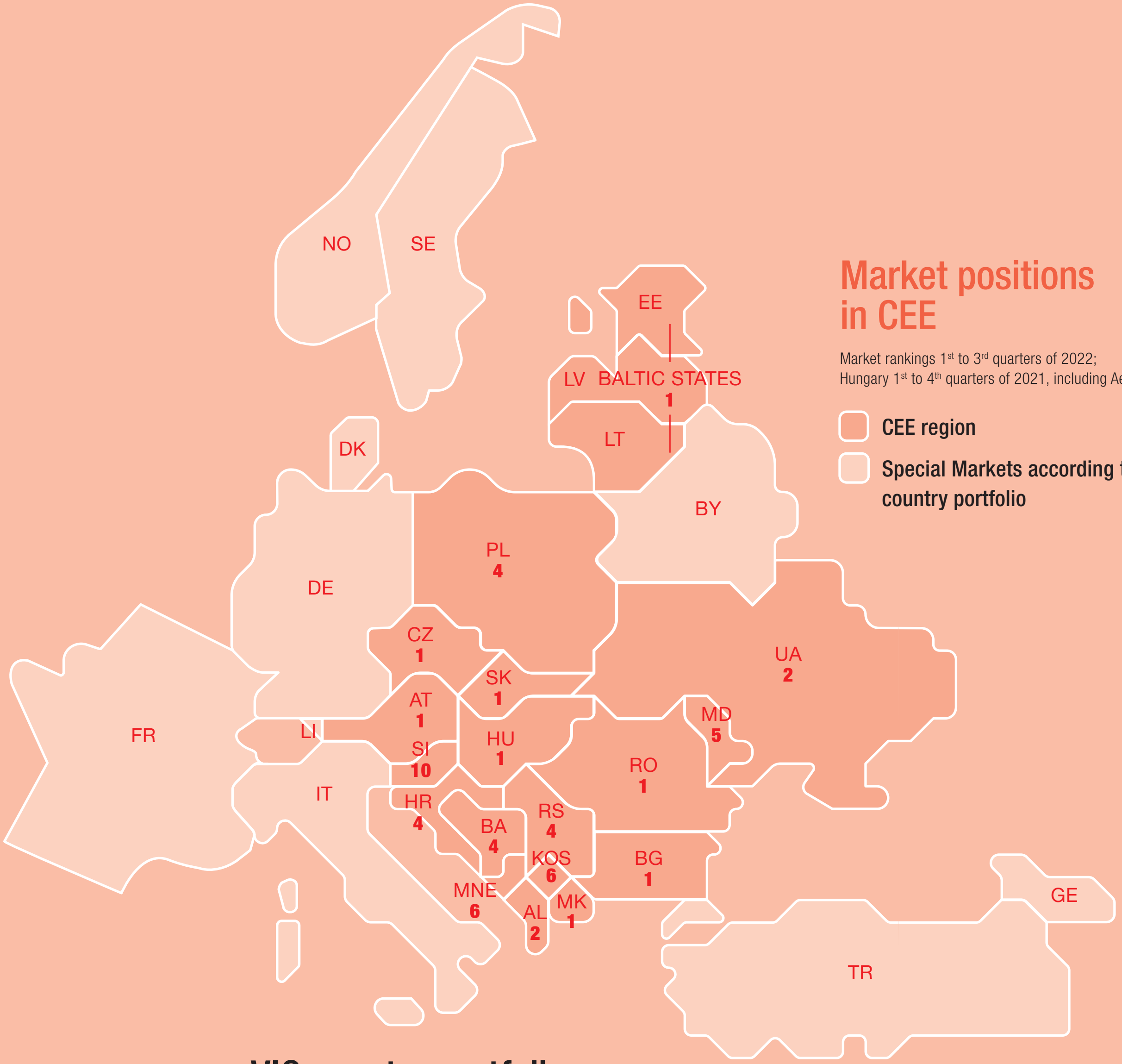
number **1** in the CEE region

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

1990 first expansion step into the former Czechoslovakia

went public in **1994**





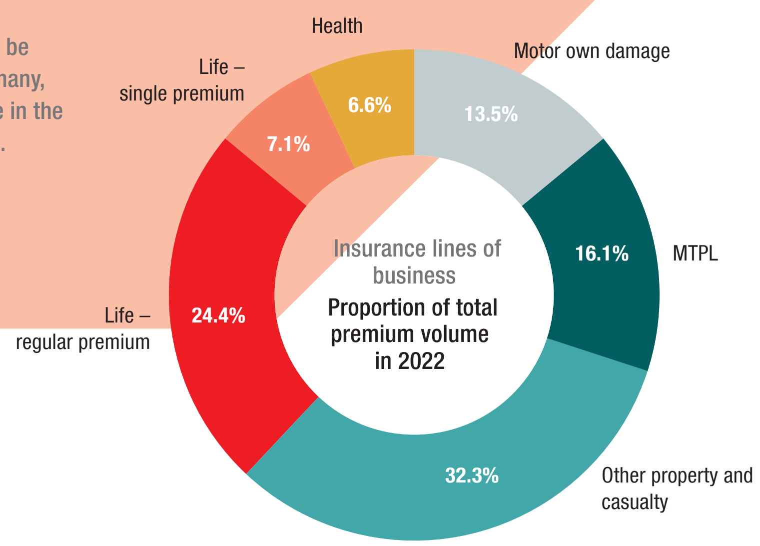
Market positions in CEE

Market rankings 1st to 3rd quarters of 2022; Hungary 1st to 4th quarters of 2021, including Aegon

- **CEE region**
- **Special Markets according to the country portfolio**

VIG country portfolio

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



Want to learn more about VIG? Get to know the company in the video at **www.annual-report.vig/2022**

STRATEGIC **PRINCIPLES**

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

Mission statement

Our vision

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

Our mission

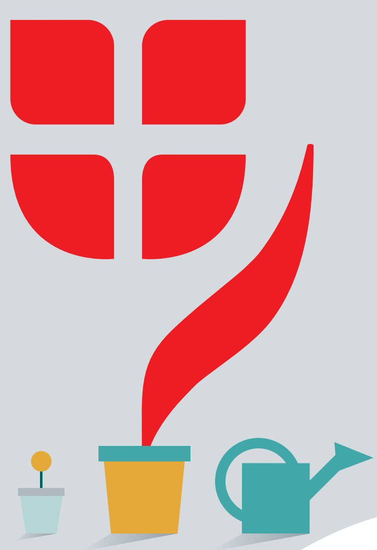
We stand for stability and competence in the field of risk protection. We use our experience, know-how and diversity to move closer to our customers. We see it as our responsibility to protect the values that matter to our customers.

Our values

Diversity
Proximity to our customers
Responsibility

Our promise

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



Strategic objectives

- **Expanding the leading market position in the CEE region**
- **Creating sustainable value**
- **Sustainability objectives with respect to society, customers and employees**

On the basis of this long-term strategic orientation VIG formulates medium-term objectives. For example, the Group aims to be at least one of the top three insurance groups in each CEE market by 2025 (with the exception of Slovenia). It intends to increase premium volume by taking advantage of long-term opportunities in health insurance and risk provisions in the CEE region, among other things. One of the ways in which sustainable value is created is through efficiency in the operating business, such as by making more targeted use of synergies between companies. The medium-term ESG objectives are diverse. The VIG Group wants to increase the consideration of social and environmental factors in investments, support local communities, make offices largely climate-neutral by 2030, promote employee training and education, establish programmes to promote awareness of future precaution and risk protection (risk resilience) in three quarters of the CEE markets and develop more products offering social and environmental added value.

Management principles

Local entrepreneurship

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

Multi-brand policy

VIG relies on regionally established brands, as this allows it to address different target groups directly and personally with its over 50 insurance companies and pension funds 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 field staff, 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

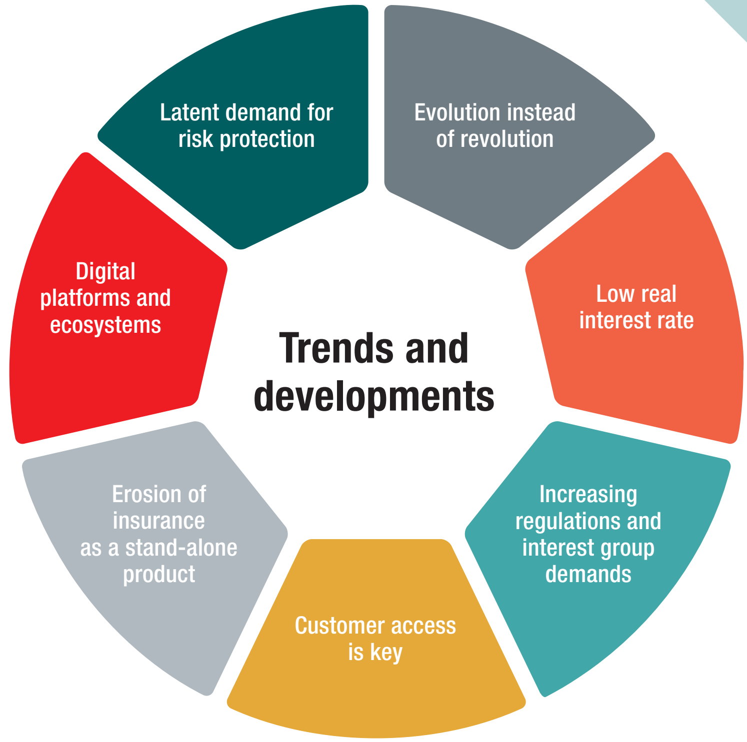
The consolidated VIG companies are responsible for EUR 34,399.3 million in investments (including cash and cash equivalents and excluding investments for unit-linked and index-linked life insurance). Security and sustainability are at the focus of the investment strategy, which is why investments are predominantly made in bonds. Diligence also guides the reinsurance policy. To obtain the optimal risk balance, risks are bundled at the Group level and partially placed on the international reinsurance market.

VIG 25

Strategic programme until 2025

VIG 25

Strategic programme until 2025



MORE SUCCESS: THE VIG 25 STRATEGIC PROGRAMME

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

The VIG 25 strategic programme was developed for the period from 2021 to 2025. Current trends and developments and their effects on the insurance industry have led to clear requirements for the Group: further strengthening sustainability as an integral part and foundation of the business model, promoting greater efficiency and productivity supported by digitalisation, developing new ways to approach and retain customers and promoting a general understanding of risk provisions. The business model is therefore being optimised, enhanced and expanded through targeted activities in three strategic focus areas. These will consolidate VIG's sustainable success and help achieve its strategic objectives (see page 10). VIG launched a continuing programme during the reporting period to achieve the requirement of further strengthening sustainability as an integral part of the business model. In collaboration with various experts from VIG Holding and all Group company CEOs and in consideration of special local requirements, we are drawing up a Group-wide sustainability programme in conjunction with VIG 25 that sets out objectives and measures. We aim to finalise this sustainability programme in 2023.

More information on the trends that were analysed as a basis for the VIG 25 strategic programme is available in the online version of the Group Annual Report at **www.annual-report.vig/2022**

Requirements

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

Strategic focus areas in three horizons

More efficiency

Optimise the business model by increasing productivity and efficiency

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

More customer proximity

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

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

More value added

Expand the business model and value chain beyond the insurance business

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

HIGHLIGHTS 2022

VIG shares on the Budapest Stock Exchange

VIG shares have been listed on the Vienna Stock Exchange since 1994 and on the Prague Stock Exchange since 2008. And, since November 2022, the shares are also traded on the Budapest Stock Exchange. By taking this step, VIG aims to gain new investors in Central and Eastern Europe in particular.

Member of the VIG Managing Board Gábor Lehel rings in the first day of trading VIG shares on the Budapest Stock Exchange.

© Budapest Stock Exchange

Successful acquisition of Aegon companies

In March 2022, VIG Holding acquired the Hungarian business of Dutch company Aegon after approval by the local Hungarian authorities; the 45% participation of the Hungarian state holding Corvinus in VIG's Hungarian business was also closed successfully. The acquisition meant that VIG was able to achieve its goal of being in the top three in the Hungarian market by 2025 as early as 2022 and assume its position as market leader in Hungary. The closing in Türkiye was also completed in April 2022. For the acquisition of the remaining Eastern European business of Aegon with companies in Poland and Romania, only the approval from Romania is pending for a closing.

Rating: A+ with stable outlook

The international rating agency Standard & Poor's (S&P) reconfirmed its "A+" rating with a stable outlook for Vienna Insurance Group. This means that VIG remains one of the companies with the best rating in the Austrian Traded Index (ATX) of the Vienna Stock Exchange. The rating agency maintains its rating of VIG's business profile as strong and the financial risk profile as very strong. As the market leader in Austria and multiple CEE markets, Vienna Insurance Group continues to benefit from the upswing in insurance markets and from its geographic and business diversification. S&P once more highlighted VIG's excellent capital resources. The long-standing cooperation with Erste Group in the field of bancassurance is also positively highlighted.

Successful bond placement

At the beginning of June 2022, Vienna Insurance Group AG Wiener Versicherung Gruppe successfully placed Subordinated Fixed to Floating Rate Tier 2 Notes with scheduled maturity in 2042 in an aggregate principal amount of EUR 500 million with institutional investors in Austria and abroad. At the same time, VIG made an offer to repurchase the subordinated notes issued in 2013 (ISIN: AT0000A12GN0) and repurchased Notes with a total nominal value of EUR 215.6 million.

More highlights from financial year 2022 can be found in VIG's online report at
www.annual-report.vig/2022

New management

In mid-2023, Elisabeth Stadler will be followed by her current deputy, Hartwig Löger, as Chair of the Managing Board.

In mid-2023, VIG Chairwoman Elisabeth Stadler and Managing Board member Peter Thirring will reach retirement age and will therefore not be extending their current terms. From 1 July, the Managing Board of Vienna Insurance Group will be made up of Hartwig Löger (General Manager), Peter Höfinger (Deputy General Manager), Liane Hirner (CFRO), Gerhard Lahner (COO), Gábor Lehel (CIO) and Harald Riener. The leadership team has a wealth of experience and has been working together to lead VIG for a number of years.

Both our new General Manager, Mr Löger, and his Deputy General Manager, Mr Höfinger, have decades of experience in the insurance sector and deep knowledge of the Central and Eastern European markets. Mr Löger has previously spent five years as head of sales at Donau Versicherung and was CEO of Uniqa Österreich AG. He was the Minister of Finance for Austria from December 2017 to June 2019. Subsequently, he worked in an advisory capacity for Wiener Städtische Versicherungsverein, which is VIG's principal shareholder. He has been a member of the VIG Managing Board since January 2021. In this position, he has led the development of the new strategic programme VIG 25, which sets the Group's main strategic focus areas for the years to come.

Mr Höfinger held positions on managing boards, including the role of chairman, of insurance companies in the Czech Republic, Poland and Hungary before joining the managing board of Donau Versicherung. He has been on the VIG Managing Board since 2009.

Together with all employees of the VIG companies, the new Managing Board will ensure that VIG continues to develop in a sustainable manner.

Name: Peter Höfinger
Year of birth: 1971
Position from July 2023:
Deputy General Manager and Deputy Chairman of the Managing Board
On the VIG Managing Board since:
January 2009
Industry expertise: 25 years

© Ian Ehm

"For us, diversity is a success factor, a fundamental value and something we live by."

Name: Hartwig Löger
Year of birth: 1965
Position from July 2023:
General Manager and Chairman of the Managing Board
On the VIG Managing Board since:
January 2021
Industry expertise: 38 years

© Ian Ehm

"As the largest insurance group in the CEE region, VIG will continue to represent stability and sustainability into the future."

More information about Hartwig Löger and Peter Höfinger can be found in the videos in the online report at **www.annual-report.vig/2022**

Corporate governance report

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

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

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

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

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

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

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

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

VIG Holding complies with the rules of the Austrian Code of Corporate Governance. According to C-Rule 52a of the Austrian Code of Corporate Governance, the number of members on the Supervisory Board (without employee representatives) shall be ten at most. In 2022, the Supervisory Board of VIG Holding consisted of twelve members elected by the Annual General Meeting. The number of members in the Supervisory Board is due to the fact that the company operates over 50 insurance companies and pension funds in 30 countries. This makes it possible to include additional expertise with respect to the internationality and further growth of the VIG Group, including in response to increasing regulatory requirements.

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

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

Reference is made to the information in this regard.

The shareholder structure of VIG Holding can be viewed at the following link: www.vig.com/shareholder-structure.

MEMBERS OF THE MANAGING BOARD AND THEIR RESPONSIBILITIES

The VIG Holding Managing Board had the following eight members as of 31 December 2022: Elisabeth Stadler (General Manager (CEO), Chairwoman of the Managing Board), Hartwig Löger (Deputy General Manager, Deputy Chairman of the Managing Board), Liane Hirner (CFRO), Peter Höfinger, Gerhard Lahner (COO), Gábor Lehel (CIO), Harald Riener and Peter Thirring (CTO).

Changes during and after the end of the financial year
The VIG Holding Managing Board will have the following members from 1 July 2023: Mr Löger, Chairman of the Managing Board (General Manager), Mr Höfinger, Deputy Chairman of the Managing Board (Deputy General Manager), Ms Hirner, Mr Lahner, Mr Lehel and Mr Riener. All Managing Board terms will expire on 30 June 2027. Ms Stadler and Mr Thirring will, at their own request, not extend their terms on the Managing Board when they expire on 30 June 2023.

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, Bancassurance and International Partnerships, Communications & Marketing, European Affairs and ESG, General Secretariat and Legal, Human Resources, Internal Audit, Sponsoring, Subsidiaries and M&A, Central Functions

Country responsibilities: Germany

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

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

Hartwig Löger began his career in the insurance industry in the brokerage business in 1985. After completing his studies in insurance management at the Vienna University of Economics and Business, he joined Allianz as sales manager in Styria in 1989. From 1997 to 2002, he was head of sales at Donau Versicherung. This was followed by a number of senior management positions in the UNIQA Group, most recently as CEO of UNIQA Österreich AG until the end of November 2017. Hartwig Löger was the Minister of Finance for Austria from December 2017 to June 2019. He worked for VIG 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: Planning and Controlling, Strategy and Development

Country responsibilities: Austria, Slovakia, Czech Republic, Hungary

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

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

Areas of responsibility: Asset Risk Management, Digitalisation, Finance and Risk, Enterprise Risk Management, Finance Department, Investor Relations

Country responsibilities: Liechtenstein

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

Peter Höfinger
Year of birth: 1971
Date first appointed:
1 January 2009
End of current term of office:
30 June 2027

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

Areas of responsibility: Corporate Business, Reinsurance

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

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

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

Areas of responsibility: Asset Management (incl. Real Estate), Holding IT, Process & Project Management, Treasury incl. Asset Liability Management, VIG Corporate IT

Country responsibilities: Georgia

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

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

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

Areas of responsibility: Innovation

Country responsibilities: Belarus

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

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

Areas of responsibility: Assistance, Customer Experience, Tool Box Sales

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

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

Peter Thirring, CTO
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: Actuarial Department, Active Reinsurance, Anti-Money Laundering, Compliance, Insurance Life/Non-Life Retail

Country responsibilities: Türkiye

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

MEMBERS OF THE SUPERVISORY BOARD

The Supervisory Board had the following twelve members as of 31 December 2022:

Günter Geyer
Chairman
Year of birth: 1943
Date first appointed: 2014
End of current term of office: 2024

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

Rudolf Ertl
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 Group since 1972. He was a Member of the Managing Board of Wiener Städtische until the end of 2008 and a Member of the Managing Board of Donau Versicherung until June 2009. He was a Member of the Managing Board of Wiener Städtische Wechselseitiger Versicherungsverein until the end of 2020 and has been a Member of the Supervisory Board of Wiener Städtische Wechselseitiger Versicherungsverein since January 2021. The insurance expertise and Group experience he has gained over many years, and his knowledge of the CEE region, make Rudolf Ertl a major asset to the Company as 1st Deputy Chairman of the Supervisory Board.

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

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

Zsuzsanna Eifert
Year of birth: 1978
Date first appointed: 2021
End of current term of office: 2024
Zsuzsanna Eifert graduated in finance and accounting in Budapest and has many years of experience in the telecommunications sector in Central and Eastern Europe. She is currently Head of Internal Control System for various segments at Deutsche Telekom AG, such as Germany, the USA and T-Systems. At the Hungarian subsidiary Magyar Telekom Group, she headed up a range of assurance functions since 2011, such as Internal Revision, Compliance, and Risk Management. At T-Mobile Austria, she was the head of Internal Audit, Risk Management and Internal Controls. She previously held these positions at T-Mobile CZ and Slovak Telekom, which also belong to Deutsche Telekom AG. From 2008 to 2011, Zsuzsanna Eifert was CFO of the telecommunications company Invitel International Group.

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

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

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

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. Heinz Öhler was elected Chairman of the Supervisory Board of Alpenländische Gemeinnützige WohnbauGmbH, Innsbruck, in June 2021.

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 Eco-

nomic 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
Georg Riedl stepped down from his position on the Supervisory Board with effect from the end of the Annual General Meeting. András Kozma was elected as a new member of the Supervisory Board at the Annual General Meeting on 20 May 2022.

SUPERVISORY BOARD INDEPENDENCE

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

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

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

Each Member of the Supervisory Board has declared whether they can be considered independent based on the criteria specified by the Supervisory Board. Peter Mihók and Robert Lassofer have each stated that they are not independent based on the independence criteria specified by the Supervisory Board. All other Supervisory Board Members were independent based on the criteria indicated.

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

The following Supervisory Board Members exercised supervisory mandates or comparable positions in other Austrian or foreign listed companies as of 31 December 2022:

Robert Lasshofer
AT & S Austria Technologie & Systemtechnik Aktiengesellschaft

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

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

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

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

Supervisory Board

The Supervisory Board performs all activities defined under the law, articles of association and the procedural rules of the Supervisory Board. In order to ensure effectiveness and efficiency of its activities and procedures, the Supervisory Board examines its procedures regularly, but at least once a year in the form of a self-evaluation. The Supervisory Board's evaluation of its activities in 2022 found that its organisational structure and procedures were satisfactory in terms of efficiency and in compliance with the law. It found no need for change or desire for change in the practices followed to date.

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

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

The internal audit department provides quarterly reports to the Audit Committee. If necessary, the head of internal audit provides detailed explanations of individual issues and audit focal points. The head of internal audit also submits the annual audit plan to the Audit Committee for approval. The Managing Board explains the organisation and 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.

The Audit Committee also dealt with the VIG Holding and VIG Group ORSA reports and the IT security report in 2022 and reported on them to the Supervisory Board. The Audit Committee and Supervisory Board as a whole also received the 2022 sustainability report (consolidated non-financial report) from the Managing Board, and reviewed and carefully examined it.

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

When preparing the proposal for the Annual General Meeting regarding the election of a new Supervisory Board Member, the Supervisory Board takes into account the professional and personal requirements provided for by law and the

Austrian Code of Corporate Governance that a Supervisory Board Member must satisfy and observe.

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

The Supervisory Board 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 2022.

The Managing Board and Supervisory Board prepared a remuneration report for financial year 2022.

In 2022, the Managing Board of VIG Holding informed the members of the Supervisory Board of material sustainability and IT security matters. For example, in the reporting year, sustainability was treated as a key element of the company's VIG 25 strategy and of the expansion of environmentally friendly investments.

SUPERVISORY BOARD COMMITTEES

COMMITTEE FOR URGENT MATTERS (WORKING COMMITTEE)

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

Günter Geyer (Chairman)
Substitute: Gertrude Tumpel-Gugerell

Rudolf Ertl
Substitute: Martina Dobringer

Robert Lasshofer
Substitute: Gerhard Fabisch

AUDIT COMMITTEE (ACCOUNTS COMMITTEE)

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

1. to monitor the accounting process and provide recommendations or suggestions to ensure its reliability;
2. to monitor the effectiveness of the Company's internal control system and the internal audit function and risk management system;
3. to monitor the audit of the financial statements and consolidated financial statements taking into account findings and conclusions in reports published by the supervisory authority for financial statement auditors in accordance with § 4 (2)(12) of the Austrian Auditor Supervision Act (APAG);
4. to check and monitor the independence of the financial statement auditor (consolidated financial 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:
Zsuzsanna Eifert
Rudolf Ertl
Günter Geyer
András Kozma
Robert Lasshofer
Peter Mihók
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
Robert Lasshofer

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

Günter Geyer (Chairman)
Substitute: Gertrude Tumpel-Gugerell

Zsuzsanna Eifert
Substitute: Gabriele Semmelrock-Werzer

Rudolf Ertl
Substitute: Martina Dobringer

Robert Lasshofer
Substitute: Gerhard Fabisch

Peter Mihók
Substitute: Katarína Slezáková

András Kozma
Substitute: Heinz Öhler

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

Günter Geyer (Chairman)
Martina Dobringer
Rudolf Ertl
Robert Lasshofer

Substitute in the event that a member is unable to attend: Gertrude Tumpel-Gugerell

Supervisory Board Members Gerhard Fabisch and Gabriele Semmelrock-Werzer are members of the managing boards of companies with which distribution agreements were concluded under normal market and industry terms and conditions. The Company did not enter into any other agreements with Supervisory Board Members in 2022 that would have required the approval of the Supervisory Board.

NUMBER OF MEETINGS OF THE SUPERVISORY BOARD AND ITS COMMITTEES IN THE FINANCIAL YEAR 2022

One regular general meeting and four Supervisory Board meetings distributed across the financial year were held in 2022. Four meetings of the Audit Committee (Accounts Committee) were also held. The Annual General Meeting was held as a virtual Annual General Meeting on the basis of § 1 (2) COVID-19-GesG and the COVID-19-GesV. The financial statement and consolidated financial statement auditor, KPMG Austria GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft (KPMG), attended three Audit Committee meetings and three Supervisory Board meetings in 2022, including the Supervisory Board meeting that addressed the audit of the 2021 annual financial statements and the 2021 consolidated financial statements as well as formal approval of the 2021 annual financial statements, and also attended the Annual General Meeting. Two meetings of the Committee for Managing Board Matters (Personnel Committee) were held in 2022. The Committee for Urgent Matters (Working Committee) met twice in 2022 and passed one resolution by circulation. The Nomination Committee met twice. The Strategy Committee did not meet in 2022. 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.

The following table shows the attendance of ordinary members at meetings, taking into account attendance by their substitutes:

MEETING ATTENDANCE BY MEMBERS OF THE SUPERVISORY BOARD IN FINANCIAL YEAR 2022

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

[1] Elected to the Supervisory Board in the Annual General Meeting of 20 May 2022

[2] New composition of committees or new deputy arrangements in the event of impediment from 7 June 2022 onwards

[3] One meeting took place prior to the Annual General Meeting and before the meeting of the Supervisory Board, during which the new composition of the members of the committee was agreed upon. Georg Riedl participated in this meeting as his substitute.

[4] Retired from the Supervisory Board at the end of the Annual General Meeting of 20 May 2022.

DIVERSITY CONCEPT

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

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

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

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

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

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

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

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

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

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

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.

Women Supervisory Board members
Women hold 23.1% of the positions in the Supervisory Boards of the fully consolidated VIG insurance companies in the Group (as of 31 December 2022) and 41.7% of the positions in VIG Holding.

Women Managing Board members
Women hold 25.2% of the positions on the Managing Boards of the fully consolidated VIG insurance companies and 23.1%

of the Chairpersons are women. Elisabeth Stadler is the Chairwoman of the VIG Group.

Women in management positions
Including distribution, women hold 44.6% of the management positions at the level directly below the managing board of fully consolidated VIG insurance companies across Europe (not including distribution: 49.5%).

GENERATIONS AND INTERNATIONALITY

The average age of all Managing Board Members of the fully consolidated insurance companies is 50.9 years (as of 31 December 2022), and the average age of Supervisory Board Members is 57.6 years. 21 different nationalities (based on: citizenship) are represented in the managing boards of the fully consolidated VIG insurance companies, and 18 different nationalities in the supervisory boards. Further information is available in the Employees section of the Sustainability Report.

EXTERNAL EVALUATION REPORT

C-Rule 62 of the Austrian Code of Corporate Governance provides for voluntary external evaluation of compliance with the C-Rules of the Code at least every three years. VIG Holding performs these evaluations every three years. The last evaluation was performed for the consolidated corporate governance report for financial year 2020 and concluded with a positive report. The next evaluation is scheduled for financial year 2023.

Vienna, 20 March 2023

The Managing Board:

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

Supervisory Board report

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

VIG Holding is committed to social responsibility and the importance of having employees drive forward performance, innovation and expertise. In accordance with the Solvency II requirements, starting in 2016 non-financial aspects must be part of the performance expectations for variable remuneration of Managing Board Members. Goal fulfilment for Managing Board Members also depended on both financial and non-financial criteria in the 2022 reporting year. Detailed information on the principles underlying the remuneration system is available in the remuneration policy and 2022 remuneration report.

The Supervisory Board has formed five committees from its Members. Information on the responsibilities and composition of these committees is available on the Company's website and in the 2022 consolidated corporate governance report.

One Annual General Meeting and four Supervisory Board meetings distributed across the financial year were held in 2022. Four meetings of the Audit Committee (Accounts Committee) were also held. The Annual General Meeting was held as a virtual Annual General Meeting on the basis of § 1 (2) COVID-19-GesG and the COVID-19-GesV. The financial statement and consolidated financial statement auditor, KPMG Austria GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft, FN 269873y (KPMG), attended three Audit Committee meetings and three Supervisory Board meetings in 2022, including the Supervisory Board meeting that addressed the audit of the 2021 annual financial statements and the 2021 consolidated financial statements as well as formal approval of the 2021 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. Two meetings of the Committee for Managing Board Matters (Personnel Committee) were held in 2022. The Committee for Urgent Matters (Working Committee) met twice and passed one resolution by circulation. The Nomination Committee met twice. The Strategy Committee did not meet in 2022. Strategic matters were handled by the Supervisory Board as a whole.

No agenda items were discussed in Supervisory Board meetings in 2022 without the participation of members of the Managing Board.

No Member of the Supervisory Board attended less than half of the Supervisory Board meetings. Detailed information on meeting attendance by Supervisory Board members in financial year 2022 is available in the 2022 Corporate Governance Report.

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

Acting upon the proposal and motion of the Supervisory Board, the general meeting of 21 May 2021 selected KPMG to be the financial statements auditor and consolidated financial statements auditor for the financial year 2022, and KPMG consequently performed these duties in the financial year 2022.

The Audit Committee mainly dealt with the following topics in 2022:

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. The Audit Committee also dealt with permitted non-audit services. While reviewing and monitoring the independence of the financial statements auditor and consolidated financial statements auditor, the Audit Committee did not find any circumstances that would raise doubts about its independence and impartiality.

The Audit Committee also dealt with the VIG Holding and VIG Group ORSA reports and the IT security report in 2022 and reported on them to the Supervisory Board. The Audit Committee monitored the effectiveness of the internal control system, internal audit and the risk management system by obtaining descriptions of the processes and organisation of these systems from the Managing Board, the (consolidated) financial statements auditor and the individuals directly responsible for these areas and deemed them, including the IT security measures, to be effective.

The Audit Committee reported on these monitoring activities to the Supervisory Board and stated that no deficiencies had been identified. The Supervisory Board was also given the opportunity during Supervisory Board meetings to verify the functional adequacy of the existing control and auditing systems. In addition, the audit plan and the quarterly reports prepared by the internal audit department were debated by the Audit Committee and the Supervisory Board and discussed with the head of the internal audit department and the Group internal audit department.

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

In accordance with the Audit Regulation (Regulation (EU) No 537/2014), the Audit Committee conducted a selection procedure to appoint the auditor of the (consolidated) financial statements for the financial year 2023. This resulted in a justified recommendation with a preference for KPMG being submitted to the Supervisory Board. 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 Supervisory Board followed the recommendation of the Audit Committee. The General Meeting selected KPMG as auditor of the financial statements and consolidated financial statements for 2023.

The Audit Committee also received the 2022 annual financial statements, management report, 2022 consolidated corporate governance report and 2022 sustainability report (consolidated non-financial report) from the Managing Board, and reviewed and carefully examined them. The Managing Board's proposed appropriation of profits was also reviewed with respect to capital adequacy and its effects on the solvency and financial position of the Company during the course of this examination.

The Audit Committee also examined the 2022 consolidated financial statements and Group management report. In addition, the auditor's reports prepared by (consolidated) financial statements auditor KPMG for the 2022 annual financial statements and management report and the 2022 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 the Audit Regulation (EU) that explained the results of the financial statements audit and consolidated financial statements audit. This additional report prepared by the financial statements auditor was also provided to the Supervisory Board.

The Supervisory Board dealt with the following topics in particular:

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

The Supervisory Board also dealt with IT security issues in financial year 2022.

The Managing Board and Supervisory Board prepared a remuneration report for financial year 2022.

In its meeting on 13 September 2022, the Supervisory Board reappointed Ms Hirner to the Managing Board. At its meeting on 29 November 2022, the Supervisory Board, on the recommendation of the Nomination Committee, appointed Mr Löger to the position of Chairman of the Managing Board (General Manager) and Mr Höfinger to the position of Deputy Chairman of the Managing Board (Deputy General Manager) with effect from 1 July 2023. Furthermore, in its meeting on 29 November 2022, the Supervisory Board reappointed Mr Lahner, Mr Lehel and Mr Riener to the Managing Board with effect from 1 July 2023. All Managing Board terms will expire on 30 June 2027. Ms Stadler and Mr Thirring will, at their own request, not extend their terms on the Managing Board when they expire on 30 June 2023.

The 2022 annual financial statements together with the management report and 2022 consolidated corporate governance report, the 2022 consolidated financial statements together with the Group management report, and the Managing Board's proposed appropriation of profits were taken up and examined in detail by the Supervisory Board. The proposed appropriation of profits was checked, in particular, to ensure that it was reasonable when capital requirements were taken into account. The proposal complies with applicable legal requirements and proactively considers the macroeconomic and financial situation and its impact on the company's solvency and financial position. The proposal is in line with the continuously pursued prudent and sustainable capital planning to ensure a solid solvency and liquidity position in the long term.

In 2022, the Managing Board of VIG Holding informed the members of the Supervisory Board of material sustainability and IT security matters. For example, in the reporting year, sustainability was treated as a key element of the company's VIG 25 strategy and of the expansion of environmentally friendly investments.

The Supervisory Board also received the 2022 sustainability report (consolidated non-financial report) examined by KPMG from the Managing Board, and reviewed and carefully examined it. As a result of this examination, it found that the 2022 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 2022 annual financial statements and management report and the 2022 consolidated financial statements and Group management report were reviewed by the Supervisory Board and examined. KPMG's audit of the 2022 annual financial statements and management report and the 2022 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 2022, and of the results of operations of the Company for the financial year 2022 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 2022, and of the results of operations and cash flows of the Group for the financial year 2022 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 2022 sustainability report (consolidated non-financial report) and determined in accordance with § 269 (3) UGB that the 2022 consolidated corporate governance report had been prepared.

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

After thorough examination, the Supervisory Board therefore adopted a unanimous resolution to approve the 2022 annual financial statements prepared by the Managing Board, not to raise any objections to the management report, the 2022 consolidated financial statements and Group management report, the 2022 consolidated corporate governance report and the 2022 sustainability report (consolidated non-financial report) and to agree with the Managing Board-proposed appropriation of profits.

The 2022 annual financial statements have therefore been approved in accordance with § 96 (4) of the Austrian Stock Corporation Act (AktG).

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

Vienna, April 2023

The Supervisory Board:

Günter Geyer (Chairman)

Group management report 2022

Business development and economic position

ECONOMIC ENVIRONMENT

Even though economic growth in the eurozone was consistently good in the first two quarters of 2022 – in the 2nd quarter of 2022, growth of 0.8% was reported compared with the previous year – the 3rd quarter was the first time that weakness began to show, characterised by growth of just 0.3% compared with the previous quarter.

As participant in the market, the business activities of VIG are influenced by the development of macroeconomic factors, including the rate of unemployment, GDP and inflation. The consequences of the Russian attack on Ukraine, massive energy price increases and the ongoing impacts on supply chains are the drivers behind increased inflation, which was expected to have reached its peak towards the end of 2022. As a result, in December 2022 prices in the eurozone rose by just 9.2% year on year, which is significantly lower than the 10.1% rate of increase from the previous month. Additionally, 2022 saw a significant rise in inflation in almost all markets in which the VIG Insurance Group operates.

In Austria, the recovery in the tourism sector and positive trends from public administration and the building sector contributed to GDP growth, especially in the first three quarters of 2022 (Q1: +9.2%; Q2: +6.1%; Q3: +1.7%). Despite a positive contribution from private consumption, weak exports and slightly lower investments led to a weakening of the growth dynamic. Influenced by the electricity price cap in place since December 2022 and generally lower strain on energy prices, inflation fell in Austria from its 2022 peak of 11.6% in October to 10.5%.

In Central and Eastern Europe (CEE), low export demand and weak sentiment indicators suggest a contraction of industrial production, which is at a level not seen since the recession of 2012. In such an environment, it is no big surprise that there already was a technical recession in the 2nd half of 2022 in Hungary and in the Czech Republic and that there was negative performance in Poland in the 4th quarter of 2022. Private consumption – at times driven by huge price rate increases – also contributed to a generally weak performance. But in the CEE region, too, inflation rates ought to have reached their peak, or should soon be about to. It is expected that Hungary, which only recently removed fuel price regulation, is yet to see price rises reach their peak; this is anticipated later in the course of 2023. In total, the analysts at Erste Group calculate an average inflation rate of 13.9% for the CEE region for 2022, which is a considerable increase compared to 2021 (4.5%).

In spite of the somewhat weaker environment in all of the economic areas mentioned above, employment rates remain at solid levels. Erste Group expects unemployment to reach 4.8% in Austria in 2022 (2021: 6.2%). In the CEE region, the unemployment rates is expected to fall from 5.4% in 2021 to 4.8% in 2022.

LEGAL ENVIRONMENT

SUSTAINABLE FINANCE

The comprehensive European Union legislation referred to as the "European Green Deal" or "Sustainable Finance" continued in 2022. The legislative process for the Corporate Sustainability Reporting Directive (CSRD) was pursued to a significant extent alongside the ongoing work carried out by the European Financial Reporting Advisory Group (EFRAG) on the new mandatory European Sustainability Reporting Standards (ESRS) that will take effect from reporting year 2024, the final draft of which was submitted to the European Commission in November 2022. Of particular note is the scope of the mandatory standard ESRS E1, which stipulates disclosures relating to a transition plan, among other requirements. This transition plan is primarily intended as a roadmap for the asset and liability side of the balance sheet and the office environment in achieving the goals of the Paris Climate Agreement. In February 2022, the European Union published its Corporate Sustainability Due Diligence Directive (CSDDD), which provides in particular for due diligence obligations for the protection of people and the environment, both on the customer and the supplier side. It is currently expected that the CSDDD will become applicable during the course of 2025.

In terms of implementation, from August 2022, the sustainability preferences of life insurance customers were to be taken into account and sustainability risks in risk management and investments were to be illustrated. The life insurance companies within the VIG Group have also prepared for the use of product templates for life insurance products from 2023, in line with the Sustainable Finance Disclosure Regulation (SFDR). The Sustainability Report 2021, published in 2022, contained for the first time the taxonomy-eligible investment and underwriting KPIs in accordance with Article 8 of the EU Taxonomy Regulation. Starting in 2023, it will be mandatory to report on the taxonomy-compliant investment and underwriting KPIs.

DIGITAL RESILIENCE

Regulating the digital security of the financial sector was also a focus of attention at the European level during the reporting period. The Digital Operational Resilience Act (DORA) was published in the Official Journal of the European Union on 27 December 2022. DORA will be applicable to European financial market participants from 17 January 2025 and will oblige them, among other things, to take all necessary security measures to mitigate cyber-attacks and other IT risks.

INTERNATIONAL SANCTIONS

The international sanctions environment changed dramatically in 2022 in terms of its dynamic, its complexity and its scope. In response to Russia's aggression against Ukraine, multiple countries and organisations – above all the European Union, the United States of American and the United Kingdom – imposed far-reaching sanctions on Russia or expanded existing sanctions. The restrictions range from (investment) restrictions on certain economic sectors to embargos on goods and complete trade embargoes for certain regions to the considerable expansion of the number of people and companies placed on sanctions lists, with whom business relations are therefore prohibited. Due to human rights abuses by the Iranian regime, the European Union in particular imposed new sanctions on Iran, while the United States of America imposed further sanctions on the country.

As the conflicts continue, additional restrictive measures have already been taken against both Russia and Iran in 2023, and further stricter measures can be expected in the course of the year.

WHISTLEBLOWER PROTECTION

The EU Directive (EU) 2019/1937 on the protection of persons who report breaches of Union law (Whistleblowing Directive) sets out minimum standards for protecting whistleblowers from retaliation and the establishment of confidential reporting channels by companies and public bodies. The Whistleblowing Directive had to be transposed into national law by EU Member States by 17 December 2021. As the majority of Member States had failed to meet this deadline for local transposition, the European Commission initiated infringement proceedings against the States concerned at the beginning of 2022. While a large number of draft bills were published at national level during the reporting period, most Member States still have not yet transposed the Whistleblowing Directive into national law. In February 2023, the Austrian Parliament passed the Whistleblower Protection Act (Hinweisgeber:innenschutzgesetz – HSchG).

GROUP BUSINESS DEVELOPMENT AND FINANCIAL PERFORMANCE INDICATORS

GENERAL INFORMATION

The over 50 VIG insurance companies and pension funds operate in the following reporting segments: Austria, Czech Republic, Poland, Extended CEE, Special Markets and Group Functions. These six segments are explained in the segment reporting section of the Group management report, starting on page 39. The segment Extended CEE includes the countries of Albania including Kosovo, Baltic states, Bosnia-Herzegovina, Bulgaria, Croatia, Hungary, Moldova, North Macedonia, Romania, Serbia, Slovakia and Ukraine. The segment Special Markets consists of the four countries Germany, Georgia, Liechtenstein and Türkiye. The Montenegro and Belarus markets were not included in the scope of consolidation in 2022 due to immateriality. More information on the scope of consolidation and consolidation methods is provided on page 89 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 90.

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

To improve readability, company names have been shortened throughout the entire report. A list of full company names is provided starting on page 191. 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.

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 12,559.2 million in premiums in 2022, an increase of 14.1% compared to the same period in the previous year (2021: EUR 11,002.6 million). This amount includes the Aegon companies in Hungary and Türkiye that were acquired and consolidated for the first time in 2022 and, with around EUR 444.5 million, account for 3.7% of the total premium volume. It retained EUR 11,177.0 million of the gross premiums written (2021: EUR 9,878.6 million). EUR 1,382.3 million was ceded to reinsurance companies in 2022 (2021: EUR 1,124.0 million).

ABBREVIATED CONSOLIDATED INCOME STATEMENT

in EUR millions	2022	2021	Δ in %	Δ absolute
Premiums written – gross	12,559.2	11,002.6	14.1%	1,556.7
Net earned premiums – retention	10,910.9	9,705.6	12.4%	1,205.3
Financial result excl. result from shares in at equity consolidated companies	**778.9**	607.0	**28.3%**	**171.9**
Income from investments	1,359.5	1,159.5	17.2%	199.9
Expenses for investments and interest expenses	-580.5	-552.5	5.1%	-28.0
Result from shares in at equity consolidated companies	18.3	24.9	-26.5%	-6.6
Other income	185.9	165.8	12.1%	20.1
Expenses for claims and insurance benefits – retention	-7,912.0	-7,136.6	10.9%	-775.5
Acquisition and administrative expenses	-2,930.5	-2,536.8	15.5%	-393.6
Other expenses	-421.5	-317.9	32.6%	-103.6
Business operating result	**630.0**	512.0	**23.0%**	**118.0**
Adjustments*	-67.6	-0.7	>100%	-66.9
Result before taxes	**562.4**	511.3	**10.0%**	**51.1**
Taxes	-98.1	-123.3	-20.4%	25.2
Result for the period	**464.3**	388.0	**19.7%**	**76.3**
Non-controlling interests in net result for the period	1.7	-12.3	>100%	13.9
Result after taxes and non-controlling interests	**465.9**	375.7	**24.0%**	**90.2**
Earnings per share (in EUR)	**3.58**	2.94	**22.0%**	**0.6**

*The value consists of impairments of intangible assets

In 2022, double-digit growth rates were generated in the motor lines of business (motor third party liability +20.1%, motor own damage +16.1%), in other property and casualty insurance (+16.0%), in health insurance (+12.4%) and in regular premium life insurance (+11.1%). Premium growth was especially strong in the segments Czech Republic (+13.8%), Extended CEE (+24.5%), Special Markets (+59.2%) and Group Functions (+16.9%). In the segment Extended CEE, the Baltic states (+20.2%), Romania (+30.6%) and Hungary (+92.6% including Aegon) recorded particularly dynamic premium growth. Overall, the Group generated 65.7% of its premiums outside Austria in 2022.

Net earned premiums rose by 12.4% from EUR 9,705.6 million in 2021 to EUR 10,910.9 million in 2022. Net reinsurance cessions were EUR 1,283.5 million in 2022 (2021: EUR 1,117.3 million).

Expenses for claims and insurance benefits – retention

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.

Expenses for claims and insurance benefits less reinsurers' share were EUR 7,912.0 million in 2022, representing a year-on-year increase of 10.9% (2021: EUR 7,136.6 million). The increase results from the significantly higher volume of business.

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.

The 15.5% increase in acquisition and administrative expenses for all fully consolidated VIG companies to EUR 2,930.5 million was due to the significantly higher business volume and primarily concerns commission expenses (2021: EUR 2,536.8 million).

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 797.2 million in 2022 (2021: EUR 631.9 million). The increase of 26.2% compared with the previous year is due primarily to the first-time consolidation of the Aegon companies in Hungary and Türkiye acquired in 2022 as well as higher interest rates. Both effects overcompensated the impairments in connection with exposure to Russian government bonds and corporate bonds in the amount of EUR 84.1 million.

Result before taxes

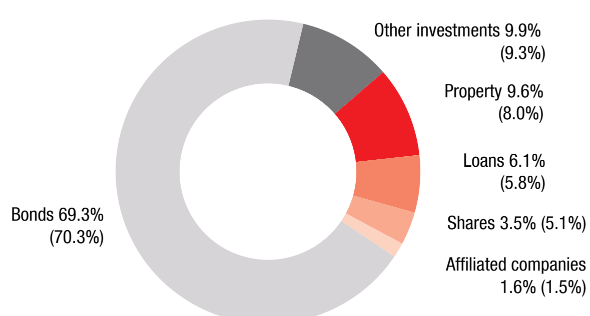
The Group result before taxes was EUR 562.4 million in 2022 (2021: EUR 511.3 million). The significant 10.0% increase in profits is primarily the result of the good operating performance and the improved financial result. In addition, the Group result before taxes includes impairments of goodwill and of other intangible assets that amount to EUR 67.6 million.

Adjusted for Impairments of intangible assets, the operating result of EUR 630.0 million for 2022 was 23.0% above that of the previous year (2021: EUR 512.0 million).

Investments

A brief presentation of the investments is included in the notes to the consolidated financial statements starting on page 100.

BREAKDOWN OF INVESTMENTS 2022



Values for 2021 in parentheses

Total investments, including cash and cash equivalents, were EUR 34,399.3 million as of 31 December 2022 (31 December 2021: EUR 37,266.1 million). The decrease compared to the previous year is primarily due to price drops, particularly for fixed-income securities, caused by the interest rate increase.

The investments include property, shares in at equity consolidated companies and all financial assets, using the look-through approach for consolidated special funds, as well as other fund investments allocated to the asset classes. Financial instruments for unit- and index-linked life insurance are not included. In 2022, these decreased by 16.0% from EUR 8,525.3 million in 2021 to EUR 7,164.1 million, mainly due to the difficult situation on the capital markets.

Shareholders' equity

Shareholders' equity decreased by 20.8% to EUR 4,434.2 million in 2022 (2021: EUR 5,597.9 million). This development is primarily due to the decrease in unrealised profits and losses from financial assets available for sale – triggered by negative stock market prices as a result of the rising interest rates, particularly with regard to fixed-interest securities. The shareholders' equity attributable to shareholders decreased accordingly from EUR 5,478.2 million in 2021 to EUR 4,223.8 million in 2022.

Underwriting provisions

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

Underwriting provisions were EUR 31,987.9 million as of the reporting date 31 December 2022 (2021: EUR 32,546.2 million). This is a decrease of 1.7% over the previous year. Here, the decrease in the provision for premium refunds, which was primarily due to negative price developments for the financial assets, could not be offset by the first-time consolidation of the Aegon companies.

Cash flow

The cash flow from operating activities mainly increased as a result of the significantly higher business operating result, which rose from EUR 522.1 million in 2021 to EUR 625.0 million in 2022. The cash flow from investing activities developed from EUR -415.5 million in 2021 to EUR -1,001.4 million as a result of the acquisition of the Aegon companies in Hungary and Türkiye. Financing activities produced a cash flow of EUR -24.1 million in 2022 (2021: EUR 597.7 million). The high positive cash flow from the previous year was mainly due to the issue of the VIG Holding hybrid bond and sustainability bond. The Group had cash and cash equivalents of EUR 2,059.0 million at the end of 2022 (2021: EUR 2,456.3 million). The amount of interest and dividends received was EUR 840.9 million in 2022 (2021: EUR 719.7 million).

Significantly increased 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 3.58 in 2022 (2021: EUR 2.94). This therefore represented an increase of 22.0% compared to the previous year.

Operating Return on Equity (Operating RoE) significantly improved

Operating return on equity (operating RoE) measures the profitability of the Group by expressing the business operating result as a ratio of the capital employed. This ratio is calculated by dividing the business operating result by the average shareholders' equity. Shareholders' equity adjusted for a provision for unrealised gains and losses is used for this purpose.

The Group earned an operating return on equity of 11.9% in 2022 (2021: 10.9%).

Operating Return on Equity	31.12.2022	31.12.2021	31.12.2020
in EUR millions			
Shareholders' equity	4,434.2	5,597.9	5,285.8
Unrealised gains and losses recognised in equity*	1,167.9	-568.1	-906.6
Adjusted shareholders' equity	**5,602.1**	5,029.8	4,379.2
Average adjusted shareholders' equity	5,316.0	4,704.5	
Business operating result	630.0	512.0	
Operating RoE in %	**11.9**	10.9	

* adjusted by Non-controlling interests

Combined ratio significantly below 100%

The combined ratio is calculated as the sum of underwriting income and expenses, net payments for claims and insurance benefits, including the net change in underwriting provisions, and acquisition and administrative expenses, divided by net earned premiums in the property and casualty balance sheet unit. The Group's combined ratio for 2022 was 94.9%, which is slightly up on the previous year (2021: 94.2%).

Combined ratio	2022	2021
in EUR millions		
Net earned premiums – retention	6,534.3	5,653.0
Expenses for claims and insurance benefits – retention	-4,022.0	-3,475.4
Acquisition and administrative expenses, including other underwriting income and expenses	-2,180.4	-1,847.0
Total expenses	-6,202.4	-5,322.4
Combined ratio in %	94.9	94.2

BRANCH OFFICES

VIG Insurance Group has branch offices in Germany, France, Italy, Kosovo, Slovenia, the Baltic states Estonia, Latvia and Lithuania, and the Northern European countries of Sweden, Norway and Denmark. Information on branch offices and any significant changes compared to the previous year are discussed in more detail for the respective reportable segments in the section below, if applicable. A list of the addresses of the insurance companies and branch offices is also provided on page 200.

BUSINESS DEVELOPMENT AND FINANCIAL PERFORMANCE INDICATORS BY REPORTABLE SEGMENT

The reportable segments Austria, Czech Republic, Poland, Extended CEE, Special Markets and Group Functions are discussed below. The discussion focuses on presenting business development in these reportable segments and the market position held by the VIG Group in the respective countries. A detailed presentation of the consolidated income statement by reportable segments and premiums written by reportable segments and lines of business is provided on page 97 in the notes to the consolidated financial statements and in Note 15. Premiums written – gross on page 153.

PREMIUMS WRITTEN

	2022	2021	Δ in %	Δ absolute
in EUR millions				
Austria	4,138.4	4,048.4	2.2%	89.9
Czech Republic	2,122.1	1,864.9	13.8%	257.2
Poland	1,352.9	1,279.8	5.7%	73.1
Extended CEE[1]	3,593.2	2,886.7	24.5%	706.5
Special Markets[2]	846.2	531.7	59.2%	314.5
Group Functions[3]	2,297.8	1,965.0	16.9%	332.8
Consolidation	-1,791.4	-1,574.0	13.8%	-217.4
Total	12,559.2	11,002.6	14.1%	1,556.7

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

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

[3] Group functions: VIG Holding, VIG Re, Wiener Re, VIG Fund, corporate IT service providers, asset management and pension funds as well as intermediate holding companies

RESULT BEFORE TAXES

	2022	2021	Δ in %	Δ absolute
in EUR millions				
Austria	249.4	234.7	6.3%	14.8
Czech Republic	201.9	186.9	8.0%	15.0
Poland	51.7	69.9	-25.9%	-18.1
Extended CEE[1]	112.7	188.6	-40.2%	-75.9
Special Markets[2]	49.4	37.9	30.5%	11.5
Group Functions[3]	-101.2	-210.8	52.0%	109.6
Consolidation	-1.5	4.3	n/a	-5.8
Total	562.4	511.3	10.0%	51.1

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

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

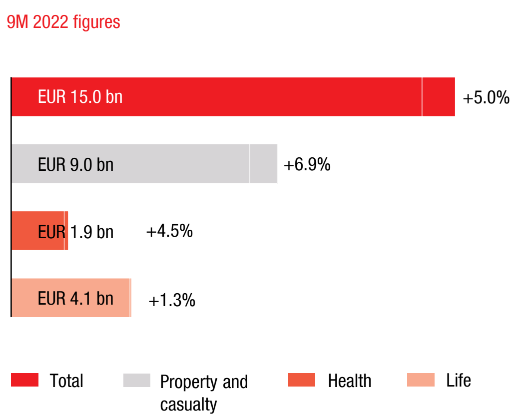
[3] Group functions: VIG Holding, VIG Re, Wiener Re, VIG Fund, corporate IT service providers, asset management and pension funds as well as intermediate holding companies

AUSTRIA

AUSTRIAN INSURANCE MARKET

The top 5 insurance groups in the country generated around 71% of the premium volume in Austria in the 1st to 3rd quarters of 2022. The two largest insurance groups generated around 44%.

MARKET GROWTH IN THE 1ST TO 3RD QUARTERS OF 2022 COMPARED TO THE PREVIOUS YEAR



Source: Austrian Insurance Association

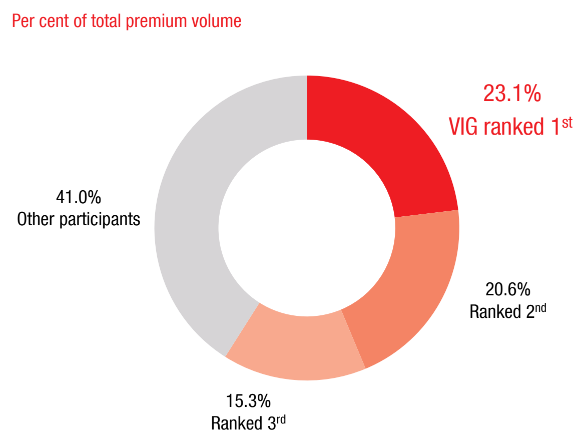
After 2021, which was characterised by the impacts of the COVID-19 pandemic, the Austrian insurance sector had a positive start to the new year. In total, EUR 15.0 billion was generated in the 1st to the 3rd quarters of 2022. Compared with the same period in the previous year, this corresponds to an increase of around 5.0%, which is due to the positive performance of all insurance segments.

In the 1st to 3rd quarters of 2022, the property and casualty insurance recorded an increase of 6.9% compared with the same period in the previous year. The motor insurance recorded an increase of 4.7%. Of this, motor own damage insurance rose by 6.1%, primarily due to higher prices. On the other hand, motor third party liability insurance benefited from the rising number of newly insured vehicles and rose by 3.3% year-on-year. Premiums for non-motor lines of business rose 8.0%, with travel insurance recording a sharp increase of 97.5%.

In life insurance, a premium increase of 1.3% was generated in the 1st to 3rd quarters of 2022. While income from regular premium life insurance came to -0.1%, remaining stable or falling slightly year-on-year, single premium life insurance increased by 10.2%. With a year-on-year increase of 19.5%, unit- and index-linked life insurance in particular recorded increased levels of interest. Nursing care insurance also saw double-digit growth, with a 10.4% increase compared with the same period in the previous year. Premiums in health insurance recorded an equally positive year-on-year increase of 4.5%.

According to calculations based on data from the International Monetary Fund (IMF) and Austrian Insurance Association (VVO), the average per capita expenditure for insurance in Austria was EUR 2,072.4 in 2021. Of this, EUR 1,465 was spent in the non-life insurance area and EUR 607 in the life insurance area.

MARKET SHARES OF THE MAJOR INSURANCE GROUPS



Source: Austrian Insurance Association; as of 9M 2022

VIG COMPANIES IN AUSTRIA

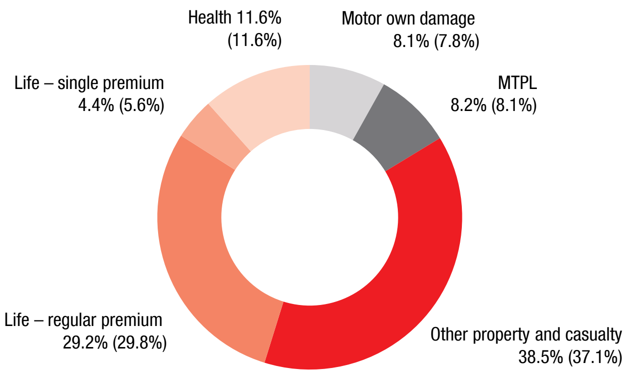
VIG Insurance Group is represented by the two insurance companies Wiener Städtische and Donau Versicherung in Austria. s Versicherung, which was merged with Wiener Städtische in 2018, continues to exist as a brand for bancassurance customers. Wiener Städtische also operates via branches in Italy and Slovenia. VIG Holding operates out of Austria as a reinsurer of the Group and 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 segment Group Functions.

With a market share of 23.1% in the 1st to 3rd quarters of 2022, 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 REPORTABLE SEGMENT

Premium development
The Austrian VIG insurance companies generated a total of EUR 4,138.4 million in premiums written in 2022, representing a year-on-year increase of 2.2% (2021: EUR 4,048.4 million). The increase was primarily due to good development in other property and casualty and the motor lines of business. Net earned premiums were EUR 3,314.8 million in 2022 (2021: EUR 3,242.5 million). This corresponds to a plus of 2.2%.

PREMIUMS BY LINE OF BUSINESS



Values for 2021 in parentheses

Result before taxes
The segment Austria generated a result before taxes of EUR 249.4 million in 2022 (2021: EUR 234.7 million). This corresponds to an increase of 6.3%, which is due to an improvement in the combined ratio and a better technical result in the life line of business.

Combined ratio
The combined ratio could be further improved to 92.4% in 2022 primarily due to an improved cost ratio (2021: 92.8%).

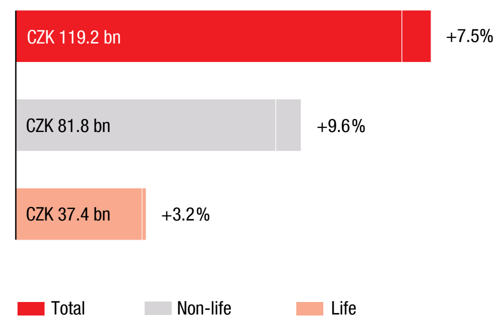
CZECH REPUBLIC

CZECH INSURANCE MARKET

In the 1st to 3rd quarters of 2022 the insurance market in the Czech Republic was dominated by the top 5 insurance groups, which together generate around 85% of total premium volume.

MARKET GROWTH IN THE 1ST TO 3RD QUARTERS OF 2022 COMPARED TO THE PREVIOUS YEAR

9M 2022 figures



Source: Czech Insurance Association

Based on the calculation method of the Czech Insurance Association ČAP, the Czech insurance market recorded a premium volume of CZK 119.2 billion in the 1st to 3rd quarters of 2022, representing a year-on-year increase of 7.5%. With the exception of single premium life insurance, all major lines of business recorded positive developments. In particular, the non-motor lines of business in non-life insurance contributed to this (+13.6%). The double-digit increase is partly due to the lower reference values from the same period in the previous year, which in turn is due to the impacts of the COVID-19 pandemic.

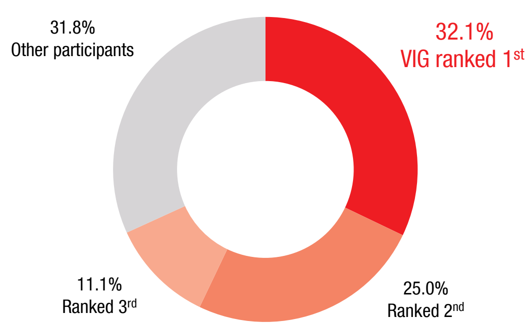
In the motor line of business, motor own damage generated a remarkable increase of 9.1% year-on-year. Motor third party liability insurance also developed positively, with growth of 3.8%. Both lines of business were positively influenced by rising prices. In part, they also benefited from the growing number of newly insured vehicles (+1.3% in motor third party liability; +4% in motor own damage). In the non-motor insurance line of business, the 1st to 3rd quarters of 2022 saw a double-digit increase of 13.6%, which was primarily influenced by rising prices and intense acquisition in the area of industrial insurance.

In life insurance, premium volume rose by 3.2%. This increase was mainly due to good performance in regular premium life insurance, which recorded 3.7% growth in the 1st to 3rd quarters of 2022. However, a significant fall of 18.5% was recorded in single premium life insurance.

According to calculations based on data from the International Monetary Fund (IMF) and Czech Insurance Association, the average per capita expenditure for insurance in the Czech Republic was EUR 635 in 2021. EUR 418 of this amount was for non-life insurance and EUR 217 for life insurance.

MARKET SHARES OF THE MAJOR INSURANCE GROUPS

Per cent of total premium volume



Source: Czech Insurance Association; as of 9M 2022

VIG COMPANIES IN THE CZECH REPUBLIC

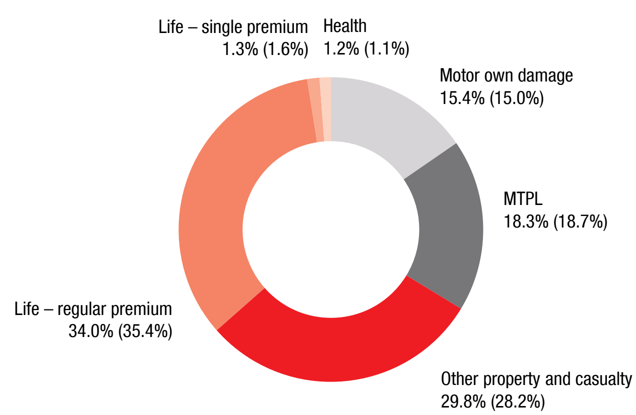
VIG Insurance Group is represented by two companies, Kooperativa and ČPP, in the Czech Republic. With a market share of 32.1% it is the largest insurance group in the Czech Republic in the 1st to 3rd quarters of 2022. It holds first place in the market for both life and non-life insurance.

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

FINANCIAL PERFORMANCE INDICATORS IN THE CZECH REPUBLIC REPORTABLE SEGMENT

Premium development
The VIG insurance companies in the segment Czech Republic wrote EUR 2,122.1 million in premiums in 2022, representing a large increase of 13.8% (2021: EUR 1,864.9 million). This was primarily due to good performance in the motor lines of business as well as in the other property and casualty and regular premium life insurance lines of business. Net earned premiums were EUR 1,575.1 million in 2022 (2021: EUR 1,399.8 million). This represented an increase of 12.5% compared to the previous year.

PREMIUMS BY LINE OF BUSINESS



Values for 2021 in parentheses

Result before taxes
The result before taxes in the segment Czech Republic rose by 8.0% to EUR 201.9 million in 2022 (2021: EUR 186.9 million). This increase was primarily due to a better technical result from risk insurance.

Combined ratio
The combined ratio continued to be at a very good level of 91.5% in 2022 (2021: 90.1%). The slight increase comes from the motor lines of business, which saw the claims ratio normalise to pre-COVID levels.

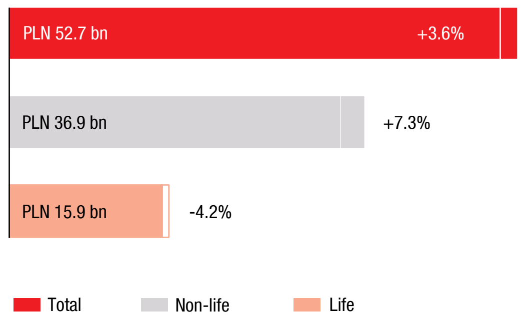
POLAND

POLISH INSURANCE MARKET

The five largest insurance groups in the country generated around 77% of the total premium volume in the first three quarters of 2022. The three largest insurance groups contributed around 60%.

MARKET GROWTH IN THE 1ST TO 3RD QUARTERS OF 2022 COMPARED TO THE PREVIOUS YEAR

9M 2022 figures



Source: Financial Market Authority Poland

The Polish insurance market generated PLN 52.7 billion in the 1st to 3rd quarters of 2022, representing an increase of 3.6% compared with the same period from the previous year. The increase is predominantly due to the good performance of non-life insurance, which grew 7.3% year-on-year. Life insurance, on the other hand, recorded a decrease of 4.2% in the 1st to 3rd quarters of 2022.

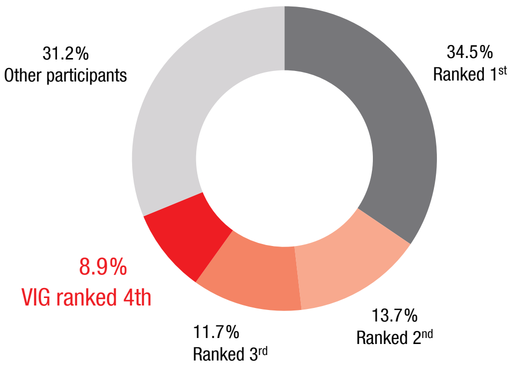
Premium volume in the motor lines of business saw gains in the first nine months of 2022, primarily due to the good performance in motor own damage insurance, which recorded growth of 13.7% compared with the same period from the previous year. Recording +1.0%, motor third party liability insurance remained stable year-on-year. This is due to a slight decrease in the average premium, which in turn is due to the ongoing pressure from competition on the market. The non-motor lines of business grew 8.9%, which is due in particular to the good performance in property and casualty insurance. The health insurance products in non-life insurance generated a moderate year-on-year increase of 1.3%.

Life insurance fell by 4.2% in the 1st to 3rd quarters of 2022. This was due to negative performance in single premium life insurance, which recorded a decrease of 36.3% in the 1st to 3rd quarters of 2022. Despite recording a year-on-year increase of 3.7%, regular premium life insurance was unable to offset this decrease.

According to calculations based on data from the International Monetary Fund (IMF) and Polish financial market authority, the average per capita expenditure for insurance in Poland was EUR 401 in 2021. Out of this, EUR 273 was spent on non-life insurance and EUR 128 on life insurance.

MARKET SHARES OF THE MAJOR INSURANCE GROUPS

Per cent of total premium volume



Source: Financial Market Authority Poland; as of 9M 2022

Group management report

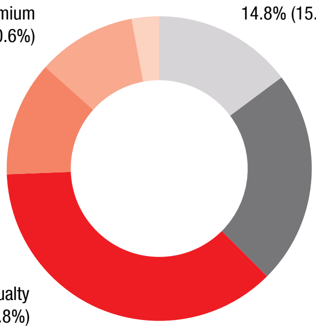
VIG COMPANIES IN POLAND

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 Türkiye. In Hungary and Türkiye, closing was successfully completed in 2022. For the acquisition of the remaining Eastern European business of Aegon with companies in Poland and Romania, only the approval from Romania is pending for a closing.

VIG Insurance Group held fourth place in the overall market with a market share of 8.9% in the first nine months of 2022. 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 REPORTABLE SEGMENT

PREMIUMS BY LINE OF BUSINESS



Values for 2021 in parentheses

Premium development
The segment Poland recorded total premiums written of EUR 1,352.9 million in 2022, representing an increase of 5.7% compared to the previous year (2021: EUR 1,279.8 million). This increase was mainly due to growth in the other property and casualty and health insurance lines of business. Net earned premiums were EUR 1,018.4 million in 2022, 3.6% higher than in the previous year (2021: EUR 983.0 million).

Result before taxes
The result before taxes was EUR 51.7 million in 2022 (2021: EUR 69.9 million). This corresponds to a decrease of 25.9%, which is primarily due to the increase in the combined ratio and the decrease in the financial result.

The business operating result in the segment Poland was EUR 51.9 million in 2022 (2021: EUR 70.5 million).

Combined ratio
In 2022, the combined ratio was 96.1% due to both increased commissions in direct business and lower commissions from internal Group reinsurance (2021: 93.2%).

EXTENDED CEE

The reportable segment Extended CEE includes the countries of Albania including Kosovo, the Baltic states, Bosnia-Herzegovina, Bulgaria, Croatia, Hungary, Moldova, North Macedonia, Romania, Serbia, Slovakia and Ukraine. These countries generated 29.8% of Group premiums in 2022.

Albania including Kosovo
VIG Insurance Group operates in the Albanian insurance market with Sigma Interalbanian and Intersig. With a market share of 20.0% it ranked second in the first nine months of 2022. Sigma Interalbanian is also represented by a branch in Kosovo, where it held sixth place in the market with a market share of 9.1% in the 1st to 3rd quarters of 2022.

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. The company Compensa Non-Life also operates in Lithuania. It maintains branches in Latvia and Estonia.

Their market share of 26.4% made the VIG insurance companies the market leader in the Baltic states in the 1st to 3rd quarters of 2022. They also hold first place in the non-life sector and second place for life insurance.

Bosnia-Herzegovina
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 8.8% based on data for the 1st to 3rd quarters of 2022, which puts the VIG insurance companies in fourth place in the market.

Bulgaria
VIG is represented in the Bulgarian insurance market by the insurance companies Bulstrad Life and Bulstrad Non-Life. Together they had a market share of 14.0% in the 1st to 3rd quarters of 2022. That makes the VIG insurance companies the leading insurance group in Bulgaria. In the non-life sector they are in third place in the market; in the life sector they are in second place. The PAC Doverie pension fund also belongs to VIG Insurance Group.

Croatia
The VIG insurance company Wiener Osiguranje operates in Croatia. Its market share of 11.6% in the 1st to 3rd quarters of 2022 put it in third place in the Croatian insurance market.

Moldova
The VIG insurance company Donaris operates in Moldova. It had a market share of 12.7% in the first nine months of 2022, putting it in fifth place in the market. It also holds fourth place in the non-life sector.

North Macedonia
The VIG insurance companies Makedonija Osiguruvanje, Winner Non-Life and Winner Life together held a market share of 18.3% in the 1st to 3rd quarters of 2022. That makes the VIG companies the leading insurance group in North Macedonia.

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 23.4% makes the VIG insurance companies the market leader in Romania. In the 1st to 3rd quarters of 2022, they also held first place in non-life insurance and second place in 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 Türkiye. In Hungary and Türkiye, closing was successfully completed in 2022. For the acquisition of the remaining Eastern European business of Aegon with companies in Poland and Romania, only the approval from Romania is pending for a closing.

Serbia
VIG operates in Serbia through Wiener Städtische Osiguranje. It held fourth place in the market with a market share of 11.3% in the 1st to 3rd quarters of 2022. It is in fourth place in the non-life sector and second place in the life sector.

Slovakia
Two VIG insurance companies, Kooperativa and Komunálna, are represented in the Slovakian insurance market. Their market share of 28.0% put them in first place in Slovakia in the 1st to 3rd quarters of 2022. They hold second place for non-life insurance and first place for life insurance.

The Slovakian pension company 365.life, which was acquired by Kooperativa at the end of 2022, is assigned to the segment Group Functions.

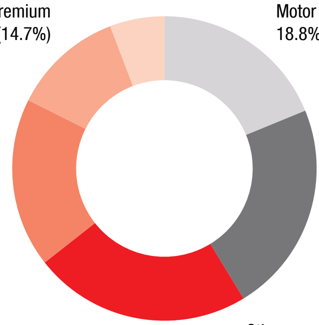
Ukraine
The VIG non-life insurance companies Kniazha and USG and life insurance company Kniazha Life are operating in Ukraine. The VIG insurance companies held second place in the overall market with a market share of 11.5% in the 1st to 3rd quarters of 2022. They are in second place in the non-life sector.

Hungary
VIG operates in Hungary through UNION Biztosító and the Aegon insurance company acquired in 2022, which in future will be represented on the market under the brand Alfa Biztosító. According to data published by the Hungarian association MABISZ, VIG – including Aegon – holds first place in the market. Data from the Hungarian National Bank shows that the market share in the 1st to 3rd quarters of 2022 was 19.1%. In life and non-life insurance, VIG holds second place in the market.

FINANCIAL PERFORMANCE INDICATORS IN THE EXTENDED CEE REPORTABLE SEGMENT

Premium development
The VIG insurance companies in the segment Extended CEE wrote EUR 3,593.2 million in premiums in 2022, representing a year-on-year increase of 24.5% (2021: EUR 2,886.7 million). One of the reasons for this growth is the first-time consolidation of the Aegon insurance company acquired in Hungary in 2022. The motor lines of business in Romania and Hungary and the other property and casualty insurance line of business in the Baltic states, Romania and Hungary performed well. Net earned premiums were EUR 2,742.7 million in 2022 (2021: EUR 2,200.7 million), an increase of 24.6% compared to the previous year.

PREMIUMS BY LINE OF BUSINESS



Values for 2021 in parentheses

Result before taxes
A result before taxes of EUR 112.7 million was recorded in the segment Extended CEE in 2022 (2021: EUR 188.6 million). This is a decrease of 40.2% compared with the previous year. In the result before taxes, impairments of goodwill of EUR 26.2 million for the CGU groups Albania including Kosovo and North Macedonia were recognised. Impairments of other intangible assets totalling EUR 37.6 million were also included. These primarily include insurance portfolios and customer bases of the Hungarian Aegon company acquired in 2022 due to an additional insurance tax introduced after the transaction was closed. An increase in the combined ratio was also recorded in Hungary, Ukraine and Croatia.

Adjusted for impairments of goodwill and other intangible assets, the business operating result in the segment Extended CEE in 2022 amounted to EUR 176.5 million (2021: EUR 188.6 million).

Combined ratio
In 2022, an increase in the cost ratio in Hungary, primarily due to the introduction of the additional insurance tax, and the limited product portfolio due to the war in Ukraine led to a combined ratio of 95.3% in the segment Extended CEE (2021: 92.3%).

SPECIAL MARKETS

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

Germany
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 be successful in the German market as profitable niche providers.

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

Georgia
VIG Insurance Group is represented by two companies in Georgia, GPIH and IRAO. With a market share of 25.0%, the companies became the leading insurance group in Georgia in the 1st to 3rd quarters of 2022.

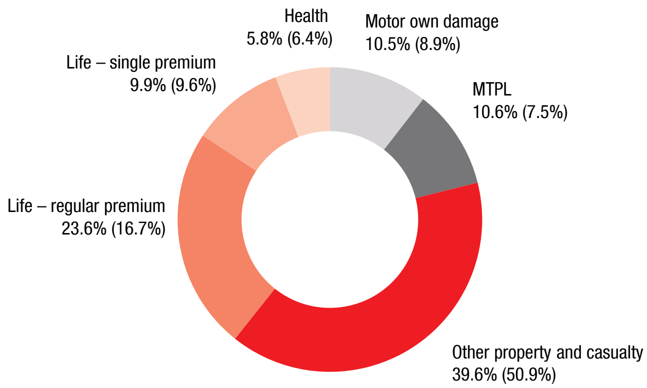
Liechtenstein
The VIG insurance company Vienna-Life operates in Liechtenstein. Vienna-Life almost exclusively offers unit-linked and index-linked life insurance and held fourteenth place in the market in Liechtenstein in 2021.

Türkiye
VIG operates in Türkiye through the non-life insurer Ray Sigorta and the life insurance company Viennalife (formerly Aegon), which was acquired in 2022. A market share of 3.9% puts the VIG insurance companies in eighth place in the Turkish insurance market.

FINANCIAL PERFORMANCE INDICATORS IN THE SPECIAL MARKETS REPORTABLE SEGMENT

Premium development
The VIG insurance companies in the segment Special Markets wrote EUR 846.2 million in premiums in 2022 (2021: EUR 531.7 million), representing an increase of 59.2% compared with the previous year. This positive premium development is primarily due to the initial consolidation of the Turkish company Viennalife (formerly Aegon). The regular premium life insurance and other property and casualty insurance lines of business performed particularly well. Net earned premiums were EUR 501.3 million in 2022 (2021: EUR 325.9 million), an increase of 53.8% compared with the previous year.

PREMIUMS BY LINE OF BUSINESS



Values for 2021 in parentheses

Result before taxes
The result before taxes in the Special Markets segment rose 30.5% in 2022 to EUR 49.4 million (2021: EUR 37.9 million). This increase is primarily due to the first-time consolidation of Viennalife (formerly Aegon) in Türkiye.

Adjusted for impairments of other intangible assets of EUR 3.6 million, the business operating result in the Special Markets segment in 2022 amounted to EUR 53.0 million (2021: EUR 37.9 million).

Combined ratio
The combined ratio improved to 93.0% in 2022 primarily as a result of a lower cost ratio in Germany and a lower claims ratio in Türkiye (2021: 94.4%).

GROUP FUNCTIONS

The Group Functions reportable segment includes VIG Holding (including the branches in Northern Europe), VIG Re (including the branches in Germany and France), Wiener Re, the VIG Fund, corporate IT service providers, Asset Management, Pension Funds and intermediate holding companies. VIG Holding primarily focuses on managerial tasks for the Group. It also operates as the reinsurer for the 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 reaffirmed VIG Re's A+ rating with stable outlook at the end of 2022.

FINANCIAL PERFORMANCE INDICATORS IN THE GROUP FUNCTIONS REPORTABLE SEGMENT

Premium development
Premiums written in the segment Group Functions rose 16.9% in 2022 to EUR 2,297.8 million (2021: EUR 1,965.0 million). In addition to an increase in premiums from the entry into new business areas in active reinsurance generated by the insurance company VIG Re, an increase in corporate and large customer business and internal Group reinsurance was also recorded as a result of the increased business volume in VIG Holding.

Result before taxes
A loss of EUR 101.2 million was recorded in the segment Group Functions in 2022 (2021: loss of EUR 210.8 million).

Various provisions, including for strategic and regulatory projects and digitalisation initiatives, had a negative effect on the previous year.

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 180.

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 and Play and VENPACE, a start-up initiative (investment and corporate building) that is located in Germany and jointly funded with other insurance companies, in order to identify technological developments in the market more quickly and internalise them if necessary. Viesure was also established for this purpose as an internal "innovation hub" focusing mainly on Austria. Since December 2022, investment has also been made in the APEX Deep Tech Fund, which focuses on tech start-ups, and supports VIG in identifying and researching innovations at an early stage in order to use these in the business model to the benefit of its customers. An example of such innovation is the use of sensors and satellite technology as an early warning system for potential forest fires. The VIG Group also indirectly promotes research activities through its participations in ISTCube to increase basic research in Austria and APEIRON and invIOS to support research into biotech and the fight against cancer and respiratory illnesses.

HOLDINGS, PURCHASE AND SALE OF OWN SHARES

Information on § 243 (3)(3) UGB is available in Note 8. Consolidated shareholders' equity starting on page 140 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, shareholders equity statement, cash flow statement, segment report 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, which are then provided 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. According to these rules, 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 capture 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 were set down in a Group accounting manual (IFRS application) that is mandatory for all companies included in the consolidated financial statements. The goal is to ensure uniform implementation of the IFRS across the Group. This manual is reviewed every 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. In addition, we notify the entire Group of material developments to and amended requirements in the Group financial reporting process. The subsidiaries are responsible in the control system for compliance with the Group-wide accounting policies and for proper and timely performance of their accounting-related processes.

The Finance department of VIG Holding performs both automatic (using validations) and manual checks (performance analyses and plausibility checks) of the reviewed financial statement data. 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 Finance 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. Finance department – Planning and 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 annual audit of the financial statement to the extent that it is relevant to the 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 Code of Corporate Governance.

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 140 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 2022 in accordance with § 267a of the Austrian Commercial Code (Unternehmensgesetzbuch – UGB). It is available in printed form and online at www.vig.com/sustainability-reports on the website of the VIG Insurance Group.

CORPORATE GOVERNANCE

VIG Holding is committed to application and compliance with the January 2023 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
For VIG Holding, it was decided to outsource IT services to Group-internal and external IT service providers. Outsourcing agreements that had been approved by the supervisory authority existed in 2022 with IBM Austria (Internationale Büromaschinen Gesellschaft m.b.H.) and the internal Group IT system provider twinformatics GmbH, both headquartered in Austria. The outsourcing agreement with IBM was terminated as a result of the assumption of all related services by twinformatics with effect from 28 February 2023. twinformatics GmbH has also assumed full responsibility for all IT services (with the exception of those listed in the following paragraph) 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.

From 1 March 2023, IT services in the VIG Group will also be provided by VIG IT-Digital Solutions GmbH ("VIG IT-DS"). VIG IT-DS was founded by VIG Holding in order to further reinforce the alignment of IT services to be provided Group-wide and to have these services provided by a company that focuses on these services. Meanwhile, an outsourcing agreement approved by the Austrian Financial Market Authority (FMA) was concluded with VIG IT-DS. This agreement sets out the ultimate responsibility of VIG IT-DS (with twinformatics as a key sub-service provider) for all VIG solutions (SAP NewGL, IFRS 9/17, ReadSoft and some smaller supporting applications). In addition to these outsourcing agreements, VIG Holding has not outsourced any critical or important functions or business activities.

VIG Group

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

- 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 VIG Insurance Group, in particular the internal audit and actuarial functions and related activities, and in few cases the risk management and compliance functions.

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, including impacts of climate change and the associated climate risks, is provided in the notes to theconsolidated financial statements starting on page 102.

For information on the financial instruments used for investments, please see the notes to the consolidated financial statements (Principles of significant accounting policies) and the risk report (starting on page 102).

EXPECTED DEVELOPMENT – OUTLOOK FOR 2023

ECONOMIC OUTLOOK

Although pricing is losing momentum, inflation rates should remain at a high level in 2023. State subsidies and increasing wages may have some potential of second-round effects. In particular, inflation will likely continue to be defined by events on the supply side. The Russian attack on Ukraine contributed enormously to rising energy prices. The accompanying acceleration of an energy transition towards renewable energies, which was already planned, should hold energy prices at a high level into the future. Accordingly, the central banks' policies will continue to be correspondingly restrictive or will become more restrictive, and will provide a stable basis for the expectation of increased returns.

China is expected to remain a relevant and decisive factor. The U-turn in its COVID-19 policy should continue to pose a risk to supply chains for as long as infection rates remain high. As a result, there is no big difference compared with the previous zero-COVID strategy – at least not in the short term. That said, the recovery of China's domestic demand in particular represents a key criterion for global development.

In this environment, a considerable improvement in consumer sentiment and therefore a recovery of private demand can only be expected with rather high levels of uncertainty. In all, 2023 should be the culmination of all adverse impacts. The most likely scenario is that there will be weak growth at the start of 2023, with an indication that recovery will take place towards the end of the year.

In this context, the analysts at Erste Group expect almost complete stagnation of the economy in the eurozone in the 1st quarter of 2023. With pricing losing momentum, consumption should become more important in the 2nd half of the year. Falling employment may cause a certain risk to take effect here. As the environment continues to brighten, investments should increase. With energy and gas prices representing a considerable cause of uncertainty, Erste Group expects growth of 0.6% in 2023, accompanied by an average inflation of 5.6%.

A similar situation is expected in Austria, with the economy expected to grow by 0.6% in 2023 and inflation to continue to ease, with an average of 6.0% for 2023 to be reflected in the budget. Pressure on the employment market as a result of the pandemic seems, for the most part, to have been absorbed by short-term work. After high levels of unemployment in previous years, an unemployment rate of 4.6% is expected for 2023.

The situation is considerably different in the CEE region in that the central banks of the countries in this region adjusted their monetary policies to the situation at a much earlier stage – and in a decidedly spirited manner – and should therefore already have reached the peak of their cycles of interest rate increases. Even though inflation rates in the CEE region have increased further, and have even reached 22% in Hungary, a turning point is still expected. The average level of inflation for the region is expected to be at 12.1% for 2023. External factors such as energy prices and supply chains are also decisive factors in the CEE region and should therefore also lead to an easing of inflation rates in the 2nd half of 2023. Depending on the commitment of local governments, considerable financial contributions from the EU could well support economic development in the region. For example, Romania and Croatia are currently the leading countries making use of the economic programmes put in place. Private consumption in the CEE region will remain subdued due to real wage decreases, which has an influence on the region's moderate growth outlook of 0.9% for real GDP. In terms of the unemployment rate, it is currently assumed that it will rise from 4.8% to 5.1% in 2023.

OUTLOOK FOR VIG INSURANCE GROUP

As market leader in Central and Eastern Europe, VIG Insurance Group with its roughly 29,000 employees is in an excellent position to take advantage of the opportunities available in this region and the long-term growth options they offer. It is therefore implementing its VIG 25 strategic programme, which was developed together with the CEOs of the VIG insurance companies based on trends and developments in the insurance business and comprises the financial years through to 2025. In addition to creating sustainable value and achieving sustainability objectives, one of the key objectives of the programme is to expand the leading market position in Central and Eastern Europe, with the aim of achieving at least a top three position in each CEE market, with the exception of Slovenia. A major step in this direction is the successful acquisition of the companies in Hungary and Türkiye that were formerly part of the Dutch Aegon Group. This took VIG to number one in the Hungarian market. For the acquisition of the remaining Eastern European business of Aegon with companies in Poland and Romania, only the approval from Romania is pending for a closing. It is expected to be formally concluded in 2023.

A range of 150 to 200% is specified for the VIG Group solvency ratio without taking into account transitional measures for underwriting provisions used by some individual Group companies. The new financial reporting, as set out by IFRS 9/17, which took effect on 1st January 2023 will lead to the relevant financial KPIs being adjusted. The new accounting standard will not have any impact on the strategy or business model of VIG. Further information on the impact of IFRS 9/17 on the consolidated balance sheet and the consolidated shareholders' equity can be found in the notes to the consolidated financial statements starting on page 65.

In line with the current dividend policy, which provides for a distribution in the range of 30 to 50% of Group net profits, the Managing Board recommends to the relevant bodies that the dividend be increased from EUR 1.25 to EUR 1.30 per share for the financial year 2022. This corresponds to an increase of 4.0% compared to the previous year and a dividend payout ratio of 35.7%. The dividend per share is based on the company's success and takes into account the current volatile environment.

The development of the financial year 2023 is difficult to assess due to a number of uncertainty factors, especially associated with the ongoing war in Ukraine and its far-reaching consequences. The weaker macroeconomic environment and higher levels of volatility expected on the financial markets are currently restricting the ability to predict business trends. In this context, and in view of the transition to a new financial reporting from 2023, any firm outlook for 2023 pursuant to IFRS 9/17 can only be provided during the course of the year. Given that VIG has been able to manage the current challenges in its insurance business operations very well so far, following 2022 the Group continues to aim to achieve positive operating performance in 2023, subject to the factors mentioned above.

Vienna, 20 March 2023

The Managing Board:

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

Consolidated financial statements 2022 (pages 56–190)

PRIMARY 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

NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT

ADDITIONAL DISCLOSURES

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

	31.12.2022
Reporting period	1.1.2022–31.12.2022
Reporting date for comparative consolidated balance sheet data	31.12.2021
Reporting period for comparative consolidated income statement data	1.1.2021–31.12.2021
Currency	EUR

Primary financial statements

CONSOLIDATED BALANCE SHEET

Assets	Notes	31.12.2022	31.12.2021
in EUR '000			
Intangible assets	1, A	2,084,745	1,744,169
Right-of-Use Assets		178,663	173,348
Investments	2, B	32,340,353	34,809,790
Property		3,128,977	2,850,588
Owner-occupied property		483,345	472,303
Investment property		2,645,632	2,378,285
Shares in at equity consolidated companies		287,960	276,913
Financial assets		28,923,416	31,682,289
Financial investments for unit- and index-linked life insurance	3, C	7,164,129	8,525,331
Reinsurers' share in underwriting provisions	4, D	1,962,627	1,564,605
Receivables	5, E	2,341,675	2,067,188
Tax receivables and advance payments out of income tax	F	173,781	135,053
Deferred tax assets	6, F	569,889	311,447
Other assets	7, G	399,180	390,893
Cash and cash equivalents		2,058,970	2,456,333
Total		49,274,012	52,178,157

Liabilities and shareholders' equity	Notes	31.12.2022	31.12.2021
in EUR '000			
Shareholders' equity	8	4,434,184	5,597,948
Share capital and reserves		4,223,838	5,478,217
Non-controlling interests		210,346	119,731
Subordinated liabilities	9, K	1,746,366	1,461,286
Underwriting provisions	10, H	31,987,870	32,546,227
Underwriting provisions for unit- and index-linked life insurance	11, I	6,902,710	8,188,793
Non-underwriting provisions	12, J	697,705	890,189
Liabilities excl. Subordinated liabilities	13, K	3,188,375	2,900,280
Tax liabilities out of income tax	F	111,519	243,382
Deferred tax liabilities	6, F	77,418	218,884
Other liabilities		127,865	131,168
Total		49,274,012	52,178,157

The numbers and letters shown for individual items in the consolidated balance sheet, consolidated income statement, consolidated statement of comprehensive income and consolidated shareholders' equity 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 126. The letters refer to the explanatory text in the Accounting policies section starting on page 75.

CONSOLIDATED INCOME STATEMENT

Consolidated income statement	Notes	2022	2021
in EUR '000			
Net earned premiums – retention	L	10,910,888	9,705,633
Premiums written – retention		11,176,967	9,878,594
Premiums written – gross	15	12,559,242	11,002,566
Premiums written – reinsurers´ share		-1,382,275	-1,123,972
Change in unearned premiums – retention		-266,079	-172,961
Change in unearned premiums – gross		-364,867	-179,621
Change in unearned premiums – reinsurers´ share		98,788	6,660
Financial result excl. result from shares in at equity consolidated companies	16	778,947	607,018
Income from investments		1,359,461	1,159,520
Expenses for investments and interest expenses		-580,514	-552,502
Result from shares in at equity consolidated companies	17	18,287	24,872
Other income	18	185,859	165,789
Expenses for claims and insurance benefits – retention	19	-7,912,036	-7,136,561
Acquisition and administrative expenses	20	-2,930,465	-2,536,828
Other expenses	18	-421,480	-317,902
Business operating result		630,000	512,021
Impairments of goodwill		-26,361	0
Impairments of intangible assets excluding goodwill		-41,217	-688
Result before taxes		562,422	511,333
Taxes	21	-98,131	-123,339
Result for the period		464,291	387,994
thereof attributable to shareholders		465,941	375,730
thereof Non-controlling interests		-1,650	12,264
Earnings per share* (in EUR)	22	3.58	2.94

*The calculation of these figures considers the interest expenses for hybrid capital. The undiluted earnings per share equals the diluted earnings per share.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Consolidated statement of comprehensive income	Notes	2022	2021
in EUR '000			
Result for the period		464,291	387,994
Other comprehensive income (OCI)	8.3	-1,641,857	-263,434
Items that will not be reclassified to profit and loss in subsequent periods		124,614	28,777
+/- Actuarial gains and losses from provisions for employee benefits		224,560	52,969
+/- Deferred profit participation		-56,977	-14,515
+/- Deferred taxes		-42,969	-9,677
Items that will be reclassified to profit or loss in subsequent periods		-1,766,471	-292,211
+/- Exchange rate changes through equity		-29,796	46,153
+/- Unrealised gains and losses from financial assets available for sale	2.4	-4,386,796	-819,153
+/- Cash flow hedge reserve		34	-43
+/- Share of other reserves of at equity consolidated companies	2.2	-654	178
+/- Deferred mathematical reserve		673,535	77,247
+/- Deferred profit participation		1,501,104	323,279
+/- Deferred taxes		476,102	80,128
Comprehensive income for the period		-1,177,566	124,560
thereof attributable to shareholders		-1,134,165	115,433
thereof Non-controlling interests		-43,401	9,127

CONSOLIDATED SHAREHOLDERS' EQUITY

Development	Share capital	Capital reserves		Retained earnings	Other reserves		Subtotal*	Non-controlling interests	Total
		Hybrid capital	Others		Currency reserve	Others			
Notes	8.1	8.2		8.4, 22	8.3	8.3			
in EUR '000									
As of 1 January 2021	132,887	0	2,109,003	2,484,899	-241,168	677,117	5,162,738	123,028	5,285,766
Issuance of hybrid capital		300,000				0	300,000	0	300,000
Changes in scope of consolidation/ownership interests				-3,954	0	0	-3,954	3,521	-433
Comprehensive income for the period				375,730	45,349	-305,646	115,433	9,127	124,560
Other comprehensive income excluding currency changes						-305,646	-305,646	-3,941	-309,587
Currency translation					45,349		45,349	804	46,153
Result for the period				375,730			375,730	12,264	387,994
Dividend payment				-96,000			-96,000	-15,945	-111,945
As of 31 December 2021	132,887	300,000	2,109,003	2,760,675	-195,819	371,471	5,478,217	119,731	5,597,948
As of 1 January 2022	132,887	300,000	2,109,003	2,760,675	-195,819	371,471	5,478,217	119,731	5,597,948
Changes in scope of consolidation/ownership interests				35,000	7,489	4,766	47,255	158,357	205,612
Comprehensive income for the period				465,941	-18,680	-1,581,426	-1,134,165	-43,401	-1,177,566
Other comprehensive income excluding currency changes						-1,581,426	-1,581,426	-30,635	-1,612,061
Currency translation					-18,680		-18,680	-11,116	-29,796
Result for the period				465,941			465,941	-1,650	464,291
Dividend payment				-167,469			-167,469	-24,341	-191,810
As of 31 December 2022	132,887	300,000	2,109,003	3,094,147	-207,010	-1,205,189	4,223,838	210,346	4,434,184

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

CONSOLIDATED CASH FLOW STATEMENT

Additional information statement of consolidated cash flows	2022	2021
in EUR '000		
Received interest[1]	757,607	675,985
Received dividends[1]	83,289	43,675
Interest paid[2]	78,057	70,929
Income taxes paid[1]	227,698	153,531
Expected cash flow from reclassified securities	4,684	7,129
Effective interest rate of reclassified securities	3.57%	3.82%

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

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

Change in cash and cash equivalents	2022	2021
in EUR '000		
Result for the period	464,291	387,994
Change in underwriting provisions net	55,159	409,464
Change in underwriting receivables and liabilities (incl. deposits on assumed reinsurance business)	-47,341	-289,538
Change in other receivables and other liabilities (excl. leases)	-138,073	137,117
Change in financial assets recognised at fair value through profit and loss (incl. held for trading)	-13,491	-17,361
Gain/loss from disposal of investments	-81,422	-75,451
Appreciation/depreciation of investments	244,073	88,110
Change in provisions for pensions and similar obligations and provisions for other employee benefits	-223,813	-48,881
Change in deferred taxes	75,884	-141,908
Change in intangible assets	189,234	151,123
Change in right-of-use assets and lease receivables and liabilities	-9,572	7,523
Change in other balance sheet items	57,646	49,859
Other cash-neutral income and expenses[1]	52,407	-135,913
Cash flow from operating activities	624,982	522,138
Cash inflow from sale of subsidiaries	90,995	0
Payments for the acquisition of subsidiaries	-407,433	0
Cash inflow from the sale of available for sale financial assets	4,010,627	2,818,461
Payments for the acquisition of available for sale financial assets	-4,520,152	-3,447,021
Cash inflow from disposals/repayments of held to maturity financial assets	380,689	141,908
Payments for the acquisition of held to maturity financial assets	-219,720	-163,139
Cash inflow from the sale of property	8,953	14,892
Payments for the acquisition of property	-251,340	-296,069
Cash inflow for the sale of intangible assets	6,222	1,709
Payments for the acquisition of intangible assets	-455,488	-139,749
Change in financial investments for unit- and index-linked life insurance	684,499	265,528
Change of loans	43,199	425,516
Change in other investments (excl. deposits on assumed reinsurance business)	-372,407	-37,576
Cash flow from investing activities	-1,001,356	-415,540
Proceeds from the issuance of hybrid capital	0	300,000
Cash inflows from subordinated liabilities	500,000	0
Cash outflows from subordinated liabilities	-276,313	-68,341
Dividend payments	-193,979	-111,945
Cash inflow from other financing activities	68,007	523,000
Cash outflow from other financing activities	-87,521	-16,460
Cash outflows from lease liabilities	-34,244	-28,535
Cash flow from financing activities	-24,050	597,719
Change in cash and cash equivalents	-400,424	704,317

Cash and cash equivalents at beginning of period[2]	2,456,333	1,745,147
Change in cash and cash equivalents	-400,424	704,317
Changes in scope of consolidation	4,765	7,957
Effects of foreign currency exchange differences on cash and cash equivalents	-1,704	-1,088
Cash and cash equivalents at end of period[2]	2,058,970	2,456,333

[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

Notes to the consolidated financial statements

GENERAL INFORMATION AND PRINCIPLES OF SIGNIFICANT ACCOUNTING POLICIES

GENERAL INFORMATION

VIENNA INSURANCE GROUP AG Wiener Versicherung Gruppe is a public limited company and one of the leading insurance groups in Central and Eastern Europe with its registered office located at Schottenring 30, 1010 Vienna, Austria. Wiener Städtische Versicherungsverein, which also has its registered office in Vienna, is the majority shareholder of VIG Holding. It is also the ultimate parent company and therefore includes VIG Holding and its subsidiaries in its consolidated financial statements. The insurance companies and pension funds of VIG Insurance Group offer insurance services in the life, health and property and casualty areas to roughly 28 million customers in 30 countries.

PRINCIPLES OF SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements were prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the European Union, and the applicable provisions of § 245a (1) of the Austrian Commercial Code (Unternehmensgesetzbuch – UGB) and Chapter 7 of the Austrian Insurance Supervision Act (Versicherungsaufsichtsgesetz – VAG).

The significant accounting policies used in the preparation of the consolidated financial statements are presented in the Accounting policies section starting on page 75. Unless otherwise stated under "Changes in accounting policies", the policies described were applied consistently during the reporting periods presented in these financial statements. Preparing consolidated financial statements in accordance with the IFRS requires the Managing Board to make estimates and assumptions in connection with the accounting policies. Areas with greater scope of discretion, highly complex areas, or areas involving assumptions and estimates that are of critical importance to the consolidated financial statements are listed on page 72.

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

Going concern

The present consolidated financial statements were prepared on a going concern basis in accordance with IAS 1.25 and IAS 1.26. The Managing Board made this assessment primarily based on the solid capital resources, positive result before taxes and risk-averse investment.

CHANGES IN ACCOUNTING POLICIES

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 3	Amendments to References to the Conceptual Framework in IFRS Standards
IAS 37	Onerous contracts: costs of contract performance
all IFRS	Annual Improvements to IFRS Standards 2018–2020
IAS 16	Income before qualified use

New standards and changes to current reporting standards		Applicable as of[1]
Those already adopted by the EU		
IFRS 9	Financial Assets	1.1.2018[2]
Amendments to IFRS 9	Prepayment features with negative compensation	1.1.2019[2]
IFRS 17	Insurance Contracts	1.1.2023
Amendments to IAS 1 and IFRS Practice Statement 2	Disclosure of Accounting Policies	1.1.2023[3]
Amendments to IAS 8	Definition of Accounting Estimates	1.1.2023
Amendments to IAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1.1.2023
Amendments to IFRS 17	Initial Application of IFRS 9 and IFRS 17 – Comparative Information	1.1.2023
Those which are not or not yet adopted by the EU		
IFRS 14	Regulatory Deferral Accounts	EU decided this standard shall not be transferred into EU law
Amendments to IFRS 10 and IAS 28	Sale or contribution of assets between an investor and its associate or joint venture	First-time application deferred for an indefinite period
Amendments to IAS 1	Classification of liabilities as current or non-current	1.1.2024
Amendments to IFRS 16	Lease liabilities for sale and leaseback	1.1.2024

1 Unless otherwise specified, 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 Please see Estimates and discretionary decisions section on the topic of materiality.

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

IFRS 9 Financial Instruments: general information

The International Accounting Standards Board (IASB) issued the final version of IFRS 9 Financial Instruments (IFRS 9) back in 2014. The standard supersedes the previously applicable IAS 39 "Financial Instruments: recognition and measurement" (IAS 39), with effect from 1 January 2018. However, companies that apply IFRS 4 Insurance Contracts, can opt to defer the IFRS 9 effective date (the deferral approach). Accordingly, companies whose activities are predominantly in the insurance business are permitted to postpone their initial application of IFRS 9 until IFRS 17 Insurance contracts (IFRS 17) comes into effect. IFRS 17 was adopted into EU law in November 2021, with effective date as of 1 January 2023 as the date of initial application. In order to prevent potential inconsistencies in measurements between the asset and liabilities side (accounting mismatches), both standards will be applied for the first time on 1 January 2023, if the deferral approach is used.

A company is predominantly engaged in the insurance business if

- the percentage of the book value of the underwriting liabilities and provisions compared with total liabilities including underwriting provisions exceeds 90%, or
- this percentage is between 80% and 90% and no other significant activities other than the insurance business are pursued.

In December 2021, the IASB published further amendments to IFRS 17 “Initial application of IFRS 17 and IFRS 9 – Comparative information” concerning comparative information. This adjustment was due to the fact that, unlike in the initial application of IFRS 17, retrospective application is not mandatory when IFRS 9 is first applied. As a result, there might not be any comparative data for the financial instruments. To counteract this, the classification overlay can be used. However, only if there is no restatement of a financial instrument with regard to the comparative information due to IFRS 9 in 2022 when IFRS 17 and IFRS 9 are initially applied together at the same time. Using the classification overlay minimises accounting mismatches that arise as a result of differences in the transition requirements of IFRS 17 and IFRS 9.

A company that uses the classification overlay for financial instruments must publish the comparative data as if the classification and measurement requirements of IFRS 9 applied to that financial instrument. The impairment requirements are not mandatory applicable if the classification overlay is used. Any difference between the previous carrying amount of a financial instrument and the amount resulting from the application of the classification overlay must be recognised in equity.

IFRS 9 initial application rules have to be applied as of 1 January 2023 if classification overlay is used for comparative period.

IFRS 9 primarily concerns the classification and measurement of financial instruments. These will be classified in two groups in the future, at amortised cost (AC) and at fair value.

Classification and measurement of financial assets depends on the business model and contractual cash flows (Solely Payments of Principal and Interest criterion (SPPI criterion)). Furthermore, incurred losses (Incurred Loss Model) are no longer the only losses to be taken into account, but rather expected losses (Expected Credit Loss Model (ECL Model)) in the form of a risk provision. Simplifications exist for trade receivables and lease receivables. New requirements were also provided for hedge accounting. Their objective is to orient hedge accounting more to the economic risk management of the entity in the future.

In principle, equity instruments and derivatives are measured at fair value through profit and loss (FVtPL). However, upon initial recognition of equity instruments, there is an irrevocable option to subsequently measure them through other comprehensive income (OCI) (FVtOCI option), which also means that they can no longer be recycled through profit or loss. Consequently, only dividends are to be recognised in the income statement. The FVtOCI option applies for instruments that are not held for trading. Exercising this option in accordance with IFRS 9 makes it possible to remove or further minimise the risk of accounting mismatches.

The requirements of IAS 39 for the classification and measurement of financial liabilities have not been amended in IFRS 9, which is why financial liabilities – with the exclusion of derivatives respectively liabilities held for trading – continue to be measured at AC. Derivatives respectively liabilities held for trading are to be recognised at FVtPL.

IFRS 17 Insurance Contracts: general information

IFRS 17 was published in the Official Journal of the European Union (EU) on 23 November 2021. As a result, IFRS 17 will supersede the previous standard, IFRS 4, in the EU effective as of 1 January 2023. IFRS 4, which is still currently in place, is to be applied until IFRS 17 enters into effect. IFRS 4 allows local accounting practices to be used for insurance contracts in the IFRS consolidated balance sheet. The IASB imposes uniform accounting policies for insurance contracts for the first time in IFRS 17.

IFRS 17 provides three measurement models for measuring insurance contracts:

- In principle, measurement is performed 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 GMM is used for measurement, future cash inflows and outflows are discounted and supplemented by a risk adjustment (RA). First-time measurement of insurance contracts results in either a 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 profit participation and reinsurance cessions as well as the two measurement models below.

- A simpler measurement model – the premium allocation approach (PAA) – may be used for short-term contracts and low volatility long-term insurance contracts. The approach is similar to the unearned premium model currently used for accounting in the property and casualty line of business. They are different, however, in that the loss reserve (provision for outstanding claims/liability for incurred claims (LIC)) must also be accounted for using an expected present value and a risk adjustment.
- There is a mandatory measurement model for profit-participating contracts and contracts of unit- and index-linked life insurance – the variable fee approach (VFA). Measurement is, as a rule, performed according to the GMM, but the contractual service margin (CSM) is variable in the VFA due to the discretionary profit participation.

Measurement units are determined using the following steps:

- Portfolio: insurance contracts that are subject to similar risks and managed together are combined into portfolios
- Group: every portfolio is divided into the following groups:
  - onerous contracts;
  - contracts that have no significant possibility of becoming onerous; and
  - other contracts.
- Annual cohorts: groups are divided according to underwriting year (annual cohorts). However, the IFRS 17 adopted by the EU provides an exception for the formation of annual cohorts for intergenerational, mutualised and cash-flow matched insurance contracts.

The most significant changes from IFRS 4 to IFRS 17 in terms of the accounting of insurance contracts are:

- the use of current assumptions for measuring underwriting provisions,
- the introduction of the contractual service margin (CSM) for the unrealised future profits of a group of insurance contracts that is distributed over the term of the contract,
- the introduction of a risk adjustment (RA) to take account of the uncertainty in the cash flows from insurance contracts,
- the elimination of savings components (investment component) as revenue, and
- the introduction of the OCI option to enable the offsetting of accounting mismatches, which can occur, for example, in the case of life insurance contracts with direct profit participation.

Initial application of IFRS 9 and IFRS 17 within the Group

IFRS 4 DEFERRAL APPROACH

In accordance with the deferral approach requirements, the Group performed the calculations on the basis of 31 December 2015 and satisfies the criteria for deferral according to IFRS 4 with a result of more than 90%. IFRS 9 will therefore be applied at the same time as IFRS 17. 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. A new evaluation was also not necessary in the current financial year.

Any information that must be published in line with the deferral approach (IFRS 4.39B-.39J) has been presented in the following tables. Financial instruments that satisfy the SPPI criteria (SPPI-pass), but are held for trading or managed based on fair value, are reported under "Other". This is primarily the case for bonds.

Fair value	31.12.2022		31.12.2021		Fair value changes	
Financial assets	SPPI-pass	Other	SPPI-pass	Other	SPPI-pass	Other
in EUR '000						
Loans	1,597,626	387,958	1,902,525	477,132	-83,152	-24,319
Bank deposits	1,157,148	0	783,730	0	0	0
Other financial assets	**21,765,229**	**3,550,965**	**23,887,089**	**4,865,156**	**-3,850,115**	**-587,811**
Bonds	21,765,229	940,885	23,887,089	1,207,420	-3,850,115	-166,436
Shares and other participations and other non-fixed-interest securities	0	617,590	0	777,601	0	-96,135
Investment funds	0	1,966,474	0	2,850,069	0	-325,067
Derivatives	0	26,016	0	30,066	0	-173
Financial investments for unit- and index-linked life insurance	128,803	7,035,326	178,694	8,346,637	-177	-885,227
Non-underwriting receivables	745,570	3,585	688,558	1,045	0	0
Cash and cash equivalents	2,058,970	0	2,456,333	0	0	0

Book value	31.12.2022						
SPPI-pass financial assets rating categories	AAA	AA	A	BBB	BB and lower	No rating	Total
in EUR '000							
Loans and bank deposits	63,538	362,319	1,175,325	577,581	442,319	267,061	2,888,143
Other financial assets	2,238,056	6,164,994	6,748,913	5,233,242	1,449,594	159,467	21,994,266
Financial investments for unit- and index-linked life insurance	0	10,724	40,646	42,393	38,895	-3,855	128,803
Non-underwriting receivables	257	825	18,857	616	13,923	711,507	745,985
Cash and cash equivalents	1	15,082	1,599,843	290,657	125,731	27,656	2,058,970

Book value	31.12.2021						
SPPI-pass financial assets rating categories	AAA	AA	A	BBB	BB and lower	No rating	Total
in EUR '000							
Loans and bank deposits	55,730	344,211	850,960	669,786	404,914	206,732	2,532,333
Other financial assets	2,192,933	7,265,995	7,828,410	5,275,249	997,030	231,576	23,791,193
Financial investments for unit- and index-linked life insurance	0	47,629	42,861	60,143	28,420	-359	178,694
Non-underwriting receivables	331	647	17,128	731	19,435	650,340	688,612
Cash and cash equivalents	414	19,741	1,714,854	586,364	121,635	13,325	2,456,333

SPPI-pass financial assets with a significant risk of default	31.12.2022		31.12.2021	
	Book value	Fair value	Book value	Fair value
in EUR '000				
Loans and bank deposits	463,796	447,469	422,691	427,313
Other financial assets	1,514,676	1,505,969	1,062,883	1,073,182
Financial investments for unit- and index-linked life insurance	38,720	38,720	28,267	28,267
Non-underwriting receivables	62,035	62,035	57,570	57,570
Cash and cash equivalents	126,913	126,913	122,686	122,686

IMPACT ON CONSOLIDATED BALANCE SHEET AND CONSOLIDATED SHAREHOLDERS' EQUITY

VIG Insurance Group will apply IFRS 9 and IFRS 17 for the first time from 1 January 2023, with IFRS 17 applied retrospectively and the Group having decided to apply the classification overlay within the meaning of IFRS 9.

The initial application will result in significant changes and therefore have a material influence on the consolidated financial statements. The derivation of the adjusted opening balance was performed and resulted in a reduction in shareholders' equity at the current implementation status. This is currently broken down as follows:

Estimated impacts on shareholders' equity	1.1.2022
in EUR '000	
Adjustments due to IFRS 17 implementation	-2,039,982
Adjustments due to IFRS 9 implementation	1,674,537
Subtotal	**-365,445**
Effects from deferred taxes	154,873
Total	**-210,572**

The effects on the opening balance are also presented below. These are still preliminary, so changes may occur until they are finalised. Reasons for this include that:

- financial reporting processes and internal controls are still being adapted and continually improved;
- the new systems are still being tested and optimised despite the fact that IAS 39/IFRS 4 and IFRS 9/17 were running in parallel in 2022;
- internal implementation work in certain sub-areas – particularly alignment work for internal reinsurance – is not yet complete;
- when classifying financial instruments in accordance with IFRS 9, individual adjustments can still be made in order to enable an asset-liability match in the shareholders' equity and the income statement that is as efficient as possible.

Effects on the assets	Balance Sheet as of 31.12.2021	IFRS 17 adjustment	IFRS 9 adjustment	Adjustments/ reclassifications	Balance sheet as of 1.1.2022
in EUR '000					
Cash and cash equivalents	2,456,333			271,074	2,727,407
Financial assets	**40,207,620**	**-1,557,445**	**1,679,252**	**67,592**	**40,397,019**
Financial assets according to IAS 39	31,682,289	-1,557,445	-30,032,823	-92,021	0
Financial assets according to IFRS 9		8,346,278	31,712,075	338,666	40,397,019
Financial investments for unit- and index-linked life insurance	8,525,331	-8,346,278		-179,053	0
Receivables	**2,067,188**	**-1,378,020**	**-3,194**	**-336,042**	**349,932**
Underwriting	1,377,531	-1,377,531			0
Non-underwriting	689,657	-489		-336,042	353,126
Risk provision			-3,194		-3,194
Current tax assets	135,053				135,053
Investments in associates and joint ventures	276,913				276,913
Insurance contracts	**1,564,605**	**201,804**		**0**	**1,766,409**
Reinsurers' share in underwriting provisions IFRS 4	1,564,605	-1,564,605			0
Insurance contracts assets issued IFRS 17		114,156			114,156
Reinsurance contracts assets held IFRS 17		1,652,253			1,652,253
Investment property (incl. building rights)	2,378,285		-878		2,377,407
Owner-occupied property and tangible assets	472,303			114,433	586,736
Other assets	390,893	-176,654		-113,934	100,305
Goodwill	1,260,226				1,260,226
Intangible assets	483,943	-14,607		-48	469,288
Deferred tax assets	311,447			273,720	585,167
Right-of-Use Assets	173,348				173,348
Total assets	52,178,157	-2,924,922	1,675,180	276,795	51,205,210

Effects on the liabilities	Balance Sheet as of 31.12.2021	IFRS 17 adjustment	IFRS 9 adjustment	Adjustments/ reclassifications	Balance sheet as of 1.1.2022
in EUR '000					
Liabilities and other payables	**1,738,513**	**-1,002,395**		**3,075**	**739,193**
Underwriting	1,166,270	-1,166,270			0
Non-underwriting	572,243	163,875		3,075	739,193
Current tax liabilities	243,382				243,382
Financial liabilities	2,623,053	747	643		2,624,443
Other liabilities	131,168	-70,852			60,316
Insurance contracts	**40,735,020**	**219,867**		**0**	**40,954,887**
Underwriting provisions IFRS 4	32,546,227	-32,546,227			0
Underwriting provisions for unit- and index-linked life insurance IFRS 4	8,188,793	-8,188,793			0
Insurance contracts liabilities issued IFRS 17		40,905,302			40,905,302
Reinsurance contracts liabilities held IFRS 17		49,585			49,585
Provisions	890,189	-32,307			857,882
Deferred tax liabilities	218,884			118,847	337,731
Consolidated shareholders' equity	5,597,948	-2,039,982	1,674,537	154,873	5,387,376
Total assets	52,178,157	-2,924,922	1,675,180	276,795	51,205,210

The contractual service margin (CSM) of approximately EUR 5.1 billion is included in Insurance contracts liabilities issued.

IFRS 9 APPLICATION DETAILS

VIG uses a central subledger for the measurement of financial instruments. This allows the processes associated with the recognition and measurement of financial instruments to be optimised and streamlined. More than 95% of financial instruments relevant to IFRS 9 are currently managed in this system. In the future, this makes it significantly easier to consistently apply IFRS 9, including calculation of ECL. The classification of financial assets based on the SPPI criteria has already been implemented.

The IFRS 9 guidelines were finalised and rolled out in VIG Insurance Group as part of the IFRS 9/17 programme. These guidelines include the methods used for uniform implementation of IFRS 9.

In the future, illiquid portfolios for which the "hold strategy" is used will be classified as measured at AC. This applies in particular to loans. Financial assets that both satisfy the SPPI criterion (SPPI-pass) and are subject to the "hold to collect and sell" business model are categorised as measured at FVtOCI. Financial assets that are not compliant with SPPI (SPPI-fail) or do not meet any of the above-mentioned business models are recognised as measured at FVtPL.

As part of the initial application of IFRS 9, the representation of financial instruments of the unit-linked and index-linked life insurance was harmonised with the presentation of underwriting positions on the liabilities side of the balance sheet. Against this background, these financial instruments are no longer listed separately, but are included in the financial instruments within the definition of IFRS 9, measured at FVtPL or at AC. Among other things, this influences the recognition of cash and cash equivalents of financial instruments for unit- and index-linked life insurance.

As a rule, financial assets within the meaning of IFRS 9 are to be distinguished between debt instruments and equity instruments. The following table shows the classification of debt instruments and equity instruments according to both IAS 39 and IFRS 9 as of the transition date 1 January 2022.

Debt instruments

IAS 39	IFRS 9			
	SPPI-pass[1]			SPPI-fail
	Business model			
	Hold to collect	Hold to collect and sell	Neither	
Loans and other investments	measured at AC	measured at FVtOCI	measured at FVtPL	measured at FVtPL
Held to maturity (incl. reclassified)	measured at AC	measured at FVtOCI	measured at FVtPL	measured at FVtPL
Available for sale	measured at AC	measured at FVtOCI	measured at FVtPL	measured at FVtPL
Recognised at fair value through profit and loss	measured at AC	measured at FVtOCI	measured at FVtPL	measured at FVtPL

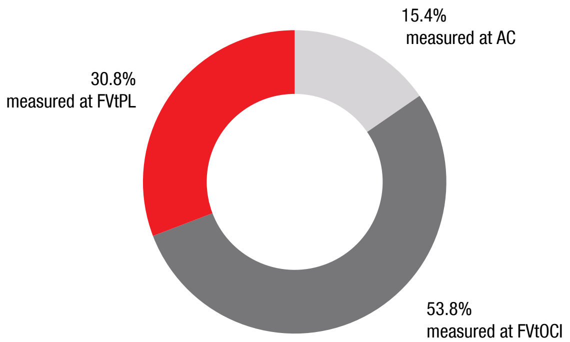
[1] Expected credit loss (ECL) must be calculated for SPPI-pass debt instruments.

Equity instruments

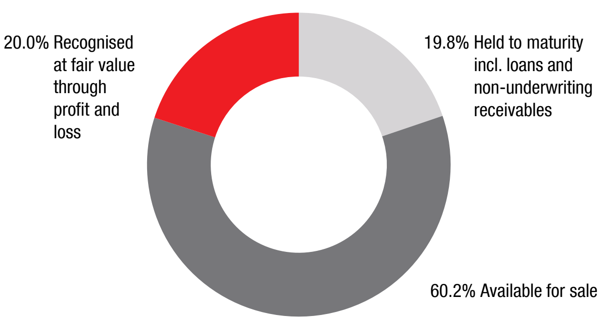
IAS 39	IFRS 9	
	Held for trading	FVtOCI option
Available for sale	measured at FVtPL	measured at FVtOCI
Recognised at fair value through profit and loss	measured at FVtPL	measured at FVtOCI

The two following diagrams show the distribution of the classification of financial assets (as a percentage) according to both IFRS 9 and IAS 39 as of 1 January 2022:

IFRS 9



IAS 39



Included in the category measured at AC according to IFRS 9 are cash and cash equivalents, debt instruments subject to SPPI-pass as well as the “hold to collect” business model, and receivables to which the ECL model applies. According to the current implementation status of IFRS 9, the share of any financial instruments measured at AC is reduced.

More than half of the total financial assets are classified as measured at FVtOCI under IFRS 9. This includes debt instruments that are assigned to both SPPI-pass and to the “hold to collect and sell” business model.

Financial assets that are classified as measured at FVtPL according to IFRS 9 account for the second-largest share. This category is predominantly made up of financial instruments for unit- and index-linked life insurance and investment funds.

Thus, around 85% of financial assets are measured at fair value under IFRS 9. This means that the share of the financial assets measured at fair value increases after the initial application of IFRS 9.

CHANGE FROM CLEAN VALUE TO DIRTY VALUE ACCOUNTING

As part of the initial application of IFRS 9, financial instruments will subsequently be accounted at the dirty value. This means that – in contrast to IAS 39 accounting – the accrued interest is no longer recognised as a separate item in the balance sheet but is listed as part of the book value.

IFRS 17 APPLICATION DETAILS

As of the transition date 1 January 2022, the Group has:

- defined, recognised and measured every group of insurance contracts and all acquisition costs recognised as assets as if IFRS 17 had always been applicable, unless the fair value approach was applied as of the transition date;
- derecognised all balances that are not to be recognised under IFRS 17; and
- recorded any resulting net differences under consolidated shareholders' equity.

Under IFRS 17, there is a choice in relation to measurements during the year for interim reporting. In the case of changes to estimates, IFRS 17 requires contractual service margin (CSM) effects to be immediately recognised in the income statement. Under IAS 34, however, the frequency of reporting must not influence the amount stated for the result for the year. So that the result for the year is not influenced, measurements made during the year must be carried out on a cumulative basis from the start of the financial year to the relevant reporting date during the year (year-to-date accounting). Consequently, the year-to-date accounting does not take into account the changes to estimates recorded during the year in previous periods. In contrast, these changes in estimates recorded during the year in prior periods would have to be included in the calculation for period-to-period accounting. VIG has opted for year-to-date accounting in accordance with IFRS 17.B137.

Additionally, the Group exercises the optional exemption from grouping by annual cohorts that is applicable in the EU. This exemption primarily concerns long-term life insurance contracts and health insurance contracts that are eligible for profit participation. However, due to cost-benefit considerations and materiality aspects, insurance companies from non-EU member states that apply IFRS 17 at a local level are not obliged to apply this optional EU exemption for the consolidated financial statements.

Primary insurance and facultative reinsurance were grouped in the IFRS 17 portfolio as follows:

- Life insurance and health insurance:
  - With profit participation
  - Unit-linked and index-linked
  - Others
  - Issued and held Treaty reinsurance
  - Facultative issued reinsurance
  - Facultative held reinsurance
  - Long-term health insurance (SLT)
- Property and casualty insurance:
  - Medical expense insurance
  - Income protection insurance
  - Workers‘ compensation insurance
  - Motor vehicle liability insurance
  - Other motor insurance
  - Marine, aviation and transport insurance
  - Fire and other damage to property insurance
  - General liability insurance
  - Credit and suretyship insurance
  - Legal expenses insurance

– Assistance
– Miscellaneous financial losses
– Issued and held Treaty reinsurance
– Facultative issued reinsurance
– Facultative held reinsurance

In primary insurance, the PAA is applied in the non-life line of business for short-term contracts and also serves as the preferred measurement model. This is also the case for multi-year insurance contracts in non-life insurance, insofar as the measurement models do not lead to any material differences. In the case of multi-year insurance contracts in primary insurance, the GMM is applied, and in the presence of a substantial profit participation, the VFA is applied in life insurance and health insurance.

Under IFRS 17, the determination of the risk adjustment is required for non-financial risks (Risk adjustment). The standard does not set out any specific requirements in this context. VIG has therefore decided to follow the cost of capital approach methodology of Solvency II when determining the risk adjustment under IFRS 17. This corresponds to the opportunity costs for allocated capital.

The health insurance business in Austria comprises insurance contracts with direct profit participation in accordance with IFRS 17.B101. The IFRS 17.B101 a) to c) criteria on mandatory application of the VFA are met primarily by the premium adjustment mechanism that ensures life-long coverage of the insured risks.

Fully retrospective approach

The Group has adopted the full retrospective approach where applicable. This was thus applied to the non-life business as well as the assumed and ceded reinsurance, which are measured according to the PAA. In order to apply the fully retrospective approach as far as possible, all available and reliable information was taken from existing systems. Nevertheless, it was precisely the limited availability of data that was the decisive reason that the fair value approach was applied for the long-term business as of the transition date. For the most part, long-term business comprises life insurance, health insurance (SLT) and any property and casualty insurance contracts that fall under the GMM.

Fair value approach

The difference between the fair value of the groups of insurance contracts and the fulfilment cash flow as of the transition date results in the contractual service margin (CSM) or the loss component of the mathematical reserve (liability for remaining coverage (LRC)). When determining the fair value, the principles of IFRS 13 were applied where this was permitted. In addition, the Group made extensive use of the rule that groups of insurance contracts can also be aggregated over the annual cohorts in the fair value approach as of the transition date.

All available and reliable information was gathered in order to

- identify the groups of insurance contracts,
- determine whether policies with direct profit participation existed,
- identify policies that contain discretionary cash flows that are not subject to direct profit participation, and
- determine whether investment contracts exist that satisfy the criteria for investment contracts with direct profit participation in accordance with IFRS 17.

When carrying out measurements according to the fair value approach, VIG determined the interest rates used for discounts for the groups of insurance contracts as of the transition date. The determined interest rates correspond to the weighted average interest rates that are applied for the underlying contracts as of the date of initial application.

The discount rate used for the periodic compounding of the contractual service margin (CSM) is determined using the bottom-up approach.

Furthermore, VIG has decided, from the transition date, to break down the insurance finance result into amounts that are included in the income statement and amounts that are included in the statement of comprehensive income.

In order to determine the liabilities for insurance contracts as of the transition date, the costs of capital approach was used for the risk adjustment (RA) to calculate the fair value.

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 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 euro using the mean rate of exchange on the balance sheet date. Any resulting foreign currency gains and losses are recognised through profit or loss.

Translation of separate financial statements in foreign currencies
Assets, liabilities, income and expenses are presented in euro, the reporting currency of VIG Holding.

All assets and liabilities reported in the separate financial statements are translated to euro 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. 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.

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	
		31.12.2022	31.12.2021	2022	2021
1 EUR ≙					
Albanian lek	ALL	114.2300	120.7600	118.9211	122.4423
Bosnian convertible mark	BAM	1.9558	1.9558	1.9558	1.9558
Bulgarian lev	BGN	1.9558	1.9558	1.9558	1.9558
Georgian lari	GEL	2.8844	3.5040	3.0686	3.8056
Croatian kuna	HRK	7.5365	7.5156	7.5349	7.5284
Macedonian denar	MKD	61.4932	61.6270	61.6219	61.6276
Moldovan leu	MDL	20.3792	20.0938	19.8982	20.9256
New Turkish lira	TRY	19.9649	15.2335	17.4088	10.5124
Polish zloty	PLN	4.6808	4.5969	4.6861	4.5652
Romanian leu	RON	4.9495	4.9490	4.9313	4.9215
Swiss franc	CHF	0.9847	1.0331	1.0047	1.0812
Serbian dinar	RSD	117.3224	117.5821	117.4641	117.5736
Czech koruna	CZK	24.1160	24.8580	24.5659	25.6405
Ukraine hryvnia	UAH	38.9510	30.9226	33.9954	32.3009
Hungarian forint	HUF	400.8700	369.1900	391.2865	358.5161
US Dollar	USD	1.0666	1.1326	1.0531	1.1827

New Turkish lira (TRY)

A value of three-year cumulative inflation above 100% is considered one of the indicators for the application of IAS 29 Financial Reporting in Hyperinflationary Economies; this is the case in Türkiye. In the present consolidated financial statements, VIG Insurance Group fully consolidates two Turkish insurance companies that compile their financial statements in the functional currency TRY. These companies do not have any material long-term non-monetary assets that would have a material accounting impact by virtue of IAS 29, which is why IAS 29 is not applied in the present consolidated financial statements.

ESTIMATES AND DISCRETIONARY DECISIONS

Preparation of the consolidated financial statements requires that the Managing Board make discretionary assessments and specify assumptions regarding future developments (estimates). These estimates and discretionary decisions could have a material effect on the recognition and value of assets and liabilities, the disclosure of other obligations and the reporting of income and expenses.

The book values of the items on the balance sheet date are shown in the consolidated balance sheet on page 56 or the corresponding disclosures in the notes. Sensitivity analyses for assets and liabilities are presented in the risk report starting on page 118.

Estimates and discretionary decisions	
Underwriting provisions	Details on page 84
Financial instruments recognised at fair value (Level 3)	Details on page 73 and starting page 161
Impairment of goodwill	Details on page 73
Valuation allowances for receivables and other (accumulated) impairment losses	Details on page 73 and page 81
Value of deferred tax assets	Details on page 73
Method of consolidation	Details on page 74 and 88ff
Materiality	Details on page 74

Financial instruments recognised at fair value (Level 3)

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 24. Financial instruments and fair value measurement hierarchy starting on page 161 provides further information on the valuation process. Information on the impairment of financial assets is provided on page 80.

Impairment of goodwill

Goodwill is tested for impairment at least once a year in accordance with the method explained on page 75 in the Impairment of non-financial assets section. 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	Growth rate	Discount rate	Cash flows and discount rate
	-10%	-1%p	+1%p	-10% and +1%p
in EUR millions				
Baltic States				33.1
Hungary				5.2

Valuation allowances for receivables

The collectability of receivables is based on experience. Information on the recognition of potential impairment losses is provided on page 81.

Value of deferred tax assets

Income taxes must be estimated for each tax jurisdiction in which VIG operates. The current income tax expected for each taxable entity must be calculated and the temporary differences due to differences between the tax and IFRS treatment of certain balance sheet items must be assessed. If temporary differences exist, as a rule they lead to the recognition of deferred tax assets and liabilities in the financial statements based on the tax rate for each country. The amount of the expected current and deferred tax liability or asset reflects the best estimate taking into account tax uncertainties and, consequently, 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.

The following factors are considered 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 83.

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 under Taxes in the Accounting policies section starting on page 81 and in Note 6. Deferred taxes on page 138.

Method of consolidation
Discretionary decisions by the Managing Board primarily concern determining the scope of consolidation for consolidated companies.

Companies that were of material importance at the time of first consolidation generally continue to be included in the scope of consolidation. Circumstances could arise, however, that lead to the Managing Board using its discretion to perform a reassessment of the entire scope of consolidation. This could result in non-material companies that were consolidated in the past being removed from the scope of consolidation again. Companies that, due to their business activities, have revenues that are primarily generated and charged within the Group and do not generate any significant profits or losses, are not included in the scope of consolidation unless they have cross-border operations.

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

Materiality
Under IAS 1.31, only material information is to be presented in the financial statements. This applies 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.

A scope of discretion 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 and associated accounting policies in this Annual Report. If the threshold is not exceeded, information is only published in the Annual Report if the information is judged to be material for the financial statement reader during the approval process based on qualitative criteria.

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 shares in at equity consolidated 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 noteworthy intangible assets were created by the companies in the scope of consolidation. With the exception of trademarks, all intangible assets have a finite useful life. The intangible assets are therefore amortised over their period of use.

Average useful life in years	from	to
Software	3	13

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. If a change in useful life is determined during full use, the amortisation period is changed to the new useful life.

In previous years trademarks with unlimited useful lives were identified as part of the purchase price allocation during acquisition of the companies Asirom, BTA Baltic and Seesam. 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 9,661,000 (EUR 13,648,000), 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 7,700,000) on 31 December 2022.

Impairment
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 correspond to the operating segments. The trademarks were also individually tested for impairment using the relief-from-royalty method. Intangible assets with an indefinite useful life (goodwill and trademarks carried on the balance sheet) are tested when a triggering event occurs, including during the year, and at a minimum at the end of the financial year.

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 countries 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. Due to the changeover to IFRS 17 from 1 January 2023, the projections will also be adapted to the IFRS 17 structure. Since these projections are not finalised until the consolidated financial statements for 2022 are compiled, an IFRS 4 projection for one plan year was put together for the purpose of the impairment test. The subsidiaries thus prepare a detailed plan in local currency for one year that is submitted in supervisory board meetings and centrally checked for plausibility as part of the planning and control process. Extrapolation of the detailed plans for a further four 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. Currencies are translated to euro using the exchange rate on the 31 December reporting date for the financial year.

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 are allocated to the CGU groups in the form of corporate assets insofar as they are accounted in VIG Holding but used by the operating companies. 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 2.36% (0.12%). The market risk of 7.14% (7.38%) was multiplied by a beta factor of 0.87 (1.19) that was calculated based on a specified peer group. In contrast to the previous year, the beta factor was determined as of the reporting date.

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	2022		2021	
	Impairment	Recoverable amount	Impairment	Recoverable amount
in EUR millions				
Albania incl. Kosovo	13.6	22.1		
North Macedonia	12.6	27.1		

Additionally, in the financial year, impairments of acquired insurance portfolios of EUR 19,510,000 and of other intangible assets of EUR 21,707,000 were recognised in the income statement. These values are due to the newly consolidated Aegon companies resulting from the additional insurance tax determined after closing in Hungary, and the Asirom brand.

Impairments of intangible assets and reversals of impairments of intangible assets are included as separate items in the income statement between the Group operating result and the result before taxes.

Key calculation parameters	Discount rates		Country risks		Long-term growth rate	
	2022	2021	2022	2021	2022	2021
in %						
Austria	9.25	9.27	0.69	0.39	1.50	1.50
Czech Republic	9.11	9.83	1.03	0.60	3.60–5.46	4.20–5.73
Poland	11.22	10.67	1.46	0.84	5.79–7.29	5.41–6.86
Albania incl. Kosovo	16.02	14.02	7.77	4.45	6.41	6.76
Baltic States	10.15	9.79	1.58	0.91	5.20–6.69	4.94–6.39
Bosnia-Herzegovina	19.65	16.62	11.22	6.43	5.55–7.47	6.00–8.12
Bulgaria	10.52	10.65	2.76	1.58	5.64–6.18	5.97–6.83
Croatia	12.00	11.70	3.29	2.47	5.12–7.54	5.25–7.18
Moldova	22.50	18.70	11.22	6.43	8.78	9.01
North Macedonia	14.28	12.41	6.21	3.56	5.75	5.87
Romania	13.22	12.08	3.79	2.18	5.60–7.91	5.84–7.97
Serbia	14.75	12.72	5.19	2.97	5.78–7.57	5.68–7.47
Slovakia	10.02	9.72	1.46	0.84	5.77–6.03	5.32–5.53
Ukraine	40.82	18.91	17.26	6.43	15.03–18.36	8.58–12.34
Hungary	13.34	12.23	3.29	1.88	6.55–6.59	6.25–6.59
Germany	8.56	8.88	0.00	0.00	1.50	1.50
Georgia	14.00	13.21	5.19	2.97	6.12	6.67
Liechtenstein	8.56	8.88	0.00	0.00	1.50	1.50
Türkiye	37.79	25.51	11.22	5.44	14.55–17.00	10.68–13.28
Group Functions	9.25–14.75	9.27–12.72	0.69–5.19	0.39–2.97	1.50–7.57	1.50–7.47

The average increase in the discount rates is primarily due to higher country risk premiums.

INVESTMENTS (B)

General information

In accordance with the relevant IFRS requirements, some 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 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 instruments 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 price quotations for similar assets or 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 24. Financial instruments and fair value measurement hierarchy starting on page 161.

The following table presents the relationships between balance-sheet items and classes of financial instruments according to IFRS 7, including measurement methods:

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- 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).

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. 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 used in the calculation:

Average useful life in years	from	to
Buildings	20	50

IMPAIRMENT OF PROPERTY

Property appraisals are performed at regular intervals for owner-occupied property and investment property, regardless of their book values, by internally and externally as well as 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 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 154. The fair values and level hierarchy according to IFRS 13 are shown in Note 24. Financial instruments and fair value measurement hierarchy starting on page 161.

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.

AMORTISED COST
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.

RECOGNISED AT FAIR VALUE
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 are also subsequently 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 impairments that are recognised in profit and loss.

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.

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.

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 evidence of impairment. Such evidence could be, for example, the debtor experiencing significant financial difficulties, a high probability of insolvency proceedings, 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 at 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 underlying financial instruments. The income from these is also credited in full to the policyholders. As a result, policyholders bear the risk associated with the performance of the financial instruments. They are held in separate cover funds, and managed separately from the other financial assets of VIG Insurance Group.

Since the changes in value 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- 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 the respective counterparty is taken into account when the reinsurers' share is measured. Information on the selection of reinsurers is provided in the Financial instruments and risk management section on page 121.

RECEIVABLES (E)

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

- 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 136.

TAXES (F)

Income tax expenses comprise actual 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.

Where required, deferred taxes are calculated based on the following tax rates:

Tax rates	31.12.2022	31.12.2021
in %		
Albania	15.0	15.0
Bosnia-Herzegovina	10.0	10.0
Bulgaria	10.0	10.0
Germany[1]	30.0	30.0
Estonia[2]	0.0	0.0
Georgia[3]	15.0	15.0
Kosovo	10.0	10.0
Croatia	18.0	18.0
Latvia[4]	0.0	0.0
Liechtenstein	12.5	12.5
Lithuania	15.0	15.0
Moldova	12.0	12.0
North Macedonia	10.0	10.0
Austria[5]	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
Türkiye	25.0	25.0
Ukraine	18.0	18.0
Hungary	11.3	11.3

[1] The tax rate shown here is a flat tax rate. The tax rate is between 15,825% and 31,715%, depending on the registered office and activities of the company.

[2] The retained profits of locally domiciled companies are not subject to corporate income tax. Profit distributions by the companies are subject to a tax rate of 14% to 20%.

[3] As a rule, the retained profits of locally domiciled companies will not be subject to corporate income tax starting 1 January 2023. The planned implementation date was postponed from 1 January 2019 to 1 January 2023.

[4] The retained profits of locally domiciled companies are not subject to corporate income tax. Profit distributions by the companies are subject to a tax rate of 20%.

[5] Due to a new law that was passed, the corporate income tax rate will be reduced in stages from 25% to 24% in 2023, and then to 23% in 2024.

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.

Change in the Austrian tax rate

As a result of the 2022 tax reform, the corporate income tax rate will be reduced in stages from 25% to 24% in 2023 and then to 23% in 2024. The reduction in the corporate income tax rate in Austria resulted in deferred tax income of EUR 2.0 million for the reporting period.

Additional tax on insurance premiums in Hungary

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

This decree has resulted in a significant increase in the tax burden for Hungarian VIG insurance companies. Based on current values for Union Biztosító and AEGON Hungary, an additional EUR 25.9 million is to be paid for the period 1 July 2022 to 31 December 2022. According to the plan values available, VIG can expect further burdens amounting to approximately EUR 40 million in the financial year 2023.

Global minimum tax

EU member states have, in principle, agreed on the Europe-wide implementation of the Global Anti-Base Erosion (GloBE) rules (Pillar Two) in the international tax reform set out by the OECD. This agreement stipulates that the profits of companies with an annual revenue of at least EUR 750 million will, in future, be subject to a tax rate of at least 15%. The guideline must be incorporated into the member states' national legislation by the end of 2023 at the latest. It is not currently possible to reliably estimate the impact(s) of the global minimum tax on the Group.

In order to represent Pillar Two of the tax reform in the IFRS financial statements, a draft of the changes to IAS 12 Income Taxes has been available since January 2023, although the endorsement process for this has not yet begun. With regard to future financial statements, the draft provides for a separate presentation of deferred taxes that are related to the new tax in the balance sheet and of the corresponding tax expenses in the income statement from 1 January 2023. VIG has commenced the necessary preparatory work for the presentation.

OTHER ASSETS (G)

Other assets are measured at cost less cumulative depreciation and impairment losses. Cost comprises all costs incurred in putting the asset into its present location in its present condition. 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. 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. It must be noted that in the case of a non-financial variable, the variable is not specific to one counterparty. In many cases, particularly in the life insurance area, insurance policies as defined in IFRS 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 area, 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 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. Particularly in Austria, the provision for deferred profit participation assets was limited to the amount of the undisclosed profit shares in the profit participation pursuant to VAG.

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 policies 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 property and casualty insurance (10% for motor third party liability insurance (10%)), corresponding to EUR 38,995,000 (EUR 33,694,000). Acquisition expenses in excess of this figure are not capitalised in Austria. For foreign companies in property and casualty insurance, 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 458,361,000 (EUR 397,795,000).

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 Adequacy test for liabilities arising from insurance policies section on page 85. For information on the use of shadow accounting, also see page 85. Basically, the official mortality tables of each country are used for the life insurance 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 2022: 1.83%
As of 31 December 2021: 1.80%

In Austria, the average discount rate for life insurance was 1.55% during the reporting period (1.59%).

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.

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 2022: 2.09%
As of 31 December 2021: 2.35%

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 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 property and casualty and health insurance, 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 Classification of insurance policies section starting on page 84.

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- AND INDEX-LINKED LIFE INSURANCE (I)

Underwriting provisions for unit- 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- and index-linked life insurance, and is based on the fair value of the investment fund or index serving as a reference.

NON-UNDERWRITING PROVISIONS (J)

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 the current financial year and the prior financial year.

The calculations are based on the following assumptions:

Pension assumptions	31.12.2022	31.12.2021
Interest rate	3.60%	1.00%
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)

Pension and salary increases	Regulatory pension and special contracts		Association recommendation	
	31.12.2022	31.12.2021	31.12.2022	31.12.2021
2022		2.25%		1.50%
2023	8.50%	2.25%	0.00%	1.50%
2024	6.50%	2.25%	0.00%	1.50%
2025	3.50%	2.25%	0.00%	1.50%
2026	2.50%	2.25%	1.20%	1.50%
2027	2.00%	2.25%	1.20%	1.50%

The weighted average length of the DBO for pensions was 12.11 years in financial year 2022 (15.54 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 AND LIABILITIES EXCL. SUBORDINATED LIABILITIES (K)

As a rule, all 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 Note 24. Financial instruments and fair value measurement hierarchy starting on page 161.

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- 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- and index-linked life insurance.

SCOPE AND METHODS OF CONSOLIDATION

Number of companies	Domestic	Foreign	Total
Number			
Consolidated companies	84	93	177
Fully consolidated companies	70	90	160
At equity consolidated companies	14	3	17
Non-consolidated companies	58	82	140
Total	142	175	317

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. The absolute 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. 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.

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 voting rights 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.

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

When real estate holding companies are acquired, they are checked to see whether they include business operations. If they do not, the purchase method is not used. In such cases, the acquisition costs, including transaction costs, are distributed among the acquired assets and assumed liabilities based on fair value. No deferred taxes are recognised in such cases (initial recognition exemption). Goodwill cannot arise in this context.

All company acquisitions were performed with cash and cash equivalents. A list of fully and at equity consolidated companies is provided from page 168 in Note 28. Affiliated companies and participations.

CHANGES IN THE SCOPE OF CONSOLIDATION

Deconsolidations	Reason for deconsolidation	Date	Reportable segment
TBI BULGARIA EAD in liquidation, Sofia	Liquidation	1.1.2022	Extended CEE
VITEC Vienna Information Technology Consulting GmbH, Vienna	Sale	30.6.2022	Group Functions

Expansion of the scope of consolidation*	Acquisition/ formation	Interest	First-time consolidation	Method
	Date	in %	Date	
365.life, d. s. s., a. s., Bratislava	2022	100.00	31.12.2022	full consolidation
AB Modřice, a.s., Prague	2017	100.00	1.1.2022	full consolidation
AEGON Magyarország Általános Biztosító Zártkörűen Működő Részvénytársaság, Budapest	2022	100.00	1.4.2022	full consolidation
AEGON Magyarország Befektetési Alapkezelő Zártkörűen Működő Részvénytársaság, Budapest	2022	100.00	1.4.2022	full consolidation
AEGON Magyarország Pénztárszolgáltató Zártkörűen Működő Részvéntársaság, Budapest	2022	100.00	1.4.2022	full consolidation
Atzlergasse 13-15 GmbH & Co KG, Vienna	2022	100.00	1.7.2022	full consolidation
Atzlergasse 13-15 GmbH, Vienna	2022	100.00	1.7.2022	full consolidation
AUTODROM SOSNOVÁ u České Lípy a.s., Prague	2021	100.00	1.1.2022	full consolidation
Brockmanngasse 32 Immobilienbesitz GmbH, Vienna	2022	100.00	1.4.2022	full consolidation
MERLOT INVESTMENT SPÓŁKA Z OGRANICZONĄ ODPOWIEDZIALNOŚCIĄ, Warsaw	2022	100.00	1.5.2022	full consolidation
Nordbahnhof Projekt EPW8 GmbH & Co KG, Vienna	2021	100.00	31.12.2022	full consolidation
Nordbahnhof Projekt EPW8 Komplementär GmbH, Vienna	2021	100.00	31.12.2022	full consolidation
Nordbahnhof Projekt Taborstraße 123 GmbH & Co KG, Vienna	2021	100.00	31.12.2022	full consolidation
Nordbahnhof Projekt Taborstraße 123 Komplementär GmbH, Vienna	2021	100.00	31.12.2022	full consolidation
Vienna Insurance Group Polska Spółka z organiczoną odpowiedzialnością, Warsaw	2006	100.00	1.1.2022	full consolidation
VİENNALİFE EMEKLİLİK VE HAYAT ANONİM ŞİRKETİ, Istanbul	2022	100.00	1.5.2022	full consolidation
VIG Hungary Holding B.V., The Hague	2022	55.00	1.4.2022	full consolidation
VIG Hungary Holding II B.V., The Hague	2022	55.00	1.4.2022	full consolidation
VIG Magyarország Befektetesi Zartkörüen Müködö Reszvenytarsasag, Budapest	2022	55.00	1.2.2022	full consolidation
VIG Türkiye Holding B.V., Amsterdam	2022	100.00	1.5.2022	full consolidation
VIVECA Beteiligungen GmbH, Vienna	2020	100.00	1.1.2022	full consolidation

*Insofar as significant goodwill occurred, this is recognised in Note 1.1. Goodwill.

It should be noted that the purchase price allocation of the newly acquired companies is still preliminary, unless the one-year limit has been exceeded.

The companies acquired in the financial year led to an outflow of cash and cash equivalents totalling EUR 407,433,000.

Purchase of Aegon companies

On 29 November 2020, VIG Insurance Group reached agreement with Aegon N.V. to acquire its insurance business in Hungary, Poland, Romania and Türkiye. The agreed acquisition price of EUR 830.0 million was not fully settled in the financial year as the transaction could not yet be executed in its entirety. Further information on the status of the purchase of the Aegon companies is below.

Aegon companies in Hungary and Türkiye

In March 2022, VIG Holding acquired the Hungarian business of Dutch company Aegon after approval by the local Hungarian authorities; and the 45% participation of the Hungarian state holding Corvinus in the Hungarian business was also closed successfully. In April 2022, official approval was granted and, as a result, the Turkish Aegon company was also closed successfully (Viennalife (Türkiye)).

From the initial consolidation of Aegon Hungary, intangible fixed assets totalling EUR 321,975,000 were disclosed as part of the purchase price allocation (of which goodwill totalling EUR 188,573,000). The 45% participation of the Hungarian state holding Corvinus in Aegon in Hungary led to an increase in non-controlling interests in the consolidated shareholders' equity of EUR 117,722,000. The goodwill disclosed is primarily based on future synergies between the Hungarian companies. In Türkiye, intangible fixed assets totalling EUR 48,471,000 were disclosed (of which goodwill totalling EUR 0).

Aegon companies in Poland and Romania

The acquisition of the Aegon insurance business in Poland and Romania was agreed subject to the approvals required under supervisory and competition law. Due to the lack of closing for the transaction and, therefore, lack of control over the companies, they had not yet been added to the scope of consolidation as of the balance sheet date.

Change in significant minority interests	Change	Change of interest	Change in non-controlling interests
	Date	in %	in EUR '000
KÁLVIN TOWER Ingatlanfejlesztési és Beruházási Korlátolt Felelősségű Társaság, Budapest	23.3.2022	-44.39	1,015
Pension Assurance Company Doverie AD, Sofia	29.12.2022	-9.25	19,160
Union Biztosító	23.3.2022	-44.39	18,056

The International Finance Corporation (IFC), a member of the World Bank Group, held a 9.99% stake in Pension Assurance Company Doverie AD (Doverie) at the end of December 2022 (calculated 9.25% of the shares held by VIG). In connection with this transaction, the IFC was granted a put option for the sale of the Doverie share in the Group, beginning 23 December 2028.

Effect of changes in the scope of consolidation

Balance sheet	Additions	thereof Aegon Hungary	thereof Viennalife (Türkiye)	Disposals
in EUR '000				
Intangible assets	425,296	318,931	49,882	0
Right-of-Use Assets	363	0	0	9
Investments	975,742	438,273	388,716	0
Financial instruments for unit- and index-linked life insurance	191,137	191,137	0	0
Reinsurers' share in underwriting provisions	3,752	3,752	0	0
Receivables (incl. tax receivables and advance payments out of income tax)	61,732	23,923	23,621	720
Other assets (incl. deferred tax assets)	55,526	14,347	28,957	41
Cash and cash equivalents	69,411	21,123	16,501	1,805
Underwriting provisions	736,740	329,844	406,896	0
Underwriting provisions for unit- and index-linked life insurance	191,137	191,137	0	0
Non-underwriting provisions	10,992	6,976	2,160	611
Liabilities (incl. tax liabilities out of income tax)	94,213	28,961	24,901	1,350
Other liabilities (incl. deferred tax liabilities)	45,623	27,932	13,718	0

The figures shown in the table above reflect the actual dates of first consolidation and deconsolidation, as indicated in the section Changes in the scope of consolidation on page 90.

Contribution to result before taxes in reporting period	Additions	thereof Aegon Hungary	thereof Viennalife (Türkiye)	Disposals
in EUR '000				
Net earned premiums – retention	431,293	301,436	129,858	0
Financial result excl. result from shares in at equity consolidated companies	138,405	25,701	123,695	247
Other income	5,456	4,553	901	0
Expenses for claims and insurance benefits – retention	-352,908	-160,575	-192,333	4
Acquisition and administrative expenses	-134,154	-89,377	-45,712	8
Other expenses	-114,759	-104,187	-10,095	-38
Result before taxes*	**-26,667**	**-22,449**	**6,314**	**221**

*The result before taxes includes impairments of insurance portfolios and the customer bases of AEGON Hungary (EUR 33,639,000) and Vienna Life Türkiye (EUR 3,578,000).

Inclusion of the first-time consolidated companies retrospectively to 1 January 2022 would not cause any material changes in balance sheet items. Inclusion of the first-time consolidated companies retrospectively to 1 January 2022 would increase the Group result before taxes and non-controlling interests by 2.38% (not including any consolidation effects).

The number of employees increased by 2,670 due to the changes in the scope of consolidation.

SEGMENT REPORTING

OPERATING SEGMENTS

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

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

REPORTABLE SEGMENTS

Change of reportable segments
Every 5 years, the Managing Board prepares and approves the detailed medium-term strategic orientation of VIG Insurance Group. The Group's strategic orientation until 2025 was established in financial year 2021. When the composition of the Managing Board was changed in financial year 2020, the reportable segments that were previously published were evaluated and modified accordingly when the 2025 strategy was established.

Determination
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.

This led to the following segments being specified as reportable segments:

- Austria (incl. the Wiener Städtische branches in Slovenia and Italy),
- Czech Republic,
- Poland,
- Extended CEE,
- Special Markets and
- Group Functions (incl. the VIG Holding branches in Sweden, Norway and Denmark and VIG Re branches in Germany and France).

EXTENDED CEE
The Extended CEE reportable segment includes the operating segments of Albania incl. Kosovo (a branch of an Albanian company is located in Kosovo), the Baltic states, Bosnia-Herzegovina, Bulgaria, Croatia, Hungary, Moldova, North Macedonia, Romania, Serbia, Slovakia 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.

SPECIAL MARKETS
The Special Markets reportable segment corresponds to the "all other segments" category in IFRS 8.16 and includes Germany, Georgia, Liechtenstein and Türkiye.

GROUP FUNCTIONS

VIG Insurance Group is an international insurance group operating in Central and Eastern Europe. The Managing Board accordingly manages the insurance business separate from the coordination functions in the individual countries. As a result, only the companies related to the insurance business are included in the individual operating segments. That means that companies that

- do not distribute or assist in the distribution of insurance products,
- perform loss assessments or claims handling, or
- operate as service companies for the Group,

are included in the Group Functions reportable segment, not in the country where they have their registered office.

Specifically, this means the Group Functions segment includes VIG Holding, VIG Re, Wiener Re, VIG Fund, corporate IT service providers, asset management companies, pension funds and intermediate holding companies, among others.

BASIS OF THE REVENUES OF THE REPORTABLE SEGMENTS

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.

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 DISCLOSURES

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 reportable segment.

PERFORMANCE MEASUREMENT FOR REPORTABLE SEGMENTS

A variety of performance indicators are used to determine the financial performance of the reportable segments. The IFRS Group operating result is used as an indicator in all cases. In the interests of comparability, the income statement by reportable 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 REPORTABLE SEGMENT

Assets	Austria		Czech Republic		Poland		Extended CEE	
	31.12.2022	31.12.2021	31.12.2022	31.12.2021	31.12.2022	31.12.2021	31.12.2022	31.12.2021
in EUR '000								
Intangible assets	570,894	548,040	516,377	506,739	171,011	160,038	704,847	483,013
Right-of-Use Assets	69,033	71,190	62,838	57,646	6,564	7,480	32,876	33,661
Investments	19,558,207	22,891,500	3,120,396	3,187,915	1,384,316	1,353,830	4,910,682	4,687,186
Financial instruments for unit- and index-linked life insurance	4,132,350	5,219,135	429,409	490,766	588,346	698,849	1,072,944	1,044,657
Reinsurers' share in underwriting provisions	549,856	327,852	186,264	166,928	127,458	119,083	221,277	177,381
Receivables	793,143	705,701	188,292	168,469	266,758	225,045	625,766	547,882
Tax receivables and advance payments out of income tax	7,452	9,134	19,483	10,290	6,839	2,942	4,079	1,522
Deferred tax assets	104,435	3,636	279,514	233,419	12,079	4,584	94,447	27,432
Other assets	77,973	87,751	170,049	169,442	12,194	5,583	81,468	68,736
Cash and cash equivalents	454,352	438,989	44,017	141,943	29,560	32,946	199,288	237,626
Total	26,317,695	30,302,928	5,016,639	5,133,557	2,605,125	2,610,380	7,947,674	7,309,096

Assets	Special Markets		Group Functions		Total	
	31.12.2022	31.12.2021	31.12.2022	31.12.2021	31.12.2022	31.12.2021
in EUR '000						
Intangible assets	40,749	4,385	80,867	41,954	2,084,745	1,744,169
Right-of-Use Assets	4,641	489	2,711	2,882	178,663	173,348
Investments	1,351,389	798,307	2,015,363	1,891,052	32,340,353	34,809,790
Financial instruments for unit- and index-linked life insurance	930,909	1,063,444	10,171	8,480	7,164,129	8,525,331
Reinsurers' share in underwriting provisions	165,600	98,982	712,172	674,379	1,962,627	1,564,605
Receivables	141,650	92,982	326,066	327,109	2,341,675	2,067,188
Tax receivables and advance payments out of income tax	2,918	1,543	133,010	109,622	173,781	135,053
Deferred tax assets	11,851	3,039	67,563	39,337	569,889	311,447
Other assets	7,594	6,061	49,902	53,320	399,180	390,893
Cash and cash equivalents	90,325	105,523	1,241,428	1,499,306	2,058,970	2,456,333
Total	2,747,626	2,174,755	4,639,253	4,647,441	49,274,012	52,178,157

Liabilities and shareholders' equity	Austria		Czech Republic		Poland		Extended CEE	
	31.12.2022	31.12.2021	31.12.2022	31.12.2021	31.12.2022	31.12.2021	31.12.2022	31.12.2021
in EUR '000								
Subordinated liabilities	339,160	339,160	22,806	22,126	0	0	0	0
Underwriting provisions	19,907,121	21,919,592	3,031,752	3,041,097	1,420,734	1,346,705	4,938,135	4,353,673
Underwriting provisions for unit- and index-linked life insurance	4,010,889	5,059,871	310,996	335,134	572,193	683,030	1,072,092	1,046,414
Non-underwriting provisions	402,220	611,799	25,987	21,954	14,316	15,203	76,979	68,258
Liabilities excl. Subordinated liabilities	698,263	699,073	529,549	464,175	189,609	169,488	470,920	403,293
Tax liabilities out of income tax	77,725	127,999	345	88,951	0	0	3,009	4,012
Deferred tax liabilities	20,490	169,728	6,110	5,872	692	7,947	8,239	21,670
Other liabilities	48,747	59,838	4,152	3,326	21,184	17,470	43,904	42,183
Subtotal	25,504,615	28,987,060	3,931,697	3,982,635	2,218,728	2,239,843	6,613,278	5,939,503

Liabilities and shareholders' equity	Special Markets		Group Functions		Total	
	31.12.2022	31.12.2021	31.12.2022	31.12.2021	31.12.2022	31.12.2021
in EUR '000						
Subordinated liabilities	0	0	1,384,400	1,100,000	1,746,366	1,461,286
Underwriting provisions	1,558,093	956,176	1,132,035	928,984	31,987,870	32,546,227
Underwriting provisions for unit- and index-linked life insurance	926,369	1,055,864	10,171	8,480	6,902,710	8,188,793
Non-underwriting provisions	18,971	21,597	159,232	151,378	697,705	890,189
Liabilities excl. Subordinated liabilities	133,519	76,146	1,166,515	1,088,105	3,188,375	2,900,280
Tax liabilities out of income tax	10,810	3,913	19,630	18,507	111,519	243,382
Deferred tax liabilities	10,073	336	31,814	13,331	77,418	218,884
Other liabilities	652	630	9,226	7,721	127,865	131,168
Subtotal	2,658,487	2,114,662	3,913,023	3,316,506	44,839,828	46,580,209
Shareholders' equity					4,434,184	5,597,948
Total					49,274,012	52,178,157

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

CONSOLIDATED INCOME STATEMENT BY REPORTABLE SEGMENT

	Austria		Czech Republic		Poland		Extended CEE	
	2022	2021	2022	2021	2022	2021	2022	2021
in EUR '000								
Premiums written – gross	4,138,384	4,048,443	2,122,121	1,864,939	1,352,881	1,279,791	3,593,244	2,886,733
Net earned premiums – retention	3,314,834	3,242,491	1,575,086	1,399,805	1,018,401	983,029	2,742,749	2,200,684
Financial result excl. result from shares in at equity consolidated companies	**556,682**	580,101	**67,602**	70,979	**19,549**	23,946	**128,186**	130,089
Income from investments	859,778	762,544	124,887	105,867	45,175	41,614	213,920	170,481
Expenses for investments and interest expenses	-303,096	-182,443	-57,285	-34,888	-25,626	-17,668	-85,734	-40,392
Result from shares in at equity consolidated companies	17,728	23,106	0	1,139	0	0	0	0
Other income	20,554	27,740	26,630	30,346	20,203	9,552	56,810	53,416
Expenses for claims and insurance benefits – retention	-2,947,444	-2,919,325	-870,678	-828,780	-696,340	-671,220	-1,790,014	-1,504,948
Acquisition and administrative expenses	-692,433	-691,773	-535,436	-428,260	-273,950	-241,084	-758,823	-572,538
Other expenses	-20,511	-27,685	-61,310	-58,332	-35,931	-33,678	-202,379	-118,122
Business operating result	**249,410**	234,655	**201,894**	186,897	**51,932**	70,545	**176,529**	188,581
Impairments of goodwill	0	0	0	0	-184	0	-26,177	0
Impairments of intangible assets excluding goodwill	0	0	0	0	0	-688	-37,639	0
Result before taxes	**249,410**	234,655	**201,894**	186,897	**51,748**	69,857	**112,713**	188,581
Taxes	-10,824	-76,022	-39,858	-37,828	-11,552	-10,492	-32,329	-31,995
Result for the period	**238,586**	158,633	**162,036**	149,069	**40,196**	59,365	**80,384**	156,586

	Special Markets		Group Functions		Consolidation		Total	
	2022	2021	2022	2021	2022	2021	2022	2021
in EUR '000								
Premiums written – gross	846,187	531,686	2,297,825	1,965,017	-1,791,400	-1,574,043	12,559,242	11,002,566
Net earned premiums – retention	501,294	325,866	1,756,143	1,554,110	2,381	-352	10,910,888	9,705,633
Financial result excl. result from shares in at equity consolidated companies	**152,544**	35,641	**-141,058**	-229,602	**-4,558**	-4,136	**778,947**	607,018
Income from investments	59,144	35,585	145,503	104,889	-88,946	-61,460	1,359,461	1,159,520
Expenses for investments and interest expenses	93,400	56	-286,561	-334,491	84,388	57,324	-580,514	-552,502
Result from shares in at equity consolidated companies	0	0	559	627	0	0	18,287	24,872
Other income	43,894	29,733	20,056	16,660	-2,288	-1,658	185,859	165,789
Expenses for claims and insurance benefits – retention	-452,429	-228,933	-1,143,812	-986,010	-11,319	2,655	-7,912,036	-7,136,561
Acquisition and administrative expenses	-115,376	-65,709	-551,907	-536,873	-2,540	-591	-2,930,465	-2,536,828
Other expenses	-76,947	-58,744	-41,217	-29,742	16,815	8,401	-421,480	-317,902
Business operating result	**52,980**	37,854	**-101,236**	-210,830	**-1,509**	4,319	**630,000**	512,021
Impairments of goodwill	0	0	0	0	0	0	-26,361	0
Impairments of intangible assets excluding goodwill	-3,578	0	0	0	0	0	-41,217	-688
Result before taxes	**49,402**	37,854	**-101,236**	-210,830	**-1,509**	4,319	**562,422**	511,333
Taxes	-17,129	-11,550	13,561	44,548	0	0	-98,131	-123,339
Result for the period	**32,273**	26,304	**-87,675**	-166,282	**-1,509**	4,319	**464,291**	387,994

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 VIG Insurance 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. A limit system is used to limit the risks.
- 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 69.28% (70.25%) in bonds and around 6.16% (5.79%) in loans. The share in equities is around 3.53% (5.11%), in property around 9.56% (8.02%), in participations around 1.58% (1.49%) and in other around 9.89% (9.34%), in all cases based on the book value of the total investment portfolio.

Composition of investments (book values)	31.12.2022	31.12.2021
in EUR '000		
Property	3,128,977	2,850,588
Shares in at equity consolidated companies	287,960	276,913
Loans	**2,119,428**	2,156,064
Loans	1,306,237	1,273,633
Reclassified loans	91,834	106,677
Bonds classified as loans	721,357	775,754
Other financial assets	**25,555,212**	28,653,998
Financial assets held to maturity - bonds	2,278,932	2,255,318
Financial assets reclassified as held to maturity - bonds	155,858	302,402
Financial assets available for sale	22,915,672	25,849,069
Bonds	20,413,191	22,305,212
Shares and other participations[1]	613,136	770,933
Investment funds	1,889,345	2,772,924
Financial assets recognised at fair value through profit and loss[2]	204,750	247,209
Other investments	**1,248,776**	872,227
Bank deposits	1,157,148	783,730
Deposits on assumed reinsurance business	91,611	88,480
Other	17	17
Total	**32,340,353**	34,809,790

1 includes shares in non-consolidated subsidiaries and other participations of EUR 254,714,000 (EUR 279,516,000)

2 including held for trading

Property

The portfolio had a book value of EUR 3,129.0 million as of 31 December 2022 (fair value: EUR 5,125.1 million) and a book value of EUR 2,850.6 million as of 31 December 2021 (fair value: EUR 4,682.1 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 9.56% (8.02%) of the total investment portfolio.

The following table shows the investments as of 31 December 2022 and 31 December 2021, broken down by type of use for the Austria and Group Functions reportable segments and the totals for all other segments.

Use of property in % of the property portfolio	31.12.2022	31.12.2021
Austria	**66.27**	65.40
Owner-occupied	5.39	6.29
Investment property	60.88	59.11
Group Functions	**18.23**	19.57
Owner-occupied	1.11	1.22
Investment property	17.12	18.35
Other segments	**15.50**	15.03
Owner-occupied	8.92	9.06
Investment property	6.58	5.97

Shares in at equity consolidated companies

Shares in at equity consolidated companies had a book value of EUR 288.0 million as of 31 December 2022 and a book value of EUR 276.9 million as of 31 December 2021. Shares in at equity consolidated companies therefore represented 0.89% (0.80%) of the book value of the total investment portfolio as of 31 December 2022.

Loans and other investments

Loans and other investments had a book value of EUR 3,368.2 million as of 31 December 2022 and a book value of EUR 3,028.3 million as of 31 December 2021. 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 130.

Bonds

Bonds represented 69.28% (70.25%) of total investments as of 31 December 2022. 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 2022, share investments (including those contained in the funds) represented 3.53% (5.11%) 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 through 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, for example, liability insurance for genetic engineering.
- 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

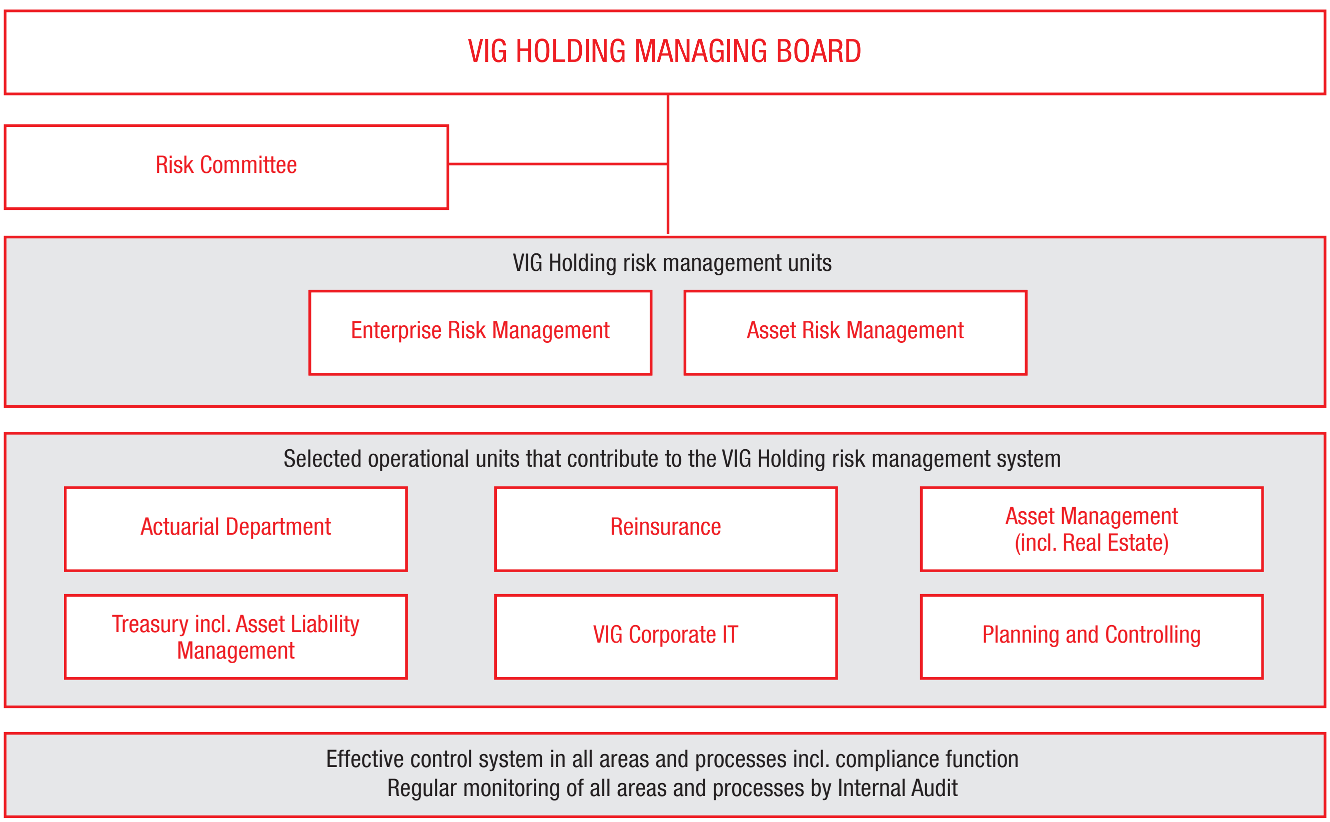
- Operational risks must be avoided as far as possible, but have to be accepted to a certain extent as they cannot be fully excluded, or the costs for avoiding them exceed the expected losses.
- A conservative approach is used for investments.

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

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

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

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

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

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

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

VIG CORPORATE IT
The Corporate IT department reports to Managing Board member Gerhard Lahner. 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.

TREASURY INCL. ASSET LIABILITY MANAGEMENT
The department reports to Managing Board member Gerhard Lahner. The observation, measurement and optimisation of future cash flows on the asset and liabilities sides are the main responsibilities of the Asset Liability Management department. 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. The department operates continuously and reports directly to the Managing Board. The management 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 areas 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 formula 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 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 Planning and 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 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.

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 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 property and casualty insurance 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 portion 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,
- the share price risk portion of market risk, which results from direct or indirect holdings (e.g. in investment funds) of equities and non-consolidated participations,
- the currency risk portion of market risk, which results in particular from the high degree of involvement in the CEE region, 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 euro 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.

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).

Value-at-Risk	31.12.2022	31.12.2021
in EUR millions		
10-day holding period	875.0	389.9
20-day holding period	1,237.5	551.5
60-day holding period	2,143.3	955.2

The increase in value-at-risk reflects the current interest rate trend.

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 drivers 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 1.83% p.a. (1.80% 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 4,149,904,000 as of 31 December 2022. A 100 basis point drop in the yield curve would mean the SPVFP decreased to EUR 3,709,152,000, which means the IFRS reserves are also adequate in this scenario. Also see the embedded value sensitivity analysis on page 118.

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 the 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 real estate	0%	-5%	-10%	0%	-10%	-10%
Market value of assets less liabilities (in EUR millions)	6,052.1	4,079.2	4,540.3	4,343.4	5,107.3	4,231.7

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. mortgages) or, to a certain extent, 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 2022 are shown on page 100. Information on the securities and their ratings is provided in Note 2.4 Other financial assets starting on page 132 of the notes to the consolidated financial statements.

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. It 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. The 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, (hail) storms, mudslides and landslides 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. The Treasury department, incl. Asset Liability Management, is responsible for the ongoing monitoring of cash flows and regular reporting on liquidity changes.

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.

Underwriting liquidity analysis

A comparison of the expected payments from the insurance business for one year and freely disposable investments shows that underwriting does not create any liquidity risk.

The expected payments were derived from the maturities of the mathematical reserve and the provision for outstanding claims. Cash and cash equivalents and financial assets with no maturity or maturities of up to one year were defined as freely disposable investments.

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 insurance 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 VIG Insurance Group.

Concentration risk

Concentration risk is due to the strategic partnership with Erste Group 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.

Acquisitions and mergers often bring challenges in terms of corporate management, organisation, processes 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,
- integration of different corporate and management cultures, and
- the alignment of business and reporting processes and consideration of Group requirements.

Sustainability risks

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

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

An explicit assessment of sustainability risks is carried out regularly in VIG Insurance Group based on the Austrian Financial Market Authority Guide for Managing Sustainability Risks. By doing so, key steps are taken towards the integration of sustainability risks in existing risk management processes. Attention was also paid to the management of sustainability risks in internal (risk management) guidelines.

A Group-wide list of explicitly sustainability-related risks was prepared in order to ensure a structured approach to the identification and assessment of sustainability risks in VIG Insurance Group. This list of risks is being reviewed for completeness and supplemented as necessary by the VIG insurance companies as part of a standardised, Group-wide risk management process. The list thus also forms the basis for consideration in existing risk management processes that deal with assessing, analysing and managing risks faced by the Group.

The analysis of sustainability risk carried out in the reporting period showed that VIG Insurance Group sustainability risks are currently mainly low to medium-level risks. These risks are nevertheless expected to become more relevant in the future, due in part to the increasing importance of this topic.

Climate risks

Climate change and associated risks are one of the current sustainability issues. Although insurance companies have always been concerned with potential losses due to natural risks, global warming is underscoring the urgency of this problem. The main new risks are, in particular, a potential increase in the frequency and size of losses and the possibility of stricter requirements and political measures related to climate change (e.g. expanded reporting, investment restrictions).

To meet these challenges, a VIG Insurance Group climate change strategy was approved in 2019 and slightly modified again in financial year 2021. In addition to general principles for dealing with climate change, the climate change strategy also provides guidelines for investments and insurance operating business. For example, VIG Insurance Group is completely eliminating investments in the coal sector and has significantly limited insurance coverage for new coal mining and coal-fired power plant projects. The complete climate change strategy is available on the website at www.vig.com/climate-change-strategy

VIG Insurance Group greatly increased its underwriting know-how in previous years. Special scenario analyses have been performed since 2019 to estimate how climate change will affect the frequency and size of losses and, therefore, the insurance business in different sectors. The medium and long-term effects of climate change are also examined in the "Own Risk and Solvency Assessment" (ORSA). The main focus is on potential extreme weather events, such as flooding, earthquakes, storms and severe weather with hail. Current scientific studies are used to analyse the possible effects of global warming of 1.5°C, 2.0°C and 3.0°C above pre-industrial levels. Natural disasters and their effects are modelled with the help of external experts. The risk models used are constantly improved based on new data and findings, such as newly built flood protection measures.

The scenario analyses show that, above all, flooding poses a significant climate change-related risk for the activities of VIG Insurance Group. In addition to increased losses due to flooding, damage caused by severe hail and summer storms as a result of climate change are also to be expected. While severe damage from hail concerns the motor own damage line of business in particular, damage from flooding will occur primarily in the other property and casualty line of business.

Natural risk	Relevant for climate change	Part of the VIG analysis	Background
Flooding	✓	✓	Science is expecting this risk to increase. The flood disaster "Bernd" that led to unexpectedly large losses in Germany in 2021 was a harbinger of climate change.
Earthquakes	✗	✗	There are no relevant scientific findings that predict an increase in earthquake risk due to climate change.
Winter storms	~	✓	Scientific results concerning European winter storms are highly varied, especially with respect to the territorial effects (risk is expected to increase in some countries and decrease in others).
Hail and summer storms	✓	✓	As with flooding, science also expects this natural risk to increase. The events in 2021 (hail storm Volker in Austria and tornado in the Czech Republic) show that weather events are also becoming more extreme.
Snow loading	✓	✗	Global warming is expected to decrease snowfall and therefore reduce losses due to snow loading. In order to take a conservative approach, VIG did not include this in its analysis.
Drought and forest fires	✓	✗	Drought and forest fires play a secondary role due to VIG's geographical focus on the CEE region. Thought has, however, already been given to a possible modelling of this risk.

VIG Insurance Group is using its increased underwriting knowledge to purchase reinsurance for the risks it assumes.

The increased probability of extreme weather events will also have an impact on the support offered to corporate and large customers. The support process begins with a careful analysis of the risk situation and protective measures that have already been implemented. Here, not only is the natural disaster model considered, but also the circumstances at a local level. The experts at RiskConsult use this analysis to develop individually tailored recommendations for further improving the risk situation and preventing losses. The policy terms are based on this risk situation and in some cases insurance can only be purchased once proposed measures have been implemented. Due to global warming, preventing losses due to natural disasters is playing an increasingly important role in the underwriting process. As part of this process, more than 2,000 locations of operation are evaluated every year, which makes a significant contribution to making the economy more resilient against natural disasters.

All known climate risks were included in the valuation of the assets and liabilities in these consolidated financial statements. For more information, please refer to the storm and severe weather losses that occurred during the financial year and were included in the balance sheet and income statement.

Macroeconomic risks

As a participant in the market, the business activities of VIG are influenced by the development of macroeconomic factors, such as the rate of unemployment, GDP and inflation.

2022 saw a significant rise in inflation in almost all markets in which the VIG Insurance Group operates. Global economic growth was also subdued by the ongoing COVID-19 pandemic and the Russia–Ukraine conflict. Inflation trends in individual countries are being closely monitored by VIG and potential impacts are analysed using scenario analyses, enabling appropriate responses to a changing environment to be taken.

Risks related to the Russia–Ukraine conflict

The war between the Russian Federation and Ukraine began on 24 February 2022 when Russian forces invaded Ukraine. The further development of the conflict and potential further escalations resulting from this – i.e. sanctions and countermeasures – could further exacerbate the implications on the financial markets and the economy in general. A number of risks may materialise for the VIG Insurance Group as a result; these are being addressed and handled as part of our sustainable risk management.

Dangers associated with the welfare of employees and the operating business activities (e.g. office infrastructure, energy, communication, IT security) pose material, direct risks for VIG's Ukrainian insurance companies.

In addition, at the VIG Insurance Group level, the volatility on the capital market fuelled by the conflict and the possibility of further sanctions and their consequences for the economy in particular represent significant risks and may have an impact on operating performance and business activities.

Business operations in Ukraine

VIG Insurance Group is represented in the Ukrainian market by three insurance companies that held around EUR 140 million in assets as of 31 December 2022. In the event of a complete loss of the Ukrainian operations, the VIG result before taxes would be decreased by the net asset value after adjusting for currency effects, which amounts to approximately EUR 56 million as of the balance sheet date of 31 December 2022. The Ukraine CGU does not hold any intangible assets that are subject to an impairment test in accordance with IAS 36.

The VIG insurance companies in Ukraine are mainly active in the western regions of the country, so business operations have thus far only been directly impacted to a limited extent. The sanctions against Russia also show no noticeable impacts on the operations of the Ukrainian companies. An increase in the number of green card insurance policies that were taken out has been observed. The reason for this increase in the movement of refugees to neighbouring European countries.

As of the editorial deadline, the Ukrainian insurance companies have been able to maintain limited operations in spite of the current conditions. Due to the current difficult situation in Ukraine, VIG is regularly examining whether the Ukrainian companies continue to satisfy the requirements as a going concern.

Russian bonds

VIG Insurance Group holds EUR 165.6 million in Russian government and corporate bonds for which there is currently no active market. Due to the cessation of trading in these financial instruments in line with agreed sanctions, impairments were recognised in connection with the exposure of VIG to Russian government and corporate bonds totalling EUR 84.1 million.

Ukraine hryvnia (UAH)

On 24 February 2022, the National Bank of Ukraine (NBU) published Resolution No. 18, which is intended to ensure the continued operation of a stable banking system under applicable martial law. As part of this resolution the exchange rate was pegged to the U.S. dollar.

In view of the change in the fundamental characteristics of the Ukrainian economy during the war and the strengthening of the U.S. dollar against other currencies, the NBU devalued the country's currency by 25% against the U.S. dollar on 21 July 2022.

Risks related to the COVID-19 pandemic

In January 2023, the World Health Organization (WHO) announced that it is anticipating that COVID-19 will stop being classified as a pandemic in 2023. Should – contrary to these expectations – the COVID-19 pandemic worsen once more, the potential impacts this could have on capital markets and the insurance business cannot be estimated, but they 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.

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. Of these reserves, EUR 30.1 million were reversed in financial year 2022 due to the stabilisation of the situation. The adequacy of the underwriting provisions is checked in detail 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 108 in the risk report.

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 31.12.2021	1,893,964	20,598,971	2,239,733	156,721,713	506,858	12,137,142
Exchange rate differences		13,863		-52,440		-540
As of 1.1.2022	1,893,964	20,612,834	2,239,733	156,669,273	506,858	12,136,602
Changes in scope of consolidation		888,908		5,238,033		0
Additions	111,264	1,441,859	682,304	16,673,288	21,921	1,648,935
New business	111,264	1,254,343	682,304	15,985,293	21,921	1,370,897
Increases		187,516		687,995		278,038
Changes	-5,097	221,837	-20,616	2,954,272	879	-51,721
Changes in additions	15,388	846,594	15,628	8,600,078	7,097	339,171
Changes in disposals	-20,485	-624,757	-36,244	-5,645,806	-6,218	-390,892
Disposals due to maturity	-92,754	-1,283,918	-151,587	-8,281,305	-18,608	-882,560
Due to expiration	-67,408	-1,137,652	-144,430	-8,167,280	-17,366	-855,084
Due to death	-25,346	-146,266	-7,157	-114,025	-1,242	-27,476
Premature disposals	-89,753	-1,440,366	-395,089	-4,787,908	-21,180	-554,139
Due to non-redemption	-3,314	-39,398	-31,630	-221,777	-518	-20,754
Due to lapse without payment	-9,183	-146,964	-223,164	-2,607,346	-1,859	-89,027
Due to surrender	-76,943	-1,194,770	-135,145	-1,726,977	-18,803	-351,674
Due to waiver of premium	-313	-59,234	-5,150	-231,808	0	-92,684
As of 31.12.2022	1,817,624	20,441,154	2,354,745	168,465,653	489,870	12,297,117

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 31.12.2021	1,773,361	18,238,440	479,328	10,143,439	6,893,244	217,839,705
Exchange rate differences		216,068		-20,170		156,781
As of 1.1.2022	1,773,361	18,454,508	479,328	10,123,269	6,893,244	217,996,486
Changes in scope of consolidation		255,485		0	0	6,382,426
Additions	156,330	2,550,886	21,337	439,038	993,156	22,754,006
New business	156,330	2,424,348	21,337	214,764	993,156	21,249,645
Increases		126,538		224,274		1,504,361
Changes	2,644	-912,946	-2,167	4,281	-24,357	2,215,723
Changes in additions	9,024	721,050	496	138,733	47,633	10,645,626
Changes in disposals	-6,380	-1,633,996	-2,663	-134,452	-71,990	-8,429,903
Disposals due to maturity	-45,633	-578,924	-3,597	-58,433	-312,179	-11,085,140
Due to expiration	-38,084	-517,579	-2,459	-47,147	-269,747	-10,724,742
Due to death	-7,549	-61,345	-1,138	-11,286	-42,432	-360,398
Premature disposals	-183,882	-2,171,432	-18,116	-477,521	-708,020	-9,431,366
Due to non-redemption	-42,074	-186,200	-332	-6,474	-77,868	-474,603
Due to lapse without payment	-56,800	-754,394	-785	-19,851	-291,791	-3,617,582
Due to surrender	-82,293	-1,093,623	-16,999	-329,543	-330,183	-4,696,587
Due to waiver of premium	-2,715	-137,215	0	-121,653	-8,178	-642,594
As of 31.12.2022	1,702,820	17,597,577	476,785	10,030,634	6,841,844	228,832,135

EMBEDDED VALUE SENSITIVITY ANALYSES FOR THE LIFE AND HEALTH INSURANCE BUSINESSES

The following tables show 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 2022:

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	2,860,401		1,918,065		4,778,465	
Increase in yield curve 0.5%	253,968	8.9	856	0.0	254,825	5.3
Decrease in yield curve 0.5%	-405,847	-14.2	-12,526	-0.7	-418,372	-8.8
Decrease in share and real estate values 25% as of the reporting date	-117,129	-4.1	-19,701	-1.0	-136,830	-2.9
Decrease in administrative expenses 10%	82,817	2.9	50,214	2.6	133,031	2.8
Decrease in lapse rates 10%	20,910	0.7	28,497	1.5	49,407	1.0
Decrease in mortality 5% for endowment and risk insurance	11,971	0.4	37,681	2.0	49,652	1.0
Decrease in mortality 5% for annuities	-12,048	-0.4	-770	0.0	-12,818	-0.3
No volatility adjustment	-142,421	-5.0	-11,490	-0.6	-153,911	-3.2

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	33,702		56,860		90,562	
Increase in yield curve 0.5%	-988	-2.9	3,128	5.5	2,140	2.4
Decrease in yield curve 0.5%	-3,321	-9.9	-2,971	-5.2	-6,293	-6.9
Decrease in administrative expenses 10%	1,915	5.7	6,912	12.2	8,827	9.7
Decrease in lapse rates 10%	1,915	5.7	1,334	2.3	3,248	3.6
Decrease in mortality 5% for endowment and risk insurance	1,396	4.1	9,529	16.8	10,925	12.1
Decrease in mortality 5% for annuities	-555	-1.6	2	0.0	-553	-0.6
No volatility adjustment	446	1.3	-1,287	-2.3	-841	-0.9

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 (RMNS), 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 or have not yet been reported sufficiently 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. Forming loss reserves is 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 may not 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	Calendar year									
	≤2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
in EUR '000										
2013 and before	2,895,695	1,146,147	438,215	358,335	211,309	160,352	116,037	96,183	65,442	49,178
2014		1,545,509	773,664	192,081	101,832	54,209	66,232	24,281	14,714	13,097
2015			1,565,072	734,971	212,354	91,806	60,484	33,766	22,621	18,341
2016				1,619,590	806,055	204,162	108,102	79,211	35,983	24,482
2017					1,827,020	885,844	237,052	111,119	82,846	33,089
2018						1,816,053	877,898	237,846	117,315	62,060
2019							2,069,673	870,191	210,713	97,199
2020								1,925,211	887,732	222,906
2021									2,232,080	1,177,242
2022										2,525,002
Total	2,895,695	2,691,656	2,776,951	2,904,977	3,158,570	3,212,426	3,535,478	3,377,808	3,669,446	4,222,596

Loss reserve for each year of occurrence on the applicable balance sheet date (gross)

Year of occurrence	Calendar year									
	≤2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
in EUR '000										
2013 and before	3,940,731	2,412,169	1,727,024	1,328,778	1,117,701	947,160	846,405	795,782	721,633	693,898
2014		1,749,247	813,249	468,519	313,557	234,036	158,058	131,716	116,568	103,944
2015			1,687,291	787,903	467,615	299,946	216,863	173,143	145,309	125,503
2016				1,757,426	803,864	497,502	329,162	262,292	221,401	161,359
2017					1,903,463	863,161	512,025	345,528	220,739	178,961
2018						1,999,997	957,118	571,423	354,520	249,032
2019							2,156,013	949,167	571,859	366,910
2020								2,387,581	1,075,434	593,788
2021									2,855,356	1,255,615
2022										3,355,696
Total	3,940,731	4,161,416	4,227,564	4,342,626	4,606,200	4,841,802	5,175,644	5,616,632	6,282,819	7,084,706

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 external 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 above a certain limit if sufficient reinsurance coverage has already been assured.

Retention
It is Group-wide policy that no more than EUR 70.0 million for the first natural disaster event and EUR 50.0 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 25.0 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.

Reinsurers' share of underwriting provisions – ratings
The following table shows the reinsurers' share in underwriting provisions in property and casualty insurance for different ratings and balance sheet dates:

in %	31.12.2022	31.12.2021
AAA	20.44	9.14
AA	27.42	35.57
A	47.76	50.70
BBB	1.89	2.76
BB and lower	0.67	0.85
No rating	1.82	0.98

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 2022 and 31 December 2021 balance sheet dates.

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 uses reinsurance coverage to limit its retention for natural disasters to EUR 18.0 million for the first loss event and EUR 9.5 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. 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 maintaining a strong credit rating with Standard & Poor's (S&P) and therefore regularly undergoes rating 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 December 2022, S&P affirmed the A+ rating with a "stable" outlook. Capital resources exceed the requirements for the AAA level.

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), 2017 (EUR 200 million, tier 2, first call date 13 April 2027) and 2022 (EUR 500 million, tier 2, first call date 15 June 2032) have been rated A- by S&P. The senior sustainability bond that was issued in 2021 (EUR 500 million, bullet bond, 15-year term) was assigned an A rating by S&P. It does not satisfy S&P's criteria for inclusion as capital.

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. A solvency ratio of 150% to 200% at the Solvency II Group level has been specified by VIG Holding, whereby this VIG Group solvency ratio range is determined without taking into account transitionals for underwriting provisions used by some individual Group companies.

Capital management focuses on subordinated long-term liabilities with equity-like characteristics. The Treasury department, incl. Asset Liability Management, 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 2022, 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 2022 (2021: 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 140.

VIG Insurance Group had an auditor-reviewed solvency ratio defined based on Solvency II of 279.9% as of 31 December 2022 (31 December 2021: 249.5%).

Long-term debt financing

VIG Insurance Group had subordinated bonds with a wide range of maturities outstanding as of 31 December 2022. Detailed information on the VIG Insurance Group bond programme is provided in Note 9. Subordinated liabilities starting on page 144. 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	31.12.2022	31.12.2021
in EUR '000		
Goodwill	1,438,721	1,260,226
Purchased insurance portfolios	59,576	14,607
Other intangible assets	**586,448**	469,336
Purchased software	446,797	388,413
Other	139,651	80,923
Total	**2,084,745**	1,744,169

Impairments of intangible assets and reversals of impairments of intangible assets are included as separate items in the income statement between the Group operating result and the result before taxes.

1.1. Goodwill

Development	2022	2021
in EUR '000		
Acquisition costs	1,886,335	1,865,619
Cumulative impairment as of 31.12. of the previous year	-626,109	-628,303
Book value as of 31.12. of the previous year	**1,260,226**	1,237,316
Exchange rate differences	-4,026	22,910
Book value as of 1.1.	**1,256,200**	1,260,226
Additions	208,882	0
Impairments	-26,361	0
Book value as of 31.12.	**1,438,721**	1,260,226
Cumulative impairment as of 31.12.	651,991	626,109
Acquisition costs	**2,090,712**	1,886,335

Additions in the financial year mainly result from the purchases of Aegon Hungary (EUR 188,573,000) and the Slovakian pension company 365.life (EUR 19,970,000).

The impairments in the financial year predominantly affected the Albania incl. Kosovo (EUR 13,624,000) and North Macedonia (EUR 12,553,000) CGU groups.

Goodwill of CGU units (book values)	31.12.2022	31.12.2021
in EUR '000		
Austria	301,716	301,716
Czech Republic	468,097	454,041
Poland	140,560	142,970
Albania incl. Kosovo	0	13,416
Baltic States	75,481	75,481
Bulgaria	124,354	124,354
North Macedonia	0	12,551
Slovakia	111,257	111,257
Hungary	186,759	13,915
Group Functions	30,497	10,525
Total	1,438,721	1,260,226

Please see the Impairment section on page 75 for information on the assumptions used for impairment testing.

1.2. Other intangible assets

Development purchased software	2022	2021
in EUR '000		
Acquisition costs	1,440,574	1,318,689
Cumulative valuation as of 31.12. of the previous year	-1,052,161	-917,226
Book value as of 31.12. of the previous year	**388,413**	**401,463**
Exchange rate differences	-151	1,375
Book value as of 1.1.	**388,262**	**402,838**
Reclassifications	-5,174	-7,517
Additions	124,435	131,283
Disposals	-5,953	-287
Changes in scope of consolidation	24,423	-126
Scheduled depreciation	-79,196	-137,090
Impairments	0	-688
Book value as of 31.12.	**446,797**	**388,413**
Cumulative valuation as of 31.12.	493,069	1,052,161
Acquisition costs	**939,866**	**1,440,574**

2. INVESTMENTS

Composition	31.12.2022	31.12.2021
in EUR '000		
Property	3,128,977	2,850,588
Owner-occupied property	483,345	472,303
Investment property	2,645,632	2,378,285
Shares in at equity consolidated companies	287,960	276,913
Financial assets	28,923,416	31,682,289
Loans and other investments	3,368,204	3,028,291
Other financial assets	25,555,212	28,653,998
Total	32,340,353	34,809,790

2.1. Property

Owner-occupied property

Development in EUR '000	2022	2021
Acquisition costs	773,344	758,780
Cumulative valuation as of 31.12. of the previous year	-301,041	-281,311
Book value as of 31.12. of the previous year	**472,303**	477,469
Exchange rate differences	3,573	5,822
Book value as of 1.1.	**475,876**	483,291
Reclassifications	-22,065	1,246
Additions	12,478	9,886
Disposals	-1,586	-4,043
Changes in scope of consolidation	36,243	-283
Appreciation	0	52
Scheduled depreciation	-17,560	-16,829
Impairments	-41	-1,017
Book value as of 31.12.	**483,345**	472,303
Cumulative valuation as of 31.12.	298,407	301,041
Acquisition costs	**781,752**	773,344

Changes in the scope of consolidation are mainly due to the first-time inclusion of Aegon Hungary (EUR +23,228,000) and Brockmanngasse 32 Immobilienbesitz GmbH (EUR +12,904,000).

Investment property

Development in EUR '000	2022	2021
Acquisition costs	3,260,627	2,857,619
Cumulative valuation as of 31.12. of the previous year	-882,342	-827,675
Book value as of 31.12. of the previous year	**2,378,285**	2,029,944
Exchange rate differences	-801	1,395
Book value as of 1.1.	**2,377,484**	2,031,339
Reclassifications	22,646	-2,051
Additions	238,861	286,183
Disposals	-2,984	-6,409
Changes in scope of consolidation	82,365	121,457
Appreciation	275	3,333
Scheduled depreciation	-60,779	-54,896
Impairments	-12,236	-671
Book value as of 31.12.	**2,645,632**	2,378,285
Cumulative valuation as of 31.12.	971,313	882,342
Acquisition costs	**3,616,945**	3,260,627
Rental income	**171,164**	140,360
From investment property	171,164	140,360
Operating expenses for rented investment property	57,054	38,478
Operating expenses for vacant investment property	4,562	7,970

The changes in the scope of consolidation are mainly due to first-time inclusion of Atzlergasse 13-15 GmbH & Co KG (EUR +11,902,000), Merlot Sp.z.o.o. (EUR +45,398,000), Nordbahnhof Projekt EPW8 GmbH & Co KG (EUR +11,560,000) and Nordbahnhof Projekt Taborstraße 123 GmbH & Co KG (EUR +12,830,000).

Use of property

Detail property	31.12.2022	31.12.2021
in EUR '000		
Owner-occupied property	**483,345**	472,303
self-used	461,882	450,663
rented (operating lease)	21,463	21,640
Investment property	**2,645,632**	2,378,285
self-used	8,038	3,940
rented (operating lease)	2,637,594	2,374,345

2.2. Shares in at equity consolidated companies

Development	2022	2021
in EUR '000		
Book value as of 31.12. of the previous year	**276,913**	291,561
Exchange rate differences	-2	-1
Book value as of 1.1.	**276,911**	291,560
Additions	0	11,804
Changes in scope of consolidation	0	-46,851
Share of changes in OCI	-654	178
Pro rata result for the period of shares in at equity consolidated companies	20,757	27,209
Dividend payment	-9,054	-6,987
Book value as of 31.12.	**287,960**	276,913
thereof reportable segment Austria	180,998	170,124
thereof reportable segment Poland	139	141
thereof reportable segment Group Functions	106,823	106,648

Associated companies are measured at equity.

Material shares in at equity consolidated companies

Development	2022				
	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	35,541	38,544	18,017	48,433	70,857
Book value as of 1.1.	**35,541**	**38,544**	**18,017**	**48,433**	**70,857**
Share of changes in OCI	0	0	1,184	0	-1,790
Pro rata result for the period of shares in at equity consolidated companies	4,602	7,945	-4,246	0	11,833
Dividend payment	-2,471	-3,947	0	0	-1,950
Book value as of 31.12.	**37,672**	**42,542**	**14,955**	**48,433**	**78,950**

Material shares in at equity consolidated companies	2022				
	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	102,110	438,620	92,967	81,526
Expenses	-197	-89,359	-448,247	-44,148	-24,983
Financial result	17,508	14,611	-5,847	-25,264	5,620
Taxes	1,095	-3,287	3,794	-14	-15,430
Result for the period	**18,406**	**24,075**	**-11,679**	**23,541**	**46,733**
Parent company minority interest	0	0	73	0	0
Adjustment item due to protective provisions of the Austrian Non-Profit Housing Act (Wohnungsgemeinnützigkeitsgesetz – WGG)	0	0	0	-23,541	0
Result for the period less non-controlling interests	**18,406**	**24,075**	**-11,606**	**0**	**46,733**
thereof Non-controlling interests	414	7,602	-263	0	1,051
thereof shares of at equity consolidated companies held by shareholders	17,992	16,473	-11,416	0	45,682
Share of result	**4,602**	**7,945**	**-4,246**	**0**	**11,562**
Fixed assets	340,336	147,610	322,049	922,744	375,764
Current assets (incl. other assets)	18,706	863	171,654	23,806	13,768,742
Borrowings	-208,354	-19,558	-440,404	-618,263	-13,832,698
Net assets	**150,688**	**128,915**	**53,300**	**328,287**	**311,808**
thereof Non-controlling interests	3,390	40,705	1,199	92,198	7,016
thereof shares of at equity consolidated companies held by shareholders	147,298	88,210	52,101	236,089	304,792
Share of net assets	**37,672**	**42,542**	**19,495**	**327,542**	**78,950**
Cumulative 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	-279,109	0
Book value of shares in at equity consolidated companies	**37,672**	**42,542**	**14,955**	**48,433**	**78,950**

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	31.12.2022	31.12.2021
in EUR '000		
Loans	1,306,237	1,273,633
Reclassified loans	91,834	106,677
Bonds classified as loans	721,357	775,754
Total loans	**2,119,428**	2,156,064
Other investments	1,248,776	872,227
thereof bank deposits	1,157,148	783,730
thereof deposits on assumed reinsurance business	91,611	88,480
Total	**3,368,204**	3,028,291

Composition of total loans	31.12.2022	31.12.2021
in EUR '000		
Loans	1,306,237	1,273,633
Loans to non-consolidated affiliated companies	53,449	75,424
Loans to participations	51,517	38,699
Mortgage loan	346,035	375,043
Policy loans and prepayments	26,447	17,027
Other loans	828,789	767,440
to public authorities	245,045	220,158
to financial institutions	139,437	148,581
to other commercial borrowers	302,752	396,332
to others	141,555	2,369
Reclassified loans	91,834	106,677
Bonds classified as loans	721,357	775,754
to public authorities	108,750	109,894
to financial institutions	575,440	628,937
to other commercial borrowers	32,667	32,423
Other	4,500	4,500
Total	2,119,428	2,156,064

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 52.78% of the total loans reported.

Development of total loans	2022	2021
in EUR '000		
Acquisition costs	2,165,624	2,574,406
Cumulative valuation as of 31.12. of the previous year	-9,560	-7,522
Book value as of 31.12. of the previous year	2,156,064	2,566,884
Exchange rate differences	2,754	8,100
Book value as of 1.1.	2,158,818	2,574,984
Additions	3,032,855	5,107,968
Disposals	-3,072,450	-5,523,003
Changes in scope of consolidation	12,950	-500
Appreciation	69	115
Impairments	-12,814	-3,500
Book value as of 31.12.	2,119,428	2,156,064
Cumulative valuation as of 31.12.	6,122	9,560
Acquisition costs	2,125,550	2,165,624

Maturity structure of loans	31.12.2022	31.12.2021
in EUR '000		
Loans	1,306,237	1,273,633
up to one year	153,700	130,590
more than one year up to five years	318,282	294,558
more than five years up to ten years	193,523	198,515
more than ten years	640,732	649,970
Bonds classified as loans	721,357	775,754
up to one year	177,576	75,220
more than one year up to five years	250,968	403,088
more than five years up to ten years	165,648	151,921
more than ten years	127,165	145,525

2.4. Other financial assets

Composition	2022	2021
in EUR '000		
Held to maturity (incl. reclassified)	2,434,790	2,557,720
Available for sale	22,915,672	25,849,069
Recognised at fair value through profit and loss*	204,750	247,209
Total	25,555,212	28,653,998

*Including held for trading

Development	Held to maturity (incl. reclassified)		Available for sale	
	2022	2021	2022	2021
in EUR '000				
Acquisition costs	2,559,890	2,457,839		
Cumulative valuation as of 31.12. of the previous year	-2,170	-1,401		
Book value as of 31.12. of the previous year	2,557,720	2,456,438	25,849,069	25,983,431
Exchange rate differences	40,452	85,757	101,320	31,295
Book value as of 1.1.	2,598,172	2,542,195	25,950,389	26,014,726
Reclassifications	0	0	0	15
Additions	217,793	157,435	4,809,358	3,458,437
Disposals/repayments	-380,776	-141,910	-4,208,145	-2,826,541
Changes in scope of consolidation	0	0	592,228	-32,037
Changes recognised directly in equity	0	0	-4,101,681	-745,708
Impairments	-399	0	-126,477	-19,823
Book value as of 31.12.	2,434,790	2,557,720	22,915,672	25,849,069
Cumulative valuation as of 31.12.	1,501	2,170		
Acquisition costs	2,436,291	2,559,890		

The changes recognised directly in equity for the “Financial assets available for sale” category were mainly due to the yield curve.

Composition government bonds* (book value)	Held to maturity (incl. reclassified)		Available for sale	
	31.12.2022	31.12.2021	31.12.2022	31.12.2021
in %				
Austria	0.42	0.35	9.64	12.01
Germany	0.13	0.13	1.77	1.53
Czech Republic	60.49	65.44	7.05	7.51
Slovakia	3.76	3.42	5.41	6.52
Poland	18.49	16.45	12.92	12.05
Romania	0.00	0.00	6.38	5.41
Other countries	16.70	14.21	56.83	54.97

*Government bonds also include bonds issued by supranational organisations, government agencies, federal or constituent states and municipal bonds.

Financial assets held to maturity

Composition	Amortised cost		Fair value	
Financial assets held to maturity	31.12.2022	31.12.2021	31.12.2022	31.12.2021
in EUR '000				
Financial assets held to maturity	2,278,932	2,255,318	2,044,093	2,318,212
Government bonds	2,024,342	1,994,157	1,793,182	2,018,289
Covered bonds	208,469	216,499	208,017	254,259
Corporate bonds	35,366	33,616	32,903	34,371
Bonds from banks	8,700	9,032	8,030	9,291
Subordinated bonds	2,055	2,014	1,961	2,002

Maturity structure	Amortised cost		Fair value	
Financial assets held to maturity	31.12.2022	31.12.2021	31.12.2022	31.12.2021
in EUR '000				
Financial assets held to maturity	2,278,932	2,255,318	2,044,093	2,318,212
up to one year	135,308	222,304	134,083	223,871
more than one year up to five years	803,327	737,539	776,578	762,651
more than five years up to ten years	796,961	798,380	676,748	778,985
more than ten years	543,336	497,095	456,684	552,705

Rating categories	Amortised cost	
Financial assets held to maturity (incl. reclassified)	31.12.2022	31.12.2021
in EUR '000		
AAA	82,774	82,507
AA	1,548,839	1,717,610
A	534,018	491,148
BBB	71,606	87,403
BB and lower	174,646	159,485
No rating	22,907	19,567
Total	2,434,790	2,557,720

Financial assets available for sale

Composition	Fair value	
Financial assets available for sale	31.12.2022	31.12.2021
in EUR '000		
Bonds	20,413,191	22,305,212
Government bonds	9,994,478	10,839,772
Covered bonds	1,189,626	1,258,552
Corporate bonds	4,990,050	6,017,938
Bonds from banks	3,317,431	3,187,044
Subordinated bonds	921,606	1,001,906
Shares and other participations*	613,136	770,933
Investment funds	1,889,345	2,772,924
Equity funds	758,939	1,321,781
Pension funds	715,984	1,035,579
Alternative funds	88,123	47,786
Real estate funds	118,459	129,008
Balanced funds	207,840	238,770
Total	22,915,672	25,849,069

* includes shares in non-consolidated subsidiaries and other participations of EUR 254,714,000 (EUR 279,516,000)

Unrealised gains and losses	31.12.2022			31.12.2021		
Financial assets available for sale	Fair value	Unrealised gains	Unrealised losses	Fair value	Unrealised gains	Unrealised losses
in EUR '000						
Bonds	20,413,191	180,975	-2,328,842	22,305,212	1,924,731	-246,918
Shares and other participations	613,136	106,799	-23,080	770,933	217,417	-12,761
Investment funds	1,889,345	151,517	-177,817	2,772,924	443,825	-31,320
Total	22,915,672	439,291	-2,529,739	25,849,069	2,585,973	-290,999

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	31.12.2022			31.12.2021		
Financial assets available for sale	Gross book value	Impairment	Net book value	Gross book value	Impairment	Net book value
in EUR '000						
Bonds	20,522,884	109,693	20,413,191	22,318,180	12,968	22,305,212
not adjusted	20,289,942	0	20,289,942	22,305,212	0	22,305,212
adjusted	232,942	109,693	123,249	12,968	12,968	0
Shares*	413,492	55,070	358,422	556,289	64,872	491,417
not adjusted	283,214	0	283,214	342,859	0	342,859
adjusted	130,278	55,070	75,208	213,430	64,872	148,558
Investment funds	1,955,913	66,568	1,889,345	2,827,338	54,414	2,772,924
not adjusted	1,809,233	0	1,809,233	2,707,047	0	2,707,047
adjusted	146,680	66,568	80,112	120,291	54,414	65,877
Total	22,892,289	231,331	22,660,958	25,701,807	132,254	25,569,553

*Not including impairment of shares in affiliated companies and other participations

Maturity structure	Fair value	
Financial assets available for sale	31.12.2022	31.12.2021
in EUR '000		
no maturity	2,483,989	3,497,026
up to one year	1,539,677	1,837,784
more than one year up to five years	7,676,855	7,194,473
more than five years up to ten years	6,515,349	7,319,359
more than ten years	4,699,802	6,000,427
Total	22,915,672	25,849,069

Rating categories	Fair value	
Fixed-interest financial assets available for sale	31.12.2022	31.12.2021
in EUR '000		
AAA	2,214,519	2,167,471
AA	4,720,287	5,704,589
A	6,717,167	7,876,611
BBB	5,282,597	5,401,515
BB and lower	1,336,476	898,178
No rating	142,145	256,848
Total	20,413,191	22,305,212

3. FINANCIAL INSTRUMENTS FOR UNIT- AND INDEX-LINKED LIFE INSURANCE

Composition	31.12.2022			31.12.2021
	Unit-linked	Index-linked	Total	Total
in EUR '000				
Investment funds	6,601,708	0	6,601,708	7,404,978
Bonds	0	422,634	422,634	929,771
Shares	0	813	813	940
Bank deposits	131,702	2,857	134,559	179,053
Deposit receivables	10,171	0	10,171	10,948
Net of receivables and liabilities	-5,756	0	-5,756	-359
Total	6,737,825	426,304	7,164,129	8,525,331

Maturity structure	31.12.2022	31.12.2021
in EUR '000		
no maturity	6,737,080	7,584,971
up to one year	31,100	449,380
more than one year up to five years	268,415	220,851
more than five years up to ten years	111,116	254,039
more than ten years	16,418	16,090
Total	7,164,129	8,525,331

4. REINSURERS' SHARE IN UNDERWRITING PROVISIONS

Development	Book value as of 1.1.	Exchange rate differences	Additions	Amount used/released	Changes in scope of consolidation	Book value as of 31.12.2022
in EUR '000						
Provision for unearned premiums	172,273	-19,550	196,581	-85,760	632	264,176
Mathematical reserve	10,725	-206	13,162	-13,722	2,321	12,280
Provision for outstanding claims	1,363,859	-6,698	965,692	-657,737	2,009	1,667,125
Provision for profit-unrelated premium refunds	14,616	189	16,533	-14,679	0	16,659
Other underwriting provisions	3,132	-62	2,340	-3,039	16	2,387
Total	1,564,605	-26,327	1,194,308	-774,937	4,978	1,962,627

Maturity structure	31.12.2022	31.12.2021
in EUR '000		
up to one year	952,689	780,551
more than one year up to five years	540,531	396,372
more than five years up to ten years	237,417	204,841
more than ten years	231,990	182,841
Total	1,962,627	1,564,605

5. RECEIVABLES

Composition	31.12.2022	31.12.2021
in EUR '000		
Underwriting	1,592,074	1,377,531
Receivables from direct insurance business	1,109,974	906,961
from policyholders	800,394	680,569
from insurance intermediaries	168,866	122,391
from insurance companies	140,714	104,001
Receivables from reinsurance business	482,100	470,570
Non-underwriting	749,601	689,657
Other receivables	749,601	689,657
Total	2,341,675	2,067,188

Composition of Other receivables	31.12.2022	31.12.2021
in EUR '000		
Receivables from finance lease	55,918	47,951
Receivables from recourse claims	34,053	34,050
Pro rata and outstanding interest and rent	364,621	350,825
Receivables from tax authority (excl. income tax) and from fees of all kinds	44,113	47,838
Receivables from sales of investments	17,793	10,722
Receivables from property management	23,606	17,914
Receivables from third party claims settlement	25,359	18,486
Receivables from green card deposits and surety	54,776	66,242
Receivables from pre-payments	19,266	16,022
Other receivables	110,096	79,607
thereof receivables from charges for services	29,311	28,647
thereof receivables from charges for pensions	12,646	12,786
Total	749,601	689,657

Maturity structure	31.12.2022			31.12.2021
	Premium receivables due	Non-underwriting	Total	Total
in EUR '000				
up to one year	310,242	643,750	953,992	834,731
more than one year up to five years	18,643	43,312	61,955	65,289
more than five years up to ten years	0	11,264	11,264	17,207
more than ten years	0	51,275	51,275	52,651
Subtotal	328,885	749,601	1,078,486	969,878
Premium receivables not yet due			582,667	469,816
Receivables from reinsurance business			482,100	470,570
Other underwriting receivables			198,422	156,924
Total			2,341,675	2,067,188

The gross receivables are offset by impairments (directly reducing the asset item) of EUR 82,235,000 (EUR 88,909,000) and provisions for cancellations of EUR 16,128,000 (EUR 18,502,000).

Ageing analysis	31.12.2022				
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	209,450	54,209	22,261	78,660	364,580
not adjusted	72,815	31,977	14,014	42,230	161,036
adjusted	136,635	22,232	8,247	36,430	203,544
Non-underwriting receivables	18,533	1,634	2,462	25,258	47,887
not adjusted	15,001	1,168	1,947	5,902	24,018
adjusted	3,532	466	515	19,356	23,869

Ageing analysis	31.12.2021				
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	178,491	46,031	25,387	60,484	310,393
not adjusted	59,390	28,517	17,897	32,750	138,554
adjusted	119,101	17,514	7,490	27,734	171,839
Non-underwriting receivables	16,953	1,295	1,966	23,441	43,655
not adjusted	12,933	751	1,205	8,097	22,986
adjusted	4,020	544	761	15,344	20,669

6. DEFERRED TAXES

The deferred tax assets (DTA) 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	31.12.2022		31.12.2021	
	Assets	Liabilities	Assets	Liabilities
in EUR '000				
Intangible assets	8,011	39,352	19,478	16,386
Right-of-Use Assets	0	39,013	0	56,688
Investments[1]	290,608	106,318	111,944	312,141
Receivables and other assets[2]	55,840	70,321	39,840	57,213
Accumulated losses carried forward	31,551	0	33,081	0
Tax-exempt reserves	0	9,450	0	10,647
Underwriting provisions[3]	461,187	169,799	369,923	154,936
Non-underwriting provisions	52,799	7,272	96,180	4,084
Liabilities and other liabilities[4]	94,084	23,264	91,811	26,829
Sum before valuation allowance	**994,080**	**464,789**	762,257	638,924
Valuation allowance for DTA	-36,820		-30,770	
Total before netting	**957,260**	**464,789**	731,487	638,924
Netting	-387,371	-387,371	-420,040	-420,040
Net balance	**569,889**	**77,418**	311,447	218,884

1 including financial investments for unit- 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- 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 15,041,000 (EUR 17,570,000). 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 asset of EUR 112,470,000 (deferred tax liabilities: EUR 136,875,000). In accordance with IAS 12.39, deferred tax liabilities were not reported for temporary differences from shares in subsidiaries and associated companies since they would not be reversed in the foreseeable future.

The difference between the book value for tax purposes and the IFRS shareholders' equity is EUR 1,425,483,000 (EUR 2,018,859,000). Deferred taxes for undistributed subsidiary profits of EUR 15,666,000 (EUR 16,767,000) were not reported because a decision to distribute the profits had not yet been made.

EUR 26,138,000 (EUR 25,017,000) in deferred taxes on loss carry-forwards were not recognised.

7. OTHER ASSETS

Composition	31.12.2022	31.12.2021
in EUR '000		
Tangible assets* and inventories	139,135	117,455
Other assets	16,294	26,263
Asset-side accruals	243,751	247,175
Total	399,180	390,893

*amount of reported balance sheet value leased: 4.99% (6.42%)

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8. CONSOLIDATED SHAREHOLDERS' EQUITY

The items **share capital** and **other capital reserves** 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 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 entirely owned by VIG Holding.

Detailed information on capital management is provided on page 124.

8.1. 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 twelve members (shareholder representatives). Wiener Städtische Versicherungsverein, which directly and indirectly holds around 72.47% (72.47%) of the share capital, has the right to appoint up to one third of the members of the Supervisory Board if, and as 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 under § 169 Austrian Stock Corporation Act (AktG) to increase the share capital of the Company by a nominal amount of up to EUR 66,443,734.10 by issuing 64,000,000 no-par value bearer or registered shares or a combination of the two in one or more tranches on or before 20 May 2026 against cash or in-kind contributions. The terms of the shares, the exclusion of shareholder pre-emption rights, and other terms and conditions of the share issue are decided by the Managing Board, subject to Supervisory Board approval. Preferred shares without voting rights may also be issued, with rights equivalent to those of existing preferred shares. The issue prices of common and preferred shares may differ.

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

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

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

The General Meeting of 21 May 2021 authorised the Managing Board to acquire bearer ordinary shares in accordance with § 65 (1) no. 8, (1a) and (1b) AktG to the maximum extent permissible by law during a period of 30 months following the date the General Meeting resolution was adopted. The amount paid upon repurchase of the Company's own shares may not be more than a maximum of 50% below, or more than a maximum of 10% above, the average unweighted closing price on the Vienna Stock Exchange on the ten stock exchange trading days preceding the repurchase. The Managing Board may choose to make the purchase on the stock exchange, through a public offer or in any other legally permissible and expedient manner. If the repurchase is performed via a public offer, the end of the calculation period is determined based on the date on which the intention to make a public offer is announced (§ 5 (2) and (3) of the Austrian Takeover Act (Übernahmegesetz)).

The General Meeting of 21 May 2021 authorised the Managing Board for a period of five years from the date of the resolution to use own shares, while excluding shareholder pre-emption rights,

- for servicing convertible bonds issued based on the resolution adopted by the General Meeting of 21 May 2021; and
- for sales in a manner permitted by law other than via the stock market or by means of a public offer. The written report on the reasons for exclusion of shareholder pre-emption rights was submitted to the General Meeting.

The Managing Board has not made use of these authorisations to date. The Group held none of its own shares on the balance sheet date.

8.2. Capital reserves – hybrid capital

Issue date	Outstanding volume	Maturity	Interest	Fair value
	in EUR '000	in years	in %	in EUR '000
10.6.2021	300,000	unlimited	First 10 years: 3.2125% p.a.; thereafter variable	193,830

On 15 March 2021, VIG Holding placed a hybrid capital bond with its principal shareholder, Wiener Städtische Versicherungs-verein, during a private placement. The hybrid capital satisfies the equity capital criteria of IAS 32.16C and .16D, since the issuer can freely decide about the interest payment and the bond does not have a fixed term. It also satisfies the Solvency II requirements for restricted tier 1 instruments and qualifies as capital based on the requirements of the S&P rating agency.

8.3. Other reserves

Composition	31.12.2022					
	Unrealised gains and losses	Cash flow hedge reserve	Actuarial gains and losses from provisions for employee benefits	Share of other reserves of at equity consolidated companies	Currency reserve	Total
in EUR '000						
Gross	-2,090,448	-4	-143,215	-528	-227,492	-2,461,687
+/- Exchange rate changes from financial assets available for sale	8,861					8,861
+/- Deferred profit participation	617,194	0	58,864			676,058
+/- Deferred taxes	296,456	0	18,883			315,339
+/- Non-controlling interests	27,303	2	1,411	32	20,482	49,230
Net	**-1,140,634**	**-2**	**-64,057**	**-496**	**-207,010**	**-1,412,199**

Composition	31.12.2021					
	Unrealised gains and losses	Cash flow hedge reserve	Actuarial gains and losses from provisions for employee benefits	Share of other reserves of at equity consolidated companies	Currency reserve	Total
in EUR '000						
Gross	2,294,974	-38	-367,775	126	-197,696	1,729,591
+/- Exchange rate changes from financial assets available for sale	10,235					10,235
+/- Deferred mathematical reserve	-673,535					-673,535
+/- Deferred profit participation	-883,910	0	115,841			-768,069
+/- Deferred taxes	-179,646	0	61,852			-117,794
+/- Non-controlling interests	-9,835	1	3,158	23	1,877	-4,776
Net	558,283	-37	-186,924	149	-195,819	175,652

8.4. Payout

Payout 2022 for the financial year 2021	Per share	Total
in EUR		
Ordinary shares	1.25	160,000,000

8.5. Proposed appropriation of profits

VIENNA INSURANCE GROUP AG Wiener Versicherung Gruppe (VIG Holding) ended financial year 2022 with a net retained profit of EUR 370,431,503.00. The following appropriation of profits will be proposed in the Annual General Meeting:

The 128 million shares shall receive a dividend of EUR 1.30 per share. The payment date for this dividend will be 1 June 2023, the record date 31 May 2023, and the ex-dividend date 30 May 2023.

A total of EUR 166,400,000.00 will therefore be distributed. The net retained profit of EUR 204,031,503.00 remaining for financial year 2022 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	284,400	30[1]	First 10 years: 5.5% p.a.; thereafter variable	284,613
VIG Holding	2.3.2015	400,000	31[2]	First 11 years: 3.75% p.a.; thereafter variable	379,912
VIG Holding	13.4.2017	200,000	30[3]	First 10 years: 3.75% p.a.; thereafter variable	187,270
VIG Holding	15.6.2022	500,000	20[4]	First 10 years: 4,875% p.a.; thereafter variable	449,006
Donau Versicherung	15.4. + 21.5.2004	9,500	unlimited [5]	4.95% p.a.	9,285
Donau Versicherung	1.7.1999	1,500	unlimited [6]	4.95% p.a.	1,496
Wiener Städtische	1.3.1999	8,250	unlimited [7]	4.90% p.a.	240,050
Wiener Städtische	2.7.2001	16,100	unlimited [8]	6.10% p.a.	8,074
Wiener Städtische	15.11.2003	19,110	unlimited [9]	4.95% p.a.	16,139
Wiener Städtische	30.6.2006	34,700	unlimited [10]	4.75% p.a.	18,781
Wiener Städtische	11.5.2017	250,000	10 [11]	3.50% p.a.	34,133
Kooperativa (Czech Republic)	22.12.2010	22,806	unlimited [12]	5.05% p.a.	21,369
Total		**1,746,366**			**1,650,128**

[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] The right to ordinary and extraordinary cancellation by the holder is excluded. Regular cancellation by the issuer is first allowed after 10 years.
[5] Due to the call, the supplementary capital will be repaid in full in 2025.
[6] Due to the call, the supplementary capital will be repaid in full in 2025.
[7] This can only be cancelled subject to not less than 5 years' notice, unless Austrian insurance regulators agree to repayment being made early. Due to cancellations, EUR 8,250,000 will be repaid starting with 2025.
[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 16,100,000 will be repaid starting with 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 19,110,000 will be repaid between 2023 and 2024.
[10] 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.
[11] The right to ordinary and extraordinary cancellation by the holder is excluded. No provision has been made for regular cancellation by the issuer.
[12] 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 15 June 2022, an early partial repurchase of the subordinated bonds issued on 9 October 2013 was performed. Approximately 43% (EUR 215.6 million) got repurchased. EUR 284.4 million in bonds still outstanding continue to be reported under subordinated liabilities.

The Company issued a subordinated bond with a total nominal value of EUR 400,000,000.00 and a term of 31 years on 2 March 2015. 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.

A EUR 200,000,000.00 subordinated bond was privately placed. The subordinated bond has a term of 30 years and VIG Holding can call it for the first time after 10 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.

A tier 2 subordinated bond with a total nominal value of EUR 500,000,000.00 was placed on 15 June 2022. The subordinated bond has a term of 20 years and VIG Holding can call it for the first time after 10 years. The bond bears initial interest at a fixed rate of 4.875% p.a. and will pay variable interest from 15 June 2032 (including), unless called and repurchased before this date. The bonds are traded on the Vienna Stock Exchange.

10. UNDERWRITING PROVISIONS

Composition	31.12.2022	31.12.2021
in EUR '000		
Provision for unearned premiums	2,232,406	1,863,198
Mathematical reserve	**21,484,398**	21,937,030
Guaranteed policy benefits	20,947,713	20,616,136
Allocated and committed profit shares	536,685	647,359
Deferred mathematical reserve	0	673,535
Provision for outstanding claims	7,984,212	7,082,488
Provision for premium refunds	**224,450**	1,599,710
Profit-related premium refunds	414,143	305,586
Profit-unrelated premium-refunds	89,824	87,560
Deferred profit participation recognised through profit and loss[1]	396,541	438,495
Deferred profit participation recognised directly in equity[1 or 2]	-676,058	768,069
Other underwriting provisions	62,404	63,801
Total	**31,987,870**	32,546,227

[1] The deferred profit participation is solely due to the profit-related premium refunds.

[2] Due to the missing coverage in the undisclosed profit commissions in the profit participation pursuant to the Austrian Insurance Supervision Act (Versicherungsaufsichtsgesetz – VAG), EUR 302,492,000 were not recognised.

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10.1. Provision for unearned premiums

Development	2022	2021
in EUR '000		
Book value as of 31.12. of the previous year	1,863,198	1,711,489
Exchange rate differences	-36,691	-29,592
Book value as of 1.1.	1,826,507	1,681,897
Additions	1,965,769	1,673,061
Amount used/released	-1,603,411	-1,491,760
Changes in scope of consolidation	43,541	0
Book value as of 31.12.	2,232,406	1,863,198

Maturity structure	31.12.2022	31.12.2021
in EUR '000		
up to one year	1,901,764	1,620,528
more than one year up to five years	262,446	209,487
more than five years up to ten years	49,320	25,581
more than ten years	18,876	7,602
Total	2,232,406	1,863,198

10.2. Mathematical reserve

Development	2022	2021
in EUR '000		
Book value as of 31.12. of the previous year	21,937,030	22,243,792
Exchange rate differences	-38,458	81,088
Book value as of 1.1.	21,898,572	22,324,880
Additions	2,357,415	2,149,024
Amount used/released	-3,350,998	-2,678,671
Transfer from provisions for premium refunds	295	141,797
Changes in scope of consolidation	579,114	0
Book value as of 31.12.	21,484,398	21,937,030

Maturity structure	31.12.2022	31.12.2021
in EUR '000		
up to one year	1,531,178	1,541,997
more than one year up to five years	4,837,750	5,299,718
more than five years up to ten years	3,889,059	3,850,476
more than ten years	11,226,411	11,244,839
Total	21,484,398	21,937,030

10.3. Provision for outstanding claims

Development	2022	2021
in EUR '000		
Book value as of 31.12. of the previous year	7,082,488	6,345,913
Exchange rate differences	-18,712	12,595
Book value as of 1.1.	7,063,776	6,358,508
Changes in scope of consolidation	74,468	0
Additions of provision for outstanding claims	5,931,877	5,217,594
for claims paid occurred in the reporting period	5,234,520	4,493,352
for claims paid occurred in previous periods	697,357	724,242
Use/release of provision	-5,085,909	-4,493,529
for claims paid occurred in the reporting period	-2,960,354	-2,505,507
for claims paid occurred in previous periods	-2,125,555	-1,988,022
Other changes	0	-85
Book value as of 31.12.	7,984,212	7,082,488

Maturity structure	31.12.2022	31.12.2021
in EUR '000		
up to one year	3,544,453	3,178,391
more than one year up to five years	2,547,999	2,208,485
more than five years up to ten years	1,027,287	925,165
more than ten years	864,473	770,447
Total	7,984,212	7,082,488

EUR 127,097,000 (EUR 126,769,000) in recourse claims were 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 121.

10.4. Provision for premium refunds

Development	2022	2021
in EUR '000		
Provision for premium refunds		
Book value as of 31.12. of the previous year	393,146	393,873
Exchange rate differences	2,636	3,248
Book value as of 1.1.	395,782	397,121
Additions	1,591,353	427,892
Amount used/released	-1,483,091	-290,070
Changes in scope of consolidation	218	0
Transfer to mathematical reserve	-295	-141,797
Book value as of 31.12.	503,967	393,146
Deferred profit participation		
Book value as of 31.12. of the previous year	1,206,564	1,477,543
Exchange rate differences	2,447	0
Book value as of 1.1.	1,209,011	1,477,543
Changes in scope of consolidation	-50,495	0
Unrealised gains and losses on financial assets available for sale	-1,501,104	-323,279
Actuarial gains and losses from provisions for employee benefits	56,977	14,515
Revaluations recognised through profit and loss	6,094	37,785
Book value as of 31.12.	-279,517	1,206,564
Provision for premium refunds incl. deferred profit participation	224,450	1,599,710

10.5. Other underwriting provisions

Development	2022	2021
in EUR '000		
Book value as of 31.12. of the previous year	63,801	57,445
Exchange rate differences	-716	-42
Book value as of 1.1.	63,085	57,403
Additions	16,148	25,252
Amount used/released	-18,303	-18,854
Changes in scope of consolidation	1,474	0
Book value as of 31.12.	62,404	63,801

Other underwriting provisions are primarily a provision for guaranteed interest for the PAC Doverie in Bulgaria and the provision for cancellations.

Maturity structure	31.12.2022	31.12.2021
in EUR '000		
up to one year	22,700	20,666
more than one year up to five years	9,492	11,268
more than five years up to ten years	1,668	1,381
more than ten years	28,544	30,486
Total	62,404	63,801

11. UNDERWRITING PROVISIONS FOR UNIT- AND INDEX-LINKED LIFE INSURANCE

Composition	31.12.2022	31.12.2021
in EUR '000		
Unit-linked life insurance	6,499,930	7,302,876
Index-linked life insurance	402,780	885,917
Total	6,902,710	8,188,793

Development	2022	2021
in EUR '000		
Book value as of 31.12. of the previous year	8,188,793	7,617,216
Exchange rate differences	-15,184	42,741
Book value as of 1.1.	8,173,609	7,659,957
Additions	950,206	1,624,302
Amount used/released	-2,401,732	-1,095,466
Changes in scope of consolidation	180,627	0
Book value as of 31.12.	6,902,710	8,188,793

Maturity structure	31.12.2022	31.12.2021
in EUR '000		
up to one year	269,432	728,456
more than one year up to five years	1,243,196	1,202,133
more than five years up to ten years	979,990	1,183,717
more than ten years	4,410,092	5,074,487
Total	6,902,710	8,188,793

12. NON-UNDERWRITING PROVISIONS

Composition	31.12.2022	31.12.2021
in EUR '000		
Provisions for pensions and similar obligations	314,119	539,249
Provision for pension obligations	214,244	436,191
Provision for severance obligations	99,875	103,058
Provisions for other employee benefits	59,848	57,256
Other non-underwriting provisions	323,738	293,684
Total	697,705	890,189

Provision for pension obligations

Development of DBO	2022	2021
in EUR '000		
Present value of the obligations (DBO) as of 31.12. of the previous year	828,764	894,169
Exchange rate differences	-186	-7
Present value of the obligations (DBO) as of 1.1.	828,578	894,162
Current service costs	12,094	13,755
Past service costs	55	8
Interest expense	8,120	6,561
Remeasurement	-224,429	-53,829
Actuarial gain/loss demographic	19	-1
Actuarial gain/loss financial	-210,521	-42,770
Experience adjustment	-13,927	-11,058
Settlement payments	2	-1
Benefits paid	-31,362	-30,843
Changes in scope of consolidation	1,050	-1,049
Present value of the obligations (DBO) as of 31.12.	594,108	828,764
thereof active personnel	144,668	254,349
thereof DBO retirees	449,440	574,415

Development of plan assets	2022	2021
in EUR '000		
Plan assets as of 31.12. of the previous year	392,573	408,549
Plan assets as of 1.1.	392,573	408,549
Interest income	3,844	3,007
Remeasurement	-187	-325
Net return on assets	-187	-325
Contributions*	10,344	7,930
Benefits paid	-26,710	-26,588
Plan assets as of 31.12.	379,864	392,573

*The contributions shown were paid in full by the employers.

Development of provision	2022	2021
in EUR '000		
Book value as of 31.12. of the previous year	436,191	485,620
Exchange rate differences	-186	-7
Book value as of 1.1.	436,005	485,613
Current service costs	12,094	13,755
Past service costs	55	8
Interest expense	4,276	3,554
Remeasurement	-224,242	-53,504
Net return on assets	187	325
Actuarial gain/loss demographic	19	-1
Actuarial gain/loss financial	-210,521	-42,770
Experience adjustment	-13,927	-11,058
Contributions*	-10,344	-7,930
Settlement payments	2	-1
Benefits paid	-4,652	-4,255
Changes in scope of consolidation	1,050	-1,049
Book value as of 31.12.	214,244	436,191

*The contributions shown were paid in full by the employers.

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	31.12.2022	31.12.2021
in %		
Wiener Städtische and VIG Holding	100.00	100.00
Fixed-interest securities	95.46	92.93
Loans	1.40	1.47
Bank deposits	1.37	3.74
Shares, supplementary capital, profit participation rights, participation capital	1.77	1.86
Donau Versicherung	100.00	100.00
Fixed-interest securities	97.04	99.92
Bank deposits	2.96	0.08

The asset allocation of the actuarial reserve for occupational group insurance is structured according to the maturity of the liabilities. Pension contributions are expected to be EUR 22,110,000 in financial year 2023 (ACTUAL in 2022: EUR 10,344,000 incl. transfers).

Pension sensitivity analysis	Variation	DBO	Change
	in %	in EUR '000	in %
Base parameters		583,746	
Interest rate	+0.5	551,285	-5.56
	-0.5	619,671	6.15
Future salary increases	+0.5	587,475	0.64
	-0.5	580,286	-0.59
Future pension increases	+0.5	615,956	5.52
	-0.5	554,076	-5.08
Employee turnover	+2.5	567,478	-2.79
	-2.5	584,930	0.20
Mortality	+5.0	574,340	-1.61
	-5.0	592,810	1.55

13. LIABILITIES EXCL. SUBORDINATED LIABILITIES

Composition	31.12.2022	31.12.2021
in EUR '000		
Underwriting	1,336,601	1,166,270
Liabilities from direct business	1,098,200	1,008,912
to policyholders	543,931	562,792
to insurance intermediaries	325,630	269,732
to insurance companies	228,639	176,388
Liabilities from reinsurance business	215,288	133,544
Deposits from ceded reinsurance business	23,113	23,814
Non-underwriting	1,851,774	1,734,010
Liabilities to financial institutions	343,898	351,087
Other liabilities	1,507,876	1,382,923
Total	3,188,375	2,900,280

Composition of Other liabilities	31.12.2022	31.12.2021
in EUR '000		
Tax liabilities (excl. income taxes), levies and fees	116,432	96,683
Liabilities for social security	23,158	21,949
Property management, building contract and property transfer liabilities	24,870	16,821
Personnel-related liabilities	172,174	153,998
Liabilities for unpaid incoming invoices	142,771	126,598
Interest payable for subordinated liabilities	42,914	32,313
Lease liabilities	183,126	181,048
Liabilities from sureties	66,231	59,816
Financing liabilities*	594,958	597,319
Other liabilities	141,242	96,378
Total	1,507,876	1,382,923

*Includes derivative liabilities and other financing liabilities

Maturity structure	31.12.2022			31.12.2021
	Underwriting	Non-underwriting	Total	Total
in EUR '000				
up to one year	1,273,123	961,093	2,234,216	1,912,783
more than one year up to five years	39,752	207,549	247,301	295,545
more than five years up to ten years	17,745	87,558	105,303	92,351
more than ten years	5,981	595,574	601,555	599,601
Total	1,336,601	1,851,774	3,188,375	2,900,280

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 claims	31.12.2022	31.12.2021
in EUR '000		
Contingent receivables	9,082	314

The increase in contingent receivables is due to a bank guarantee granted.

Off-balance sheet commitments	31.12.2022	31.12.2021
in EUR '000		
Liabilities and assumed liabilities	0	750

NOTES TO THE CONSOLIDATED INCOME STATEMENT

15. PREMIUMS WRITTEN – GROSS

Composition	2022						
	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	337,099	340,237	1,592,050	1,206,922	182,067	480,009	4,138,384
Czech Republic	327,324	389,016	632,102	721,013	28,019	24,647	2,122,121
Poland	200,604	307,037	498,626	165,049	142,972	38,593	1,352,881
Extended CEE	673,547	809,842	830,881	647,191	423,245	208,538	3,593,244
Special Markets	88,788	90,099	334,760	199,900	83,853	48,787	846,187
Group Functions	0	0	2,223,272	40,176	0	34,377	2,297,825
Subtotal	**1,627,362**	**1,936,231**	**6,111,691**	**2,980,251**	**860,156**	**834,951**	**14,350,642**
Consolidation							-1,791,400
Total							**12,559,242**

Composition	2021						
	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	316,921	327,699	1,499,767	1,208,158	228,008	467,890	4,048,443
Czech Republic	279,235	349,310	526,050	659,140	30,204	21,000	1,864,939
Poland	192,220	310,739	444,957	166,804	135,654	29,417	1,279,791
Extended CEE	566,526	584,560	621,151	527,891	423,819	162,786	2,886,733
Special Markets	47,251	39,958	270,776	88,844	50,900	33,957	531,686
Group Functions	0	0	1,904,412	32,535	0	28,070	1,965,017
Subtotal	1,402,153	1,612,266	5,267,113	2,683,372	868,585	743,120	12,576,609
Consolidation							-1,574,043
Total							11,002,566

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

Composition	Austria		Czech Republic		Poland		Extended CEE	
	2022	2021	2022	2021	2022	2021	2022	2021
in EUR '000								
Current income	659,111	646,176	94,030	73,422	37,889	23,216	151,514	115,924
Appreciation	1,729	1,517	1,543	4,461	491	1,503	7,674	5,526
thereof reversal of impairment	0	0	0	0	0	0	337	334
Gains from disposal	138,750	55,039	22,250	17,918	143	9,351	13,320	19,536
Other income	60,188	59,812	7,064	10,066	6,652	7,544	41,412	29,495
Total income	859,778	762,544	124,887	105,867	45,175	41,614	213,920	170,481
Depreciation	169,185	56,411	4,776	4,950	3,234	5,911	29,460	9,062
thereof impairment	112,555	6,635	37	916	0	4,000	7,514	228
Exchange rate differences	0	-127	287	2,280	-248	145	-8,739	1,596
Losses from disposal	26,028	10,702	28,743	11,235	1,192	804	26,204	1,066
Interest expenses	50,647	55,792	15,415	5,034	13,098	1,487	14,289	5,489
Interest expenses for personnel provisions	4,486	3,632	0	0	0	0	0	0
Interest expenses for liabilities to financial institutions	1,899	2,159	0	0	0	0	4	0
Interest expenses for financing liabilities	840	978	0	0	0	0	350	221
Interest expenses for subordinate liabilities	35,989	35,966	1,131	1,083	612	39	3,097	893
Interest expenses for lease liabilities	1,564	1,772	993	774	174	118	751	714
Other interest expenses	5,869	11,285	13,291	3,177	12,312	1,330	10,087	3,661
Other expenses	57,236	59,665	8,064	11,389	8,350	9,321	24,520	23,179
Managed portfolio fees	4,520	4,367	1,416	1,394	1,838	3,494	1,317	1,212
Asset management expenses	52,133	54,880	3,616	2,848	4,732	4,579	21,299	21,331
Other expenses	583	418	3,032	7,147	1,780	1,248	1,904	636
Total expenses	303,096	182,443	57,285	34,888	25,626	17,668	85,734	40,392

Composition	Special Markets		Group Functions		Consolidation		Total	
	2022	2021	2022	2021	2022	2021	2022	2021
in EUR '000								
Current income	57,991	34,270	121,635	82,411	-88,513	-60,453	1,033,657	914,966
Appreciation	7	66	0	3,100	0	0	11,444	16,173
thereof reversal of impairment	7	66	0	3,100	0	0	344	3,500
Gains from disposal	661	595	6,303	8,745	0	0	181,427	111,184
Other income	485	654	17,565	10,633	-433	-1,007	132,933	117,197
Total income	59,144	35,585	145,503	104,889	-88,946	-61,460	1,359,461	1,159,520
Depreciation	2,725	546	46,137	27,403	0	0	255,517	104,283
thereof impairment	2,179	33	17,682	13,200	0	0	139,967	25,012
Exchange rate differences	-99,491	-2,851	943	6,193	-193	-163	-107,441	7,073
Losses from disposal	560	97	17,278	11,829	0	0	100,005	35,733
Interest expenses	887	221	91,377	90,653	-83,835	-56,125	101,878	102,551
Interest expenses for personnel provisions	0	0	704	520	0	0	5,190	4,152
Interest expenses for liabilities to financial institutions	0	0	3,146	3,276	0	0	5,049	5,435
Interest expenses for financing liabilities	32	54	26,794	30,090	-21,445	-25,597	6,571	5,746
Interest expenses for subordinate liabilities	0	0	56,894	50,000	-24,735	-22,432	72,988	65,549
Interest expenses for lease liabilities	316	56	87	47	-465	-341	3,420	3,140
Other interest expenses	539	111	3,752	6,720	-37,190	-7,755	8,660	18,529
Other expenses	1,919	1,931	130,826	198,413	-360	-1,036	230,555	302,862
Managed portfolio fees	0	0	0	0	0	0	9,091	10,467
Asset management expenses	1,856	1,800	104,634	157,466	0	0	188,270	242,904
Other expenses	63	131	26,192	40,947	-360	-1,036	33,194	49,491
Total expenses	-93,400	-56	286,561	334,491	-84,388	-57,324	580,514	552,502

Information on operating expenses for investment property is provided in Note 2.1. Property on page 128.

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Composition	2022			2021		
Income	Current income	Appreciation	Gains from disposal	Current income	Appreciation	Gains from disposal
in EUR '000						
Property	113,854	275	4,479	101,972	3,385	4,470
Loans	**80,281**	**69**	**231**	77,326	115	9,147
Loans	44,441	69	1	41,243	115	9,138
Reclassified loans	4,409	0	202	7,775	0	0
Bonds classified as loans	31,431	0	28	28,308	0	9
Financial assets held to maturity – bonds	69,715	0	1,426	67,227	0	9
Financial assets reclassified as held to maturity – bonds	12,039	0	0	14,091	0	0
Financial assets available for sale	**683,887**	**0**	**159,729**	605,638	0	86,419
Bonds	591,328	0	54,949	534,566	0	39,665
Shares and other participations	46,771	0	31,989	22,713	0	21,773
thereof participations	27,147	0	162	9,024	0	2,117
Investment funds	45,788	0	72,791	48,359	0	24,981
Financial assets recognised at fair value through profit and loss*	3,379	11,100	15,539	3,241	12,673	9,986
Other investments	27,712	0	23	20,973	0	1,153
Unit- and index-linked life insurance	42,790	0	0	24,498	0	0
Total	1,033,657	11,444	181,427	914,966	16,173	111,184

*Including held for trading

EUR 286,254,000 (EUR 75,060,000) of financial assets available for sale were reclassified from shareholders' equity to the income statement in the current reporting period.

Composition	2022			2021		
Expenses	Depreciation	Exchange rate differences	Losses from disposal	Depreciation	Exchange rate differences	Losses from disposal
in EUR '000						
Property	90,616	0	97	73,413	0	30
Loans	**12,814**	**143**	**620**	3,500	188	183
Loans	814	-17	500	3,500	-24	9
Reclassified loans	0	0	0	0	0	174
Bonds classified as loans	12,000	160	120	0	212	0
Financial assets held to maturity – bonds	399	-1,055	0	0	827	3
Financial assets reclassified as held to maturity – bonds	0	17	87	0	46	0
Financial assets available for sale	**126,478**	**-106,216**	**70,993**	19,824	3,367	19,440
Bonds	100,927	-105,796	45,444	0	2,696	4,843
Shares and other participations	10,477	115	4,093	19,461	202	3,697
Investment funds	15,074	-535	21,456	363	469	10,900
Financial assets recognised at fair value through profit and loss*	25,210	1,758	27,543	7,546	2,280	13,449
Other investments	0	-2,088	665	0	365	2,628
Total	255,517	-107,441	100,005	104,283	7,073	35,733

*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	2022	2021
in EUR '000		
Income	18,287	24,872
Current result	18,287	24,872

18. OTHER INCOME AND EXPENSES

Composition	2022	2021
in EUR '000		
Other income	185,859	165,789
Underwriting	94,328	100,649
Non-underwriting	91,531	65,140
Other expenses	421,480	317,902
Underwriting	325,108	219,804
Non-underwriting	96,372	98,098

Details of other expenses	2022	2021
in EUR '000		
Other expenses	421,480	317,902
thereof creation of allowances for receivables and receivable write-offs	61,586	39,858
thereof write-downs of insurance portfolio and customer base	30,210	8,677
thereof brokering expenses	2,205	2,037
thereof underwriting taxes	120,289	48,754
thereof exchange rate losses	47,277	43,997
thereof expenses related to leases	27,688	28,584
thereof other contributions and fees	19,023	14,191
thereof expenses for government-imposed contributions	27,216	27,038
thereof creation of other provisions	18,256	30,575

The increase in underwriting taxes is predominantly due to the additional insurance tax in Hungary. Details are listed on page 83.

19. EXPENSES FOR CLAIMS AND INSURANCE BENEFITS – RETENTION

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.

Composition	2022	2021
in EUR '000		
Expenses for claims and insurance benefits – gross	8,951,798	8,081,691
Payments for claims and insurance benefits	8,701,691	7,754,860
Changes in the provision for outstanding claims	847,376	712,195
Change in mathematical reserve	-824,453	-537,988
Change in other underwriting provisions	-1,560	3,012
Expenses for profit-related and profit-unrelated premium refunds	228,744	149,612
Expenses for claims and insurance benefits – reinsurers´ share	-1,039,762	-945,130
Payments for claims and insurance benefits	-661,135	-545,920
Changes in the provision for outstanding claims	-351,738	-373,713
Change in mathematical reserve	-14	-520
Change in other underwriting provisions	681	1,763
Expenses for profit-unrelated premium refunds	-27,556	-26,740
Expenses for claims and insurance benefits – retention	7,912,036	7,136,561
Payments for claims and insurance benefits	8,040,556	7,208,940
Changes in the provision for outstanding claims	495,638	338,482
Change in mathematical reserve	-824,467	-538,508
Change in other underwriting provisions	-879	4,775
Expenses for profit-related and profit-unrelated premium refunds	201,188	122,872

20. 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 reinsurance cessions. It therefore includes VIG Insurance Group personnel and materials expenses allocated according to the origin principle.

Composition	2022	2021
in EUR '000		
Acquisition expenses	2,560,636	2,211,125
Commission expenses*	1,861,517	1,573,075
Pro rata personnel expenses	417,303	377,940
Pro rata material expenses	281,816	260,110
Administrative expenses	578,992	510,949
Pro rata personnel expenses	272,535	237,997
Pro rata material expenses	306,457	272,952
Reinsurance commissions	-209,163	-185,246
Total	2,930,465	2,536,828

*Includes commissions of EUR 1,802,169,000 (EUR 1,481,503,000) for direct insurance business

21. TAXES

Composition	2022	2021
in EUR '000		
Actual taxes	**88,538**	270,566
from the current period	78,616	263,908
from previous periods	9,922	6,658
Deferred taxes	**9,593**	-147,227
Change of deferred taxes in the current year	10,621	-131,532
Deferred taxes due to temporary differences relating to other periods	206	-12,467
Deferred taxes due to loss carry forwards relating to other periods	-1,234	-3,228
Total	**98,131**	123,339

Reconciliation	2022	2021
in EUR '000		
Expected tax rate in %	25.0%	25.0%
Result before taxes	562,422	511,333
Expected tax expenses	**140,606**	127,833
Adjusted for tax effects due to:		
Different local tax rate	-28,412	-41,668
Change of tax rates	-2,788	476
Non-deductible expenses	95,793	110,625
Income not subject to tax	-97,196	-93,774
Taxes from previous years	8,894	-9,037
Non-recognition/reduction of deferred tax assets due to temporary differences	5,675	1,936
Non-recognition/reduction of deferred tax assets due to loss carry forwards	5,160	3,355
Effects due to group taxation/profit transfers	458	3,859
Tax effects due to deferred profit participation	-44,208	9,421
Others	14,149	10,313
Effective tax expenses	**98,131**	123,339
Effective tax rate in %	17.4%	24.1%

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

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

22. EARNINGS PER SHARE

Earnings per share		2022	2021
Result for the period	EUR '000	464,291	387,994
Non-controlling interests in net result for the period	EUR '000	1,650	-12,264
Result for the period less non-controlling interests	**EUR '000**	**465,941**	375,730
Interest expenses for hybrid capital	EUR '000	7,469	0
Attributable result	**EUR '000**	**458,472**	375,730
Number of shares at closing date	units	128,000,000	128,000,000
Earnings per share*	**EUR**	**3.58**	2.94

*The calculation of these figures considers the interest expenses for hybrid capital. The undiluted earnings per share equals the diluted earnings per share.

Consolidated financial statements

23. LIABILITIES FROM FINANCING ACTIVITIES

Development	31.12.2022			
	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	1,493,599	351,087	181,048	594,632
Cash changes	223,687	-12,599	-34,244	-6,915
Cash inflows	500,000	55,007	0	13,000
Payments	-215,600	-63,117	-34,244	-13,714
Interest paid	-60,713	-4,489	0	-6,201
Non-cash changes	71,995	5,410	36,322	5,181
Additions	71,327	5,410	34,736	6,567
Disposals	0	0	-20	-981
Changes in scope of consolidation	0	0	203	1,436
Reclassifications	0	0	0	-1,823
Measurement changes	0	0	0	-19
Exchange rate differences	668	0	1,403	1
Book value as of 31.12.	1,789,281	343,898	183,126	592,898

1 The interest payable for subordinated liabilities is included in other liabilities.
2 Contains derivative liabilities from financing liabilities and other financing liabilities

Development	31.12.2021			
	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	1,496,361	325,267	189,762	102,204
Cash changes	-68,341	19,596	-28,535	486,944
Cash inflows	0	35,000	0	488,000
Payments	-3,790	-10,733	-28,535	-33
Interest paid	-64,551	-4,671	0	-1,023
Non-cash changes	65,579	6,224	19,821	5,484
Additions	64,431	6,221	16,093	5,741
Disposals	0	0	-17	-260
Changes in scope of consolidation	0	0	828	0
Measurement changes	0	0	0	2
Exchange rate differences	1,148	3	2,917	1
Book value as of 31.12.	1,493,599	351,087	181,048	594,632

1 The interest payable for subordinated liabilities is included in other liabilities.
2 Contains derivative liabilities from financing liabilities and other financing liabilities

24. FINANCIAL INSTRUMENTS AND FAIR VALUE MEASUREMENT HIERARCHY

Fair values and book values of financial instruments and investments	31.12.2022				
	Book value	Level 1	Level 2	Level 3	Fair value
in EUR '000					
Property	3,128,977	0	83,589	5,041,467	5,125,056
Owner-occupied property	483,345	0	39,007	820,867	859,874
Investment property	2,645,632	0	44,582	4,220,600	4,265,182
Shares in at equity consolidated companies	287,960				
Loans	2,119,428	188,803	1,750,389	46,392	1,985,584
Loans	1,306,237	140,612	994,247	28,485	1,163,344
Reclassified loans	91,834	29,262	69,354	0	98,616
Bonds classified as loans	721,357	18,929	686,788	17,907	723,624
Other financial assets	25,555,212	20,665,567	3,776,220	874,407	25,316,194
Financial assets held to maturity	2,278,932	1,566,204	466,374	11,515	2,044,093
Financial assets reclassified as held to maturity	155,858	141,504	10,175	0	151,679
Financial assets available for sale	22,915,672	18,847,253	3,264,597	803,822	22,915,672
Financial assets recognised at fair value through profit and loss[1]	204,750	110,606	35,074	59,070	204,750
Other investments	1,248,776				1,248,776
Financial investments for unit- and index-linked life insurance	7,164,129	7,164,129			7,164,129
Subordinated liabilities	1,746,366	0	1,628,759	21,369	1,650,128
Liabilities to financial institutions	343,898				343,898
Financing liabilities[2]	592,898	0	320,939	101,154	422,093

[1] including held for trading
[2] Not including derivative liabilities

Fair values and book values of financial instruments and investments	31.12.2021				
	Book value	Level 1	Level 2	Level 3	Fair value
in EUR '000					
Property	2,850,588	0	64,483	4,617,616	4,682,099
Owner-occupied property	472,303	0	26,866	788,603	815,469
Investment property	2,378,285	0	37,617	3,829,013	3,866,630
Shares in at equity consolidated companies	276,913				
Loans	2,156,064	58,403	2,280,842	40,412	2,379,657
Loans	1,273,633	0	1,322,849	26,155	1,349,004
Reclassified loans	106,677	33,681	92,792	0	126,473
Bonds classified as loans	775,754	24,722	865,201	14,257	904,180
Other financial assets	28,653,998	23,486,989	4,427,171	838,085	28,752,245
Financial assets held to maturity	2,255,318	1,767,514	541,052	9,646	2,318,212
Financial assets reclassified as held to maturity	302,402	327,417	10,338	0	337,755
Financial assets available for sale	25,849,069	21,260,626	3,829,911	758,532	25,849,069
Financial assets recognised at fair value through profit and loss[1]	247,209	131,432	45,870	69,907	247,209
Other investments	872,227				872,227
Financial investments for unit- and index-linked life insurance	8,525,331	8,525,331			8,525,331
Subordinated liabilities	1,461,286	0	1,586,047	21,199	1,607,246
Liabilities to financial institutions	351,087				351,087
Financing liabilities[2]	594,614	0	487,493	102,870	590,363

[1] including held for trading
[2] Not including derivative liabilities

Information on the nature and extent of risks arising from financial instruments is provided in the Financial instruments and risk management section on page 99.

Property (fair values)	31.12.2022	31.12.2021
in EUR '000		
Owner-occupied property	859,874	815,469
evaluated by an independent expert	394,979	348,034
evaluated by an internal expert	464,895	467,435
Investment property	4,265,182	3,866,630
evaluated by an independent expert*	1,017,714	916,684
evaluated by an internal expert	3,247,468	2,949,946

*This corresponds to 23.86% (23.71%) 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- 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 capitalised earnings method and discounted cash flow method are the main valuation methods used in VIG Insurance Group to calculate the fair value of properties.

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, a 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 structural facility. This is added to the land value to calculate the total capitalised earnings value of the property.

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.

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 the recognition of the corresponding income or expense in the income statement.

Certain investments whose fair value is normally not repeatedly measured are measured once 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 154 or Note 18. Other income and expenses on page 157.

Measurement hierarchy – Financial instruments recognised at fair value

Measurement hierarchy	31.12.2022			31.12.2021		
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	18,847,253	3,264,597	803,822	21,260,626	3,829,911	758,532
Bonds	16,932,167	3,212,277	268,747	18,334,752	3,721,353	249,107
Shares and other participations	292,941	7,779	312,416	425,500	4,427	341,006
Investment funds	1,622,145	44,541	222,659	2,500,374	104,131	168,419
Financial investments for unit- and index-linked life insurance	7,164,129			8,525,331		

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 -345,000 during the reporting year (EUR -578,000).

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. For example, a reclassification is performed, 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 frequently changes, with corresponding changes on the liquidity. A similar example is when shares are included in (or removed from) an index that acts as a benchmark for many funds. In this case, the classification can also change. As a result of the decentralised structure of VIG Insurance Group, 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.

Reclassification financial instruments	2022				
	Between Level 1 and Level 2	Level 3 to Level 1	Level 1 to Level 3	Level 3 to Level 2	Level 2 to Level 3
Number					
Financial assets available for sale	33	1	31	1	11

The reclassifications between Level 1 and Level 2 are due to changes in liquidity, trading frequency and trading activity. The reclassification from Level 3 to Level 1 is based on improvements in trading activity. The reclassifications from Level 1 to Level 3 are primarily based on a worsening of the credit quality or liquidity or on a change in liquidity as part of the sanctions against Russia. The reclassifications from Level 2 to Level 3 are primarily related to a worsening of credit quality or liquidity.

Reclassification financial instruments	2021				
	Between Level 1 and Level 2	Level 3 to Level 1	Level 1 to Level 3	Level 3 to Level 2	Level 2 to Level 3
Number					
Financial assets available for sale	65	3	1	4	20

Unobservable input factors

Asset class	Measurement methods	Unob-servable input factors	Range	2022		2021	
				from	to	from	to
Property	Capitalised earnings value	Capitalisation rate	in %	0.30	7.47	1.00	7.50
		Rental income	in EUR '000	7	3,999	3	3,765
		Land price	in EUR '000	0	12	0	11
	Discounted Cash flow	Capitalisation rate	in %	3.56	8.26	3.56	8.03
		Rental income	in EUR '000	102	5,699	96.56	6,913
	Building rights – capitalised earnings value	Capitalisation rate	in %	2.5	4	2.5	4
		Rental income	in EUR '000	83	4,378	76.75	4,377
		Land prices	in EUR '000	0.3	0.73	0.25	0.73
		Construction interest actually paid	in %	0.9	5.7	0.2	5.7
Financial assets available for sale	Present value method	Spreads	in %	-0.52	11.00	-0.13	4.13

Sensitivities

With respect to the value of the share 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 as a result, the sensitivity to this factor is of particular interest.

The most important bonds measured using a Level 3 method in the "Financial instruments available for sale" category are held by the Austrian and Polish Group companies and show the following sensitivities:

Financial assets available for sale – bonds	Fair Value
in EUR '000	
Fair value at 31.12.2022	268,747
Spread +50bp	-3,234
Effect on the statement of comprehensive income	-3,234

The following sensitivities result for a part of the portfolio from calculations using the Solvency II partial internal model:

Property	Fair Value
in EUR '000	
Fair value at 31.12.2022	4,450,470
Rental income -5%	4,282,453
Rental income +5%	4,626,321
Capitalisation rate -50bp	4,758,678
Capitalisation rate +50bp	4,197,701
Land prices -5%	4,420,314
Land prices +5%	4,487,852

Since property is measured at cost, negative sensitivities would only affect profit or loss if property value fell below book value. Other comprehensive income is therefore unaffected.

Financial instruments reconciliation

Development	2022			2021		
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	21,260,626	3,829,911	758,532	21,517,902	3,806,396	659,133
Exchange rate differences	99,058	2,118	144	23,856	7,257	182
Fair value at 1.1.	21,359,684	3,832,029	758,676	21,541,758	3,813,653	659,315
Reclassification between securities categories	0	0	0	0	0	15
Reclassification to Level	40,253	21,802	196,599	9,421	65,879	50,951
Reclassification from Level	-207,587	-47,205	-3,862	-93,988	-20,560	-11,703
Additions	4,032,490	640,775	136,093	2,640,362	625,106	192,969
Disposals	-3,576,183	-550,474	-81,488	-2,199,866	-530,097	-96,578
Changes in scope of consolidation	645,218	18,243	-71,233	0	0	-32,037
Changes in value recognised in profit and loss	0	0	0	0	0	0
Changes recognised directly in equity	-3,411,639	-649,444	-40,598	-637,023	-123,926	15,241
Impairments	-34,983	-1,129	-90,365	-38	-144	-19,641
Fair value at 31.12.	18,847,253	3,264,597	803,822	21,260,626	3,829,911	758,532

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 154.

25. NUMBER OF EMPLOYEES AND PERSONNEL EXPENSES

Number of employees	2022	2021
Number		
Sales representatives	14,797	13,142
Office staff	14,035	12,542
Total	28,832	25,684

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

Personnel expenses	2022	2021
in EUR '000		
Wages and salaries	695,669	624,170
Expenses for severance benefits and payments to company pension plans	7,218	8,624
Expenses for retirement provisions	17,538	18,970
Mandatory social security contributions and expenses	190,522	171,955
Other social security expenses	27,893	22,619
Total	**938,840**	846,338
thereof sales representatives	411,189	378,722
thereof office staff	527,651	467,616

26. AUDITING FEES AND AUDITING SERVICES

KPMG Austria GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft (KPMG Austria GmbH) was the auditor of these consolidated financial statements. The following expenses were recognised during the financial year for services provided by KPMG Austria GmbH and the Austrian member firms (KPMG Austria-wide):

Composition	2022			2021
	KPMG Austria wide	KPMG Austria GmbH*	Total	Total
in EUR '000				
Audit of consolidated financial statements	0	745	745	265
Audit of parent company financial statements	0	62	62	59
Other audit services	273	718	991	423
Tax advisory fees	3	0	3	9
Fees for audit-related services	40	136	176	608
Total	**316**	**1,661**	**1,977**	1,364

*Reference is made to the decision of the supervisory authority for financial statement auditors dated 14 April 2022 and to the amending decision dated 20 April 2022, which sets out the release of KPMG Austria GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft as auditor of VIG from its requirements pursuant to Art. 4 (2) (1) Regulation EU No. 537/2014. The decision was issued in connection with the review of an annual financial statement as of 31 March 2022, which became necessary as a result of a bond issuance, and the associated payments.

27. MEMBERS OF MANAGEMENT IN KEY POSITIONS

Supervisory Board	
Chairman	Günter Geyer
1st Deputy Chairman	Rudolf Ertl
2nd Deputy Chairman	Robert Lasshofer
Members	Martina Dobringer
	Zsuzsanna Eifert
	Gerhard Fabisch
	Peter Mihók
	András Kozma (since 20 May 2022)
	Heinz Öhler
	Georg Riedl (until 20 May 2022)
	Gabriele Semmelrock-Werzer
	Katarina Slezáková
	Gertrude Tumpel-Gugerell

Managing Board	
Chairwoman	Elisabeth Stadler
Deputy Chairman	Hartwig Löger
Members	Liane Hirner
	Peter Höfinger
	Gerhard Lahner
	Gábor Lehel
	Harald Riener
	Peter Thirring

Changes during and after the end of the financial year

The VIG Holding Managing Board will have the following members from 1 July 2023: Mr Löger, Chairman of the Managing Board (General Manager), Mr Höfinger, Deputy Chairman of the Managing Board (Deputy General Manager), Ms Hirner, Mr Lahner, Mr Lehel and Mr Riener. All Managing Board terms will expire on 30 June 2027. Ms Stadler and Mr Thirring will, at their own request, not extend their terms on the Managing Board when they expire on 30 June 2023.

28. AFFILIATED COMPANIES AND PARTICIPATIONS

Company name, registered office	Country of domicile	Interest 2022[1]	Interest 2021[1]	Equity 2022[2]	Equity 2021[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	12,018	27,375
"Compensa Vienna Insurance Group", ADB, Vilnius	Lithuania	100.00	100.00	53,895	86,338
"Grüner Baum" Errichtungs- und Verwaltungsges.m.b.H., Vienna	Austria	100.00	100.00	40,043	39,996
365.life, d. s. s., a. s., Bratislava	Slovakia	100.00		13,820	
AB Modřice, a.s., Prague	Czech Republic	100.00		9,332	
AEGON Magyarország Általános Biztosító Zártkörűen Működő Részvénytársaság, Budapest	Hungary	100.00		100,137	
AEGON Magyarország Befektetési Alapkezelő Zártkörűen Működő Részvénytársaság, Budapest	Hungary	100.00		8,415	
AEGON Magyarország Pénztárszolgáltató Zártkörűen Működő Részvéntársaság, Budapest	Hungary	100.00		1,959	
Anděl Investment Praha s.r.o., Prague	Czech Republic	100.00	100.00	25,465	24,052
Anif-Residenz GmbH & Co KG, Vienna	Austria	100.00	100.00	16,617	16,597
Asigurarea Românească - ASIROM Vienna Insurance Group S.A., Bucharest	Romania	99.79	99.79	79,442	79,960
ATBIH GmbH, Vienna	Austria	100.00	100.00	158,521	173,509
ATRIUM TOWER SPÓŁKA Z OGRANICZONĄ ODPOWIEDZIALNOSCIĄ, Warsaw	Poland	100.00	100.00	17,867	18,559
Atzlergasse 13-15 GmbH, Vienna	Austria	100.00		39	
Atzlergasse 13-15 GmbH & Co KG, Vienna	Austria	100.00		10,199	
AUTODROM SOSNOVÁ u České Lípy a.s., Prague	Czech Republic	100.00		1,563	
BCR Asigurări de Viață Vienna Insurance Group S.A., Bucharest	Romania	93.98	93.98	51,794	48,074
Blizzard Real Sp. z o.o., Warsaw	Poland	100.00	100.00	3,602	3,347
Brockmanngasse 32 Immobilienbesitz GmbH, Vienna	Austria	100.00		3,559	
BTA Baltic Insurance Company AAS, Riga	Latvia	100.00	100.00	53,934	64,005
Bulgarski Imoti Asistans EOOD, Sofia	Bulgaria	100.00	100.00	-1,065	-1,284
Businesspark Brunn Entwicklungs GmbH, Vienna	Austria	100.00	100.00	33,456	33,983
CAPITOL, akciová spoločnosť, Bratislava	Slovakia	100.00	100.00	1,681	1,562
CENTER Hotelbetriebs GmbH, Vienna	Austria	80.00	80.00	41	10
Central Point Insurance IT-Solutions GmbH in Liquidation, Vienna	Austria	100.00	100.00	21,634	10,952

Company name, registered office	Country of domicile	Interest 2022[1]	Interest 2021[1]	Equity 2022[2]	Equity 2021[2]
Česká podnikatelská pojišťovna, a.s., Vienna Insurance Group, Prague	Czech Republic	100.00	100.00	108,073	114,722
Compania de Asigurări "DONARIS VIENNA INSURANCE GROUP" Societate pe Actiuni, Chișinău	Moldova	99.99	99.99	6,251	5,639
Compensa Life Vienna Insurance Group SE, Tallinn	Estonia	100.00	100.00	17,151	45,469
Compensa Towarzystwo Ubezpieczeń Na Życie S.A. Vienna Insurance Group, Warsaw	Poland	99.97	99.97	58,860	59,036
Compensa Towarzystwo Ubezpieczeń S.A. Vienna Insurance Group, Warsaw	Poland	99.95	99.94	82,233	96,104
CP Solutions a.s., Prague	Czech Republic	100.00	100.00	13,514	12,849
DBLV Immobesitz GmbH & Co KG, Vienna	Austria	100.00	100.00	3,544	3,025
DBR-Liegenschaften GmbH & Co KG, Stuttgart	Germany	100.00	100.00	9,477	8,247
Deutschmeisterplatz 2 Objektverwaltung GmbH, Vienna	Austria	100.00	100.00	2,343	2,963
Donau Brokerline Versicherungs-Service GmbH, Vienna	Austria	100.00	100.00	101,394	96,047
DONAU Versicherung AG Vienna Insurance Group, Vienna	Austria	100.00	100.00	111,462	108,482
DVIB alpha GmbH, Vienna	Austria	100.00	100.00	18,506	8,373
DVIB GmbH, Vienna	Austria	100.00	100.00	101,186	95,420
DV Immoholding GmbH, Vienna	Austria	100.00	100.00	44,200	22,854
ELVP Beteiligungen GmbH, Vienna	Austria	100.00	100.00	23,276	23,324
EUROPEUM Business Center s.r.o., Bratislava	Slovakia	100.00	100.00	10,301	8,634
Floridsdorf am Spitz 4 Immobilienverwertungs GmbH, Vienna	Austria	100.00	100.00	18,819	18,545
Gesundheitspark Wien-Oberlaa Gesellschaft m.b.H., Vienna	Austria	100.00	100.00	29,199	29,446
GLOBAL ASSISTANCE, a.s., Prague	Czech Republic	100.00	100.00	6,754	6,134
Hansenstraße 3-5 Immobilienbesitz GmbH, Vienna	Austria	100.00	100.00	31,121	28,751
HUN BM Korlátolt Felelősségű Társaság, Budapest	Hungary	100.00	100.00	4,416	4,830
Insurance Company Vienna osiguranje d.d., Vienna Insurance Group, Sarajevo	Bosnia-Herzegovina	100.00	100.00	9,735	11,649
INSURANCE ONE-SHAREHOLDER JOINT-STOCK COMPANY BULSTRAD VIENNA INSURANCE GROUP EAD, Sofia	Bulgaria	100.00	100.00	70,096	76,845
InterRisk Lebensversicherungs-AG Vienna Insurance Group, Wiesbaden	Germany	100.00	100.00	23,518	23,518
InterRisk Towarzystwo Ubezpieczeń S.A. Vienna Insurance Group, Warsaw	Poland	100.00	100.00	43,675	72,346
InterRisk Versicherungs-AG Vienna Insurance Group, Wiesbaden	Germany	100.00	100.00	53,670	56,120
INTERSIG VIENNA INSURANCE GROUP Sh.A., Tirana	Albania	89.98	89.98	7,295	6,648
Joint Stock Company Insurance Company GPI Holding, Tbilisi	Georgia	90.00	90.00	20,461	15,100
Joint Stock Company International Insurance Company IRAO, Tbilisi	Georgia	100.00	100.00	6,249	4,832
Joint Stock Insurance Company WINNER-Vienna Insurance Group, Skopje	North Macedonia	100.00	100.00	7,097	7,461
Kaiserstraße 113 GmbH, Vienna	Austria	100.00	100.00	2,979	2,798
KÁLVIN TOWER Ingatlanfejlesztési és Beruházási Korlátolt Felelősségű Társaság, Budapest	Hungary	100.00	100.00	2,231	2,309
KAPITOL, a.s., Brno	Czech Republic	100.00	100.00	1,600	1,920
KKB Real Estate SIA, Riga	Latvia	100.00	100.00	20,766	20,472
KOMUNÁLNA poisťovňa, a.s. Vienna Insurance Group, Bratislava	Slovakia	100.00	100.00	52,644	74,869
KOOPERATIVA poisťovňa, a.s. Vienna Insurance Group, Bratislava	Slovakia	98.47	98.47	231,548	385,574
Kooperativa pojišťovna, a.s., Vienna Insurance Group, Prague	Czech Republic	97.28	97.28	596,911	682,480
LVP Holding GmbH, Vienna	Austria	100.00	100.00	626,967	622,534
MAP-WSV Beteiligungen GmbH, Vienna	Austria	100.00	100.00	368,793	307,688
MC EINS Investment GmbH, Vienna	Austria	100.00	100.00	19,630	19,726
MERLOT INVESTMENT SPÓŁKA Z OGRANICZONĄ ODPOWIEDZIALNOŚCIĄ, Warsaw	Poland	100.00		31,881	
MH 54 Immobilienanlage GmbH, Vienna	Austria	100.00	100.00	25,819	26,356
NNC REAL ESTATE SPÓŁKA Z OGRANICZONĄ ODPOWIEDZIALNOŚCIĄ, Warsaw	Poland	100.00	100.00	20,099	20,284
Nordbahnhof Projekt EPW8 GmbH & Co KG, Vienna	Austria	100.00	97.75	19,187	
Nordbahnhof Projekt EPW8 Komplementär GmbH, Vienna	Austria	100.00	97.75	34	
Nordbahnhof Projekt Taborstraße 123 GmbH & Co KG, Vienna	Austria	100.00	100.00	21,142	

Company name, registered office	Country of domicile	Interest 2022[1]	Interest 2021[1]	Equity 2022[2]	Equity 2021[2]
Nordbahnhof Projekt Taborstraße 123 Komplementär GmbH, Vienna	Austria	100.00	100.00	36	
Nußdorfer Straße 90-92 Projektentwicklung GmbH & Co KG, Vienna	Austria	100.00	100.00	38,364	39,450
OMNIASIG VIENNA INSURANCE GROUP S.A., Bucharest	Romania	99.54	99.54	149,548	143,913
OÜ LiveOn Paevalille, Tallinn	Latvia	100.00	100.00	86	92
Palais Hansen Immobilienentwicklung GmbH, Vienna	Austria	56.55	56.55	35,859	37,277
Passat Real Sp. z o.o., Warsaw	Poland	100.00	100.00	-1,361	-1,191
Pension Assurance Company Doverie AD, Sofia	Bulgaria	82.59	92.58	32,890	31,402
PFG Holding GmbH, Vienna	Austria	89.23	89.23	77,992	78,376
PFG Liegenschaftsbewirtschaftungs GmbH & Co KG, Vienna	Austria	92.88	92.88	12,663	12,478
Porzellangasse 4 Liegenschaftsverwaltung GmbH & Co KG, Vienna	Austria	100.00	100.00	13,576	12,983
PRIVATE JOINT-STOCK COMPANY "INSURANCE COMPANY "KNIAZHA LIFE VIENNA INSURANCE GROUP", Kyiv	Ukraine	99.81	99.81	2,922	3,407
Private Joint-Stock Company " Insurance Company "USG ", Kyiv	Ukraine	100.00	100.00	16,528	18,653
PRIVATE JOINT-STOCK COMPANY "UKRAINIAN INSURANCE COMPANY "KNIAZHA VIENNA INSURANCE GROUP", Kyiv	Ukraine	100.00	99.99	10,219	11,478
PROGRESS Beteiligungsges.m.b.H., Vienna	Austria	70.00	70.00	17,769	15,825
Projektbau GesmbH, Vienna	Austria	100.00	100.00	14,106	15,065
Projektbau Holding GmbH, Vienna	Austria	100.00	100.00	14,183	14,185
Rathstraße 8 Liegenschaftsverwertungs GmbH, Vienna	Austria	100.00	100.00	1,087	1,656
Ray Sigorta A.Ş., Istanbul	Türkiye	94.96	94.96	44,622	28,867
Rößlergasse Bauteil Drei GmbH, Vienna	Austria	100.00	100.00	11,841	11,552
Rößlergasse Bauteil Zwei GmbH, Vienna	Austria	100.00	100.00	30,241	29,583
S - budovy, a.s., Prague	Czech Republic	100.00	100.00	3,189	3,059
Schulring 21 Bürohaus Errichtungs- und Vermietungs GmbH & Co KG, Vienna	Austria	100.00	100.00	5,737	7,744
SECURIA majetkovosprávna a podielová s.r.o., Bratislava	Slovakia	100.00	100.00	7,505	10,305
Senioren Residenz Fultererpark Errichtungs- und Verwaltungs GmbH, Vienna	Austria	100.00	100.00	-6,998	-6,749
Senioren Residenz Veldidenapark Errichtungs- und Verwaltungs GmbH, Vienna	Austria	66.70	66.70	8,146	8,211
SIA “Alauksta 13/15”, Riga	Latvia	100.00	100.00	937	971
SIA “Artilērijas 35”, Riga	Latvia	100.00	100.00	1,146	918
SIA “Ģertrūdes 121”, Riga	Latvia	100.00	100.00	3,414	3,379
SIA "Global Assistance Baltic", Riga	Latvia	100.00	100.00	287	277
SIA "LiveOn", Riga	Latvia	70.00	70.00	26,699	21,530
SIA "LiveOn Stirnu", Riga	Latvia	100.00	100.00	1,696	1,702
SIA LiveOn Terbatas, Riga	Latvia	100.00	100.00	5,191	5,201
SIA "Urban Space", Riga	Latvia	100.00	100.00	481	481
Sigma Interalbanian Vienna Insurance Group Sh.a, Tirana	Albania	89.05	89.05	17,077	16,501
SK BM s.r.o., Bratislava	Slovakia	100.00	100.00	13,345	13,136
SMARDAN 5 DEVELOPMENT S.R.L., Bucharest	Romania	100.00	100.00	5,022	-51
Stock Company for Insurance and Reinsurance MAKEDONIJA Skopje - Vienna Insurance Group, Skopje	North Macedonia	94.36	94.26	25,898	27,280
SVZ GmbH, Vienna	Austria	100.00	100.00	203,598	176,329
SVZD GmbH, Vienna	Austria	100.00	100.00	62,031	73,285
SVZI GmbH, Vienna	Austria	100.00	100.00	200,314	171,480
T 125 GmbH, Vienna	Austria	100.00	100.00	9,179	9,012
TECHBASE Science Park Vienna GmbH, Vienna	Austria	100.00	100.00	13,649	17,829
twinformatics GmbH, Vienna	Austria	100.00	100.00	3,403	2,887
UAB LiveOn Linkmenu, Vilnius	Lithuania	100.00	100.00	3,660	4,188
UNION Vienna Insurance Group Biztosító Zrt., Budapest	Hungary	98.64	98.64	36,082	50,774
Untere Donaulände 40 GmbH & Co KG, Vienna	Austria	100.00	100.00	11,383	11,340
Vienibas Gatve Investments OÜ, Tallinn	Estonia	100.00	100.00	44	73
Vienibas Gatve Properties SIA, Riga	Latvia	100.00	100.00	1,624	1,630
Vienna Life Towarzystwo Ubezpieczeń na Życie S.A. Vienna Insurance Group, Warsaw	Poland	100.00	100.00	5,971	4,976

Company name, registered office	Country of domicile	Interest 2022[1]	Interest 2021[1]	Equity 2022[2]	Equity 2021[2]
VİENNALİFE EMEKLİLİK VE HAYAT ANONİM ŞİRKETİ, Istanbul	Türkiye	100.00		38,063	
Vienna-Life Lebensversicherung AG Vienna Insurance Group, Bendern	Liechtenstein	100.00	100.00	9,313	9,535
VIG-AT Beteiligungen GmbH, Vienna	Austria	100.00	100.00	354,694	352,832
VIG-CZ Real Estate GmbH, Vienna	Austria	100.00	100.00	147,548	147,538
V.I.G. ND, a.s., Prague	Czech Republic	100.00	100.00	99,386	94,959
Vienna Insurance Group Polska Spółka z organiczoną odpowiedzialnością, Warsaw	Poland	100.00	99.99	18,256	
VIG FUND, a.s., Prague	Czech Republic	100.00	100.00	276,262	275,189
VIG Home, s.r.o., Bratislava	Slovakia	100.00	100.00	21,905	21,897
VIG Hungary Holding B.V., The Hague	Netherlands	55.00		70,648	
VIG Hungary Holding II B.V., The Hague	Netherlands	55.00		70,648	
VIG Magyarország Befektetési Zártkörűen Működő Részvéntársaság, Budapest	Hungary	55.00		197,606	
VIG Offices, s.r.o., Bratislava	Slovakia	100.00	100.00	15,945	16,003
VIG Properties Bulgaria AD, Sofia	Bulgaria	99.97	99.97	1,084	3,748
VIG RE zajišťovna, a.s., Prague	Czech Republic	100.00	100.00	140,255	179,835
VIG REAL ESTATE DOO, Belgrade	Serbia	100.00	100.00	10,672	10,432
VIG Services Ukraine, LLC, Kyiv	Ukraine	100.00	100.00	1,239	1,438
VIG Türkiye Holding B.V., Amsterdam	Netherlands	100.00		32,288	
VIVECA Beteiligungen GmbH, Vienna	Austria	100.00	100.00	31,175	
WGPV Holding GmbH, Vienna	Austria	100.00	100.00	105,287	107,003
WIBG Holding GmbH & Co KG, Vienna	Austria	100.00	100.00	80,258	80,098
WIBG Projektentwicklungs GmbH & Co KG, Vienna	Austria	100.00	100.00	80,191	80,031
Wiener Osiguranje Vienna Insurance Group ad, Banja Luka	Bosnia-Herzegovina	100.00	100.00	8,898	8,919
Wiener osiguranje Vienna Insurance Group dioničko društvo za osiguranje, Zagreb	Croatia	97.82	97.82	39,009	98,736
"WIENER RE" akcionarsko društvo za reosiguranje, Belgrade	Serbia	100.00	100.00	7,305	7,491
WIENER STÄDTISCHE OSIGURANJE akcionarsko drustvo za osiguranje, Belgrade	Serbia	100.00	100.00	39,289	55,964
WIENER STÄDTISCHE VERSICHERUNG AG Vienna Insurance Group, Vienna	Austria	97.75	97.75	633,264	559,209
WIENER TOWARZYSTWO UBEZPIECZEŃ SPÓŁKA AKCYJNA VIENNA INSURANCE GROUP, Warsaw	Poland	100.00	100.00	43,631	34,035
WIENER VEREIN BESTATTUNGS- UND VERSICHERUNGSSERVICE-GESELLSCHAFT M.B.H., Vienna	Austria	100.00	100.00	2,116	1,938
WILA GmbH, Vienna	Austria	100.00	100.00	37,119	31,685
WINO GmbH, Vienna	Austria	100.00	100.00	64,713	46,117
WNH Liegenschaftsbesitz GmbH, Vienna	Austria	100.00	100.00	6,187	5,363
WSBV Beteiligungsverwaltung GmbH & Co KG, Vienna	Austria	100.00	100.00	25,371	24,125
WSV Beta Immoholding GmbH, Vienna	Austria	100.00	100.00	93,136	73,972
WSVA Liegenschaftbesitz GmbH, Vienna	Austria	100.00	100.00	55,423	43,310
WSVB Liegenschaftbesitz GmbH, Vienna	Austria	100.00	100.00	41,611	41,496
WSVC Liegenschaftbesitz GmbH, Vienna	Austria	100.00	100.00	21,327	21,341
WSV Immoholding GmbH, Vienna	Austria	100.00	100.00	582,027	511,862
WSV Triesterstraße 91 Besitz GmbH & Co KG, Vienna	Austria	100.00	100.00	80,979	81,865
WSV Vermögensverwaltung GmbH, Vienna	Austria	100.00	100.00	10,695	7,487
WWG Beteiligungen GmbH, Vienna	Austria	87.07	87.07	83,665	93,289

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	Interest 2022[1]	Interest 2021[1]	Equity 2022[2]	Equity 2021[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	171,108	165,442
Alpenländische Gemeinnützige WohnbauGmbH, Innsbruck	Austria	94.84	94.84	246,770	229,840
Beteiligungs- und Immobilien GmbH, Linz	Austria	25.00	25.00	20,405	19,878
Beteiligungs- und Wohnungsanlagen GmbH, Linz	Austria	25.00	25.00	237,778	229,253
CROWN-WSF spol. s.r.o., Prague	Czech Republic	30.00	30.00	7,740	8,882
EGW Erste gemeinnützige Wohnungsgesellschaft mbH, Vienna	Austria	99.77	99.77	325,567	309,955
ERSTE d.o.o. - za upravljanje obveznim i dobrovljnim mirovinskim fondovima, Zagreb	Croatia	25.30	25.30	16,131	15,481
Gemeinnützige Industrie-Wohnungsaktiengesellschaft, Leonding	Austria	55.00	55.00	346,173	332,045
Gemeinnützige Mürz-Ybbs Siedlungsanlagen-GmbH, Kapfenberg	Austria	99.92	99.92	157,424	148,588
Gewista-Werbegesellschaft m.b.H., Vienna	Austria	33.00	33.00	128,915	116,801
NEUE HEIMAT Oberösterreich Gemeinnützige Wohnungs- und SiedlungsgesmbH, Linz	Austria	99.82	99.82	229,323	212,512
Neuland gemeinnützige Wohnbau-Gesellschaft m.b.H., Vienna	Austria	61.00	61.00	112,011	109,955
Österreichisches Verkehrsbüro Aktiengesellschaft, Vienna (Consolidated Financial Statements)	Austria	36.58	36.58	53,300	61,670
SOZIALBAU gemeinnützige Wohnungsaktiengesellschaft, Vienna	Austria	54.17	54.17	352,888	342,450
Towarzystwo Ubezpieczeń Wzajemnych „TUW", Warsaw	Poland	52.16	52.16	49,703	57,690
Urbanbau Gemeinnützige Bau-, Wohnungs- und Stadterneuerungsgesellschaft m.b.H., Vienna	Austria	51.46	51.46	147,896	142,492
VBV - Betriebliche Altersvorsorge AG, Vienna (Consolidated Financial Statements)	Austria	25.32	25.32	311,808	279,847

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	Interest 2022[1]
		in %
Non-consolidated companies		
" Assistance Company " Ukrainian Assistance Service" LLC, Kyiv	Ukraine	100.00
"Eisenhof" Gemeinnützige Wohnungsgesellschaft m.b.H., Vienna	Austria	20.13
"JAHORINA AUTO" d.o.o., Banja Luka	Bosnia-Herzegovina	100.00
"LIFETRUST" Ltd, Sofia	Bulgaria	100.00
"Neue Heimat" Stadterneuerungsgesellschaft m.b.H., Linz	Austria	83.42
AEGON Magyarország Közvetítő és Marketing Zártkörűen működő Részvénytársaság, Budapest	Hungary	55.00
AIS Servis, s.r.o., Brno	Czech Republic	98.10
Akcionarsko društvo za životno osiguranje Wiener Städtische Podgorica, Vienna Insurance Group, Podgorica	Montenegro	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
arithmetica Consulting GmbH, Vienna	Austria	98.31
AUTONOVA BRNO s.r.o., Brno	Czech Republic	98.10
Autosig SRL, Bucharest	Romania	99.54
B&A Insurance Consulting s.r.o., Moravská Ostrava	Czech Republic	48.45
BB Parking s.r.o., Bratislava	Slovakia	98.47
BEESAFE SPÓŁKA Z OGRANICZONA ODPOWIEDZIALNOSCIA, Warsaw	Poland	99.99
Benefia Ubezpieczenia Spolka z ograniczona odpowiedzialnoscia, Warsaw	Poland	99.95
Bohemika a.s., Žatec	Czech Republic	100.00
Bohemika HYPO s.r.o., Žatec	Czech Republic	100.00
BSA + OFK Germany Real Estate Immobilien 4 GmbH, Frankfurt	Germany	97.75
Bulstrad Trudova Meditzina EOOD, Sofia	Bulgaria	100.00
Camelot Informatik und Consulting Gesellschaft m.b.H., Vienna	Austria	92.86

Company name, registered office	Country of domicile	Interest 2022[1]
CARPLUS Versicherungsvermittlungsagentur GmbH, Vienna	Austria	97.75
Chrášťany komerční areál a.s., Prague	Czech Republic	97.28
CLAIM EXPERT SERVICES S.R.L., Bucharest	Romania	99.16
Compensa Dystrybucja Sp. z o. o., Warsaw	Poland	99.97
ČPP servis, s.r.o., Prague	Czech Republic	100.00
DBLV Immobesitz GmbH, Vienna	Austria	100.00
DBR-Liegenschaften Verwaltungs GmbH, Stuttgart	Germany	97.75
DELOIS s. r. o., Bratislava	Slovakia	98.47
DELOIS II s.r.o., Bratislava	Slovakia	98.47
Domácí péče Haná s.r.o., Prerau	Czech Republic	63.23
DV Asset Management EAD, Sofia	Bulgaria	100.00
DV CONSULTING EOOD, Sofia	Bulgaria	100.00
DV Invest EAD, Sofia	Bulgaria	100.00
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
EKG UW Nord GmbH, Klagenfurt	Austria	24.46
Elsö Maganegeszsegügyi Halozat Zrt., Budapest	Hungary	26.58
ERSTE Biztosítási Alkusz Kft, Budapest	Hungary	54.25
European Insurance & Reinsurance Brokers Ltd., London	United Kingdom	100.00
EXPERTA Schadenregulierungs-Gesellschaft mbH, Vienna	Austria	99.44
Finanzpartner GmbH, Vienna	Austria	48.87
FinServis Plus, s.r.o., Prague	Czech Republic	100.00
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	42.76
GLOBAL ASSISTANCE D.O.O. BEOGRAD, Belgrade	Serbia	100.00
Global Assistance Georgia LLC, Tiflis	Georgia	95.00
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	99.23
GLOBAL ASSISTANCE SLOVAKIA s.r.o., Bratislava	Slovakia	99.22
Global Expert, s.r.o., Pardubice	Czech Republic	98.10
Global Partner Péče, z.ú., Prague	Czech Republic	63.23
Global Partner Zdraví, s.r.o., Prague	Czech Republic	63.23
Global Partner, a.s., Prague	Czech Republic	63.23
Global Repair Centres, s.r.o., Pardubitz	Czech Republic	98.10
Global Services Bulgaria JSC, Sofia	Bulgaria	100.00
Hausservice Objektbewirtschaftungs GmbH, Vienna	Austria	20.72
Help24 Assistance Korlátolt Felelősségű Társaság, Budapest	Hungary	55.00
HOTELY SRNÍ, a.s., Prague	Czech Republic	97.28
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
insureX IT GmbH, Vienna	Austria	98.87
InterRisk Informatik GmbH, Wiesbaden	Germany	100.00
ITIS Spolka z ograniczoną odpowiedzialnoscią spolka komandytowa, Warsaw	Poland	99.99
ITIS Sp.z.o.o., Warsaw	Poland	99.99
Joint Stock Company "Curatio", Tbilisi	Georgia	90.00
Joint Stock Insurance Company WINNER LIFE - Vienna Insurance Group, Skopje	North Macedonia	100.00

Company name, registered office	Country of domicile	Interest 2022[1]
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
LD Vermögensverwaltung GmbH, Vienna	Austria	98.65
Lead Equities II.Private Equity Mittelstandsfinanzierungs AG, Vienna	Austria	21.59
LiSciV Muthgasse GmbH & Co KG, Vienna	Austria	42.76
Main Point Karlín II., a.s., Prague	Czech Republic	97.28
Money & More Pénzügyi Tanácsadó Zártkörűen Működő Részvénytársaság, Budapest	Hungary	54.25
Nadacia poisťovne KOOPERATIVA, Bratislava	Slovakia	98.47
PFG Liegenschaftsbewirtschaftungs GmbH, Vienna	Austria	73.69
POLISA - ŻYCIE Ubezpieczenia Sp.z.o.o., Warsaw	Poland	99.97
Privat Joint-stock company "OWN SERVICE", Kyiv	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	Türkiye	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
samavu s.r.o, Bratislava	Slovakia	98.47
Sanatorium Astoria, a.s., Karlsbad	Czech Republic	97.28
SB Liegenschaftsverwertungs GmbH, Vienna	Austria	40.26
S.C. Risk Consult & Engineering Romania S.R.L., Bucharest	Romania	51.00
S.C. SOCIETATEA TRAINING IN ASIGURARI S.R.L., Bucharest	Romania	99.16
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., Sillein	Slovakia	98.70
Soleta Beteiligungsverwaltungs GmbH, Vienna	Austria	42.76
Sparkassen-Versicherungsservice Gesellschaft m.b.H., Vienna	Austria	97.75
Spółdzielnia Usługowa VIG EKSPERT W WARSZAWIE, Warsaw	Poland	99.97
SURPMO, a.s., Prague	Czech Republic	97.28
TAUROS Capital Investment GmbH & Co KG, Vienna	Austria	19.55
TAUROS Capital Management GmbH, Vienna	Austria	25.30
TeleDoc Holding GmbH, Vienna	Austria	25.01
TGMZ Team Gesund Medizin Zentren GmbH, Vienna	Austria	39.10
TOGETHER GmbH, Vienna	Austria	24.71
UAB "Compensa Life Distribution", Vilnius	Lithuania	100.00
UNION-Erted Ellatasszervezö Korlatold Felelössegü Tarsasag, Budapest	Hungary	54.25
Versicherungsbüro Dr. Ignaz Fiala Gesellschaft m.b.H., Vienna	Austria	47.90
Vienna International Underwriters GmbH, Vienna	Austria	100.00
viesure innovation center GmbH, Vienna	Austria	98.87
VIG AM Real Estate, a.s., Prague	Czech Republic	100.00
VIG AM Services GmbH, Vienna	Austria	100.00
VIG IT - Digital Solutions GmbH, Vienna	Austria	100.00
VIG Management Service SRL, Bucharest	Romania	99.16
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
VIG/C-QUADRAT TOWARZYSTWO FUNDUSZY INVESTYCYJNYCH SPÓŁKA AKCYJNA, Warsaw	Poland	50.99
VÖB Direkt Versicherungsagentur GmbH, Graz	Austria	48.87

Company name, registered office	Country of domicile	Interest 2022[1]
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
Wohnquartier 11b Immobilienbesitz GmbH, Vienna	Austria	100.00
Wohnquartier 12b Immobilienbesitz GmbH, Vienna	Austria	97.75
WSBV Beteiligungsverwaltung GmbH, Vienna	Austria	97.75
zuuri s.r.o., Bratislava	Slovakia	98.47

[1] The share in equity equals the share in voting rights before non-controlling interests.

Please see the Scope and methods of consolidation section starting on page 89 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.

29. RELATED PARTIES

Related parties

Related parties are the affiliated companies, joint ventures and associated companies listed in Note 28. Affiliated companies and participations starting on page 168. In addition, the members of the Managing Board and Supervisory Board of VIG Holding also qualify as related parties. Wiener Städtische Versicherungsverein directly and indirectly holds around 72.47% (around 72.47%), and therefore a majority of the voting rights of VIG Holding. Based on this controlling interest, it and the members of its managing board and supervisory board are therefore also related parties.

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 between the fully consolidated companies included in the consolidated financial statements are eliminated during consolidation and are therefore not included in the notes.

Transactions with Wiener Städtische Versicherungsverein

Wiener Städtische Versicherungsverein is the majority shareholder of VIG Holding. 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 personnel and office leases based on the arm's length principle.

Open items with related companies	31.12.2022	31.12.2021
in EUR '000		
Loans	174,060	178,630
Associated companies	109,747	115,417
Subsidiaries not included in the consolidated financial statements	64,313	63,213
Receivables	151,725	147,524
Parent company	131,141	108,690
Associated companies	3,084	27,441
Subsidiaries not included in the consolidated financial statements	17,500	11,393
Liabilities excl. Subordinated liabilities	122,816	158,605
Parent company	101,595	136,836
Associated companies	369	6,381
Subsidiaries not included in the consolidated financial statements	20,852	15,388

Transactions with related companies	2022	2021
in EUR '000		
Loans	17,919	4,743
Associated companies	5,670	364
Subsidiaries not included in the consolidated financial statements	12,249	4,379
Receivables	115,554	110,567
Parent company	31,872	24,470
Associated companies	60,480	56,088
Subsidiaries not included in the consolidated financial statements	23,202	30,009
Liabilities excl. Subordinated liabilities	306,046	283,286
Parent company	74,179	134,131
Associated companies	52,304	13,111
Subsidiaries not included in the consolidated financial statements	179,563	136,044

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

Open items with related persons	31.12.2022	31.12.2021
in EUR '000		
Receivables	3	2
Liabilities excl. Subordinated liabilities	82	77

Transactions with related parties	2022	2021
in EUR '000		
Receivables	217	196
Liabilities excl. Subordinated liabilities	2,143	1,850

The related party items in the income statement do not exceed EUR 3,000,000 and primarily consist of Payments to Supervisory Board members.

Compensation of management in key positions

Supervisory board and managing board remuneration (gross)	2022	2021
in EUR '000		
Remuneration paid to Supervisory Board members	758	695
Total payments to former members of the Managing Board or their survivors	1,075	1,330
Provision for future pension and severance obligations of Managing Board members	2,265	3,159
Provision for other future long-term claims of Managing Board members	6,758	6,374
Remuneration paid to active Managing Board members	7,948	7,243
Total	18,804	18,801

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 2022 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 2022 extends to 2026. 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 a company car for both business and personal use. The members of the Managing Board received EUR 7,948,000 (EUR 7,243,000) from the Company during the reporting period for their services. The members of the Managing Board received EUR 978,000 (EUR 774,000) from subsidiaries during the reporting period.

Former members of the Managing Board received EUR 1,075,000 (EUR 1,330,000).

The Managing Board had eight members in the current financial year.

30. 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 154.

30.1. Lessees

The significant cash outflows for leases from lessees amount to a total of EUR 52,214,000 (EUR 39,989,000).

30.2. Lessors – operating leases

Operational leases for which VIG Insurance Group is the lessor exist primarily in connection with real estate leasing.

Maturity analysis of undiscounted lease payments	31.12.2022	31.12.2021
in EUR '000		
up to one year	126,626	116,444
one to two years	118,184	108,133
two to three years	109,334	100,423
three to four years	101,024	91,348
four to five years	92,940	84,626
more than five years	2,708,095	2,412,971
Total	3,256,203	2,913,945

Lease income	2022	2021
in EUR '000		
Fixed lease income	129,252	113,972
Lease income of variable lease payments	28,159	23,615
Total	157,411	137,587

31. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

Earthquake in south-eastern Türkiye and parts of Syria

An earthquake of magnitude 7.8 on the Richter scale occurred in the early morning hours of 6 February 2023, accompanied by numerous aftershocks of up to 7.5 on the Richter scale in subsequent hours. Overall, the earthquakes affected a region with a radius of around 400 kilometres, including the cities of Gaziantep, Adana, Antakya, Kahramanmaraş, Malatya, Kilis, Osmaniye, Diyarbakır, Adıyaman and Şanlıurfa in Türkiye, and Aleppo, Idlib, Homs and Hama in Syria. Several thousand buildings collapsed, causing thousands of injuries and tens of thousands of deaths. Small tsunami waves were observed on the east coast of Cyprus as a result of the earthquakes, but did not cause any damage, and a tsunami warning was issued in Italy.

VIG offers insurance coverage in this region, primarily through its insurance company RaySigorta in Türkiye, which mainly focuses on the less affected western part of Türkiye. The insurance penetration for the affected area in Türkiye is lower than in the western part of the country and residential buildings are covered by the state TCIP pool. According to preliminary estimates, the Group is expecting a gross loss of approximately EUR 100.0 million (before reinsurance). Currently, net loss cannot be estimated, but VIG has concluded reinsurance programmes for natural disasters.

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

CHANGE TO THE PEPP IMPLEMENTATION ACT

On 10 June 2022, changes to the PEPP Implementation Act were published in the Austrian Federal Law Gazette. This also includes changes to the Austrian Insurance Supervision Act 2016 (VAG). Insurance companies that publish consolidated financial statements in accordance with the IFRS are, as of the effective date, no longer required to include the disclosures in accordance with § 138 (8) VAG in the IFRS consolidated financial statements. Entry into force is set as 1 January 2023, meaning that the initial application is expected for financial years beginning after 31 December 2022.

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.

Measurement basis within the meaning of § 4 (1) LV-GBV	2022	2021
in EUR '000		
Net earned premiums – retention	742,151	750,055
Income and expenses from investments and interest expenses	271,580	295,145
Expenses for claims and insurance benefits – retention	-844,469	-900,283
Acquisition and administrative expenses	-123,845	-121,544
Other underwriting and non-underwriting income and expenses	3,554	2,347
Taxes on income	2,204	-1,367
Total	51,175	24,353

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.

Measurement basis within the meaning of § 3 (1) KV-GBV	2022	2021
in EUR '000		
Net earned premiums – retention	8,255	8,536
Income and expenses from investments and interest expenses	834	1,037
Expenses for claims and insurance benefits – retention	-7,453	-7,440
Acquisition and administrative expenses	-1,153	-1,211
Other underwriting and non-underwriting income and expenses	14	5
Taxes on income	-125	-196
Total	372	731

KEY FIGURES PER BALANCE SHEET UNIT

	2022				2021			
	Property/ Casualty	Life	Health	Total	Property/ Casualty	Life	Health	Total
in %								
Cost ratio	33.37	24.01	15.92	29.15	32.67	20.49	16.74	27.37
Claims ratio	61.55				61.48			
Combined ratio	94.92				94.15			

PREMIUMS PER BALANCE SHEET UNIT (INCL. CONSOLIDATION EFFECTS)

Property and Casualty insurance

Premiums written – gross	2022	2021
in EUR '000		
Direct business	7,626,525	6,458,724
Casualty insurance	434,810	422,750
Health insurance	162,067	130,077
Motor own-damage insurance (Casco)	1,627,362	1,402,153
Rail vehicle own-damage	4,293	4,202
Aircraft own-damage insurance	6,065	5,904
Sea, lake and river shipping own-damage insurance	15,907	13,587
Transport insurance	85,715	65,311
Fire and natural hazards insurance	1,557,659	1,240,890
Other property	751,435	650,121
Third party liability insurance for self-propelled land vehicles	1,936,231	1,612,266
Carrier insurance	28,506	26,631
Aircraft liability insurance	4,345	6,370
Sea, lake and river shipping liability insurance	6,771	5,082
General liability insurance	639,742	560,306
Credit insurance	9,958	7,820
Guarantee insurance	60,967	44,959
Insurance for miscellaneous financial losses	121,400	114,500
Legal expenses insurance	63,557	62,231
Assistance insurance, travel health insurance	109,735	83,564
Indirect business	476,707	424,815
Marine, aviation and transport insurance	28,570	21,136
Other insurance	413,029	375,278
Health insurance	35,108	28,401
Total	8,103,232	6,883,539

No net earned premiums from indirect property and casualty insurance business were deferred one year before being recognised in the income statement.

Life insurance

Premiums written – gross	2022	2021
in EUR '000		
Regular premium - direct business	2,930,786	2,643,571
Single-premium - direct business	858,401	865,034
Direct business	3,789,187	3,508,605
thereof policies with profit participation	1,481,647	1,415,337
thereof policies without profit participation	734,897	576,352
thereof unit-linked life insurance portfolio	1,565,867	1,514,933
thereof index-linked life insurance portfolio	6,776	1,983
Indirect business	29,649	26,003
Total	3,818,836	3,534,608

Financial instruments for unit- and index-linked life insurance are shown in the respective separate financial statements. Of the EUR 87,000 (EUR 460,000) in net earned premiums from indirect life insurance business, EUR 53,000 (EUR 424,000) was deferred for one year before being shown in the income statement.

Health insurance

Premiums written – gross	2022	2021
in EUR '000		
Direct business	637,174	584,419

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 2022 were approved for publication by a resolution of the Managing Board on 20 March 2023.

Vienna, 20 March 2023

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

Hartwig Löger
Deputy General Manager,
Deputy Chairman
of the Managing Board

Liane Hirner
CFRO, Member of
the Managing Board

Peter Höfinger
Member of
the Managing Board

Gerhard Lahner
COO, Member of
the Managing Board

Gábor Lehel
CIO, Member of
the Managing Board

Harald Riener
Member of
the Managing Board

Peter Thirring
CTO, Member of
the Managing Board

Managing Board areas of responsibility:

Elisabeth Stadler:	Management of the VIG Group, Strategy, Bancassurance and International Partnerships, Communication & Marketing, European Affairs and ESG, General Secretariat and Legal, Human Resources, Internal Audit, Sponsoring, Subsidiaries and M&A, Central Functions; Country responsibilities: Germany
Hartwig Löger:	Planning and Controlling, Strategy and Development; Country responsibilities: Austria, Hungary, Slovakia, Czech Republic
Liane Hirner:	Asset Risk Management, Digitalisation, Finance and Risk, Enterprise Risk Management, Finance Department, Investor Relations; Country responsibilities: Liechtenstein
Peter Höfinger:	Corporate Business, Reinsurance; Country responsibilities: Albania, Bosnia-Herzegovina, Bulgaria, Croatia, Kosovo, Moldova, Montenegro, North Macedonia, Romania, Serbia
Gerhard Lahner:	Asset Management (incl. Real Estate), Holding IT, Process & Project Management, Treasury incl. Asset Liability Management, VIG Corporate IT; Country responsibilities: Georgia
Gábor Lehel:	Innovation; Country responsibilities: Belarus
Harald Riener:	Assistance, Customer Experience, Tool Box Sales; Country responsibilities: Estonia, Latvia, Lithuania, Poland, Ukraine
Peter Thirring:	Actuarial Department, Active Reinsurance, Anti-Money Laundering, Compliance, Insurance Life/Non-Life Retail; Country responsibilities: Türkiye

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 of 31 December 2022, 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 of 31 December 2022, 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"
- Purchase price allocation – Aegon transaction

RECOVERABILITY OF GOODWILL

Refer to notes 1.1. Goodwill on page 126, Impairment of goodwill on page 73 and Intangible Assets (A) on pages 75ff.

Risk for the Consolidated Financial Statements

The recoverability of goodwill recognized in the Consolidated Financial Statements of the Vienna Insurance Group amounting to EUR 1.438,7 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 a number of estimates and discretionary factors. Those factors include in particular the expected future cash flows of the individual countries, which are primarily based on past experience as well as on the management's assessment of the expected market environment and the future business development. Other factors are the assumed long-term growth rate as well as the underlying region-specific costs of capital.

Our Response

We have carried out the following main audit procedures in connection with the recoverability of goodwill:

- 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. We used analytical procedures to verify the plausibility of the detailed planning for future years.
- Furthermore, we have dealt with the key planning assumptions and reconciled the assumptions regarding the market development with general and sector-specific market expectations.
- We have 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 Technical provisions on pages 84ff and Sensitivity analyses of embedded values for life and health on pages 118ff.

Risk for the Consolidated Financial Statements

With life and health insurance, Vienna Insurance Group holds a significant number 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.

PURCHASE PRICE ALLOCATION – AEGON TRANSACTION

Refer to notes Change in consolidation scope on pages 90 to 92 and 1.1. Goodwill on page 126.

Risk for the Consolidated Financial Statements

On 29 November 2020, Vienna Insurance Group signed a purchase agreement to acquire companies of the Dutch Aegon N.V. in Hungary, Poland, Romania and Türkiye. The acquisition in Hungary and Türkyie was completed in March and April 2022, respectively. In Poland and Romania the closing has not been completed yet. As part of the purchase price allocation for the transactions already completed, intangible assets of EUR 322.0 million in Hungary and EUR 48.8 million in Türkiye have been identified. The recognition and measurement of the identified acquired assets and assumed liabilities as part of the purchase price allocation are based to a large extent on estimates and judgments.

For the consolidated financial statement, there is a risk that the significant assets acquired, and liabilities assumed may not be fully identified or may be incorrectly measured. In addition, there is a risk that the disclosures in the notes related to the acquisition are not complete and accurate.

Our Response

- We have obtained an understanding of the acquisition transaction by interviewing the management and other employees of the Vienna Insurance Group and by reviewing the relevant contracts. We have reconciled the total purchase price with the underlying contractual agreements.
- Furthermore, we have assessed whether the identification of the acquired assets and assumed liabilities fulfil the requirements of IFRS 3. We have also assessed whether the employed valuation techniques are in accordance with the relevant valuation principles.

- We have examined the appropriateness of key assumptions used in the calculation of the fair values of the acquired assets and assumed liabilities. We involved our valuation specialists in assessing the discount rates used.
- We have performed selected calculations from a risk-oriented perspective to assess the arithmetical accuracy of the identified assets and liabilities.
- In addition, we made sure that the acquisition of the companies was correctly reflected in the consolidated financial statements of the Vienna Insurance Group. In doing so, we also assessed whether the disclosure notes relating to the acquisition are complete and accurate.

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 based on 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 21 Mai 2021 and were appointed by the supervisory board on 2 June 2021 to audit the financial statements of the Vienna Insurance Group for the financial year ending on 31 December 2022.

On 20 May 2022 we were elected as auditors for the financial year ending on 31 December 2023 and were appointed by the supervisory board on 13 June 2022 to audit the financial statements.

We have been auditors of the Vienna Insurance Group, without interruption, since the consolidated financial statements of 31 December 2013.

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

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

Engagement Partner
The engagement partner is Mr Thomas Smrekar.

Vienna, 20 March 2023

KPMG Austria GmbH
Wirtschaftsprüfungs- und Steuerberatungsgesellschaft

signed by:

Thomas Smrekar
Wirtschaftsprüfer
(Austrian Chartered Accountant)

List of abbreviations

Abbreviation	Full company name
365.life	365.life, d. s. s., a. s., Bratislava
Aegon Hungary	AEGON Magyarország Általános Biztosító Zártkörűen Működő Részvénytársaság, Budapest
APEIRON	APEIRON Biologics AG
Asirom	Asigurarea Românească - ASIROM Vienna Insurance Group S.A., Bucharest
BCR Life	BCR Asigurări de Viață Vienna Insurance Group S.A., Bucharest
Beteiligungs- und Wohnungsanlagen GmbH	Beteiligungs- und Wohnungsanlagen GmbH, Linz
BTA Baltic	BTA Baltic Insurance Company AAS, Riga
Bulstrad Life	"BULSTRAD LIFE VIENNA INSURANCE GROUP" JOINT STOCK COMPANY, Sofia
Bulstrad Non-Life	INSURANCE ONE-SHAREHOLDER JOINT-STOCK COMPANY BULSTRAD VIENNA INSURANCE GROUP EAD, Sofia
Compensa Life (Poland)[1)]	Compensa Towarzystwo Ubezpieczeń Na Życie S.A. Vienna Insurance Group, Warsaw
Compensa Life (Estonia)[1]	Compensa Life Vienna Insurance Group SE, Tallinn
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
Corvinus	Corvinus Nemzetközi Befektetési Zrt.
ČPP	Česká podnikatelská pojišťovna, a.s., Vienna Insurance Group, Prague
Digital Impact Labs Leipzig	Digital Impact Labs Leipzig GmbH
Donaris	Compania de Asigurări "DONARIS VIENNA INSURANCE GROUP" Societate pe Actiuni, Chișinău
Donau Versicherung	DONAU Versicherung AG Vienna Insurance Group, Vienna
Erste Group	Erste Group Bank AG, Vienna
Erste Heimstätte GmbH	EGW Erste gemeinnützige Wohnungsgesellschaft mbH, 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
ISTCube	IST cube (EuVECA) GmbH & Co KG
Kniazha	PRIVATE JOINT-STOCK COMPANY "UKRAINIAN INSURANCE COMPANY "KNIAZHA VIENNA INSURANCE GROUP", Kyiv
Kniazha Life	PRIVATE JOINT-STOCK COMPANY "INSURANCE COMPANY "KNIAZHA LIFE VIENNA INSURANCE GROUP", Kyiv
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
KPMG	KPMG Austria GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft, Wien
Health	Health insurance
Life	Life insurance
Makedonija Osiguruvanje	Stock Company for Insurance and Reinsurance MAKEDONIJA Skopje - Vienna Insurance Group, Skopje
Merlot Sp.z.o.o.	MERLOT INVESTMENT SPÓŁKA Z OGRANICZONĄ ODPOWIEDZIALNOŚCIĄ, Warsaw
n/a	not applicable
Omniasig	OMNIASIG VIENNA INSURANCE GROUP S.A., Bucharest
Österreichisches Verkehrsbüro AG	Österreichisches Verkehrsbüro Aktiengesellschaft, Vienna (Consolidated Financial Statements)
PAC Doverie	Pension Assurance Company Doverie AD, Sofia
Plug and Play	Plug and Play Austria GmbH
Ray Sigorta	Ray Sigorta A.Ş., Istanbul
Property/Casualty	Property and casualty insurance
Seesam	Seesam Insurance AS, Tallinn
Sigma Interalbanian	Sigma Interalbanian Vienna Insurance Group Sh.a, Tirana
Standard & Poor's (S&P)	Standard & Poor's Financial Services LLC, New York City

Abbreviation	Full company name
TUW "TUW"	Towarzystwo Ubezpieczeń Wzajemnych „TUW", Warsaw
Union Biztosító	UNION Vienna Insurance Group Biztosító Zrt., Budapest
USG	Private Joint-Stock Company " Insurance Company "USG ", Kyiv
VBV - Betriebliche Altersvorsorge AG	VBV - Betriebliche Altersvorsorge AG, Vienna (Consolidated Financial Statements)
VENPACE	INSHIFT GmbH & Co. KG
Vienna Life (Poland)[1]	Vienna Life Towarzystwo Ubezpieczeń na Życie S.A. Vienna Insurance Group, Warsaw
Vienna osiguranje (Bosnia and Herzegovina)[1]	Insurance Company Vienna osiguranje d.d., Vienna Insurance Group, Sarajevo
Vienna-Life (Liechtenstein)[1]	Vienna-Life Lebensversicherung AG Vienna Insurance Group, Bendern
Viennalife (Türkiye)	VİENNALİFE EMEKLİLİK VE HAYAT ANONİM ŞİRKETİ, Istanbul
viesure	viesure innovation center GmbH, Vienna
VIG Fund	VIG FUND, a.s., Prague
VIG Holding[2]	VIENNA INSURANCE GROUP AG Wiener Versicherung Gruppe, Vienna
VIG Re	VIG RE zajišťovna, a.s., Prague
VIG/C-QUADRAT	VIG/C-QUADRAT TOWARZYSTWO FUNDUSZY INVESTYCYJNYCH SPÓŁKA AKCYJNA, Warsaw
VIG, VIG-Group, VIG-insurance group	All consolidated group companies.
Wiener Osiguranje (Bosnia and Herzegovina)[1]	Wiener Osiguranje Vienna Insurance Group ad, Banja Luka
Wiener Osiguranje (Croatia)[1]	Wiener osiguranje Vienna Insurance Group dioničko društvo za osiguranje, Zagreb
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	WIENER TOWARZYSTWO UBEZPIECZEŃ SPÓŁKA AKCYJNA 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

1 Country names in parentheses are added if there is more than one company with the same abbreviated name and it is not clear from the context which one is intended. The context is assumed to be clear, for example, if the name is used in a description of activities taking place within a country.

2 Used when referring to the listed individual company.

Glossary

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 reinsurance cessions. Expenses for claims investigation, loss prevention and claims processing (claims handling expenses) and for making insurance payments (settlement costs) are shown in the expenses for claims and 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. ALM is therefore needed for determining and managing the risk capital required, matching assets and liabilities (duration, cash flow and income matching) as well as optimising investments and reinsurance.

Austrian Commercial Code (UGB)
The Austrian Commercial Code (UGB) includes commercial law provisions applicable to companies. These include company law, accounting provisions, special civil law provisions and provisions on company-related transactions.

Austrian Insurance Supervision Act (VAG)
The Austrian Insurance Supervision Act (Versicherungsaufsichtsgesetz – VAG) includes provisions governing the organisation and supervision of insurance companies.

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

Business operating result
The business operating result is included as a subtotal in the income statement in order to show the operating financial performance of the Group. The business operating result is a before-tax amount that excludes the impairment of intangible assets and reversal of impairment of intangible assets items and, until financial year 2019, the result from fully consolidated non-profit societies.

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.

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 VIG 25 strategic programme distinguishes between CEE markets and special markets in the country portfolio. The 20 CEE markets include: Albania, Austria, Croatia, Bosnia-Herzegovina, Bulgaria, the Czech Republic, Estonia, Hungary, Kosovo, Latvia, Lithuania, Moldova, Montenegro, North Macedonia, Poland, Romania, Serbia, Slovakia, Slovenia and Ukraine. Note that differences may exist between this definition and the definition of CEE used by other companies, financial institutions (e.g. IMF, OECD, WIFO, IHS), etc.

There are branch offices in some countries that are managed by companies assigned to other reportable segments.

Claims incurred but not reported
Losses that are reported in the current financial year but occurred in the previous year. A reserve is formed for these losses each year as at the balance sheet date (= Incurred But Not Reported (IBNR) reserve).

Combined ratio (net)
The combined ratio is calculated as the sum of underwriting income and expenses, net payments for claims and insurance benefits, including the net change in underwriting provisions, and acquisition and administrative expenses, 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. 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 identical 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 assets (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.

Environmental Social Governance (ESG)
ESG stands for the Environment, Social and (responsible) Governance sustainability criteria. The term describes the degree to which a company takes these factors into account, as well as an investment approach that can be used to select potential investments.

Equity method
This method is used to 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. For current valuation, the value recognised is adjusted using a proportional share of changes to equity. The shares in the result for the year are allocated to the Group result and disbursed profit distributions are deducted.

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 or 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 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. These losses can be divided into two categories: reserves for reported but not yet settled claims ("Reported But Not Settled", "RBNS"), and reserves for claims that have been incurred but have not yet been reported, or the correct amount has not been reported ("Incurred But Not (Enough) 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.

Operating return on equity (operating RoE)
Operating RoE measures the profitability of the Group by expressing the business operating result as a ratio of the capital employed. This ratio is calculated by dividing the business operating result by the average shareholders' equity. Shareholders' equity adjusted for a provision for unrealised gains and losses is used for this purpose.

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 reported 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.

Single premium
A single premium is a special type of premium payment for life insurance in which a self-chosen amount is paid as a single premium at the beginning of the policy.

Solvency II
Solvency II is a legal directive applicable in Europe for the capital adequacy of insurance companies. It concerns methods for risk-based management of the overall solvency of insurance companies and also includes qualitative elements (e.g. internal risk management).

Special markets
There is a distinction between special markets that are reportable segments under IFRS 8 and special markets according to the country portfolio for the VIG 25 strategic programme. The ten special markets according to the country portfolio include: Denmark, Germany, Liechtenstein, Italy, Norway, Türkiye, Georgia, Belarus, France and Sweden. The Special Markets reportable segment includes Germany, Georgia, Liechtenstein and Türkiye.

There are branch offices in some countries that are managed by companies assigned to other reportable segments.

Standard & Poor's (S&P)
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. They estimate the probability and size of a loss, calculate insurance premiums and establish 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- 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 future annual surpluses that can be generated from new policies concluded in the current financial year.

VIG or VIG Insurance Group
As a rule, this term refers to all consolidated VIG (insurance) companies. If a statement refers exclusively to the activities of the Holding, the term VIG Holding is used.

Volatility
Volatility refers to the fluctuations in securities prices, currency prices and interest rates.

ALBANIA

SIGMA INTERALBANIAN
VIENNA INSURANCE GROUP

INTERSIG
VIENNA INSURANCE GROUP

AUSTRIA

VIG
VIENNA INSURANCE GROUP

WIENER STÄDTISCHE
VIENNA INSURANCE GROUP

Donau
VIENNA INSURANCE GROUP

BELARUS

КУПАЛА
VIENNA INSURANCE GROUP

BOSNIA-HERZEGOVINA

WIENER OSIGURANJE
VIENNA INSURANCE GROUP

vienna osiguranje
VIENNA INSURANCE GROUP

BULGARIA

BULSTRAD
VIENNA INSURANCE GROUP

Life BULSTRAD
VIENNA INSURANCE GROUP

PENSION ASSURANCE COMPANY DOVERIE
VIENNA INSURANCE GROUP

CROATIA

WIENER OSIGURANJE
VIENNA INSURANCE GROUP

CZECH REPUBLIC

Kooperativa
VIENNA INSURANCE GROUP

ČPP
VIENNA INSURANCE GROUP

VIG Re
VIENNA INSURANCE GROUP

DENMARK

VIG
VIENNA INSURANCE GROUP

ESTONIA

bta
VIENNA INSURANCE GROUP

COMPENSA
VIENNA INSURANCE GROUP

Seesam
VIENNA INSURANCE GROUP

FRANCE

VIG Re
VIENNA INSURANCE GROUP

GEORGIA

GPI
VIENNA INSURANCE GROUP

IRAO
VIENNA INSURANCE GROUP

GERMANY

InterRisk
VIENNA INSURANCE GROUP

VIG Re
VIENNA INSURANCE GROUP

HUNGARY

UNION
VIENNA INSURANCE GROUP

ITALY

WIENER STÄDTISCHE
VIENNA INSURANCE GROUP

KOSOVO

SIGMA
VIENNA INSURANCE GROUP

LATVIA

bta
VIENNA INSURANCE GROUP

COMPENSA
VIENNA INSURANCE GROUP

LIECHTENSTEIN

VIENNA-LIFE
VIENNA INSURANCE GROUP

LITHUANIA

bta
VIENNA INSURANCE GROUP

COMPENSA
VIENNA INSURANCE GROUP

MOLDOVA

DONARIS
VIENNA INSURANCE GROUP

MONTENEGRO

Život WIENER STÄDTISCHE
VIENNA INSURANCE GROUP

NORTH MACEDONIA

WINNER
VIENNA INSURANCE GROUP

Life WINNER
VIENNA INSURANCE GROUP

МАКЕДОНИЈА ОСИГУРУВАЊЕ
VIENNA INSURANCE GROUP

NORWAY

VIG
VIENNA INSURANCE GROUP

POLAND

COMPENSA
VIENNA INSURANCE GROUP

InterRisk
VIENNA INSURANCE GROUP

Vienna Life
VIENNA INSURANCE GROUP

wiener
VIENNA INSURANCE GROUP

ROMANIA

OMNIASIG
VIENNA INSURANCE GROUP

Asirom
VIENNA INSURANCE GROUP

BCR ASIGURARI DE VIATA
VIENNA INSURANCE GROUP

SERBIA

WIENER STÄDTISCHE
VIENNA INSURANCE GROUP

WIENER RE Beograd
VIENNA INSURANCE GROUP

SLOVAKIA

Kooperativa
VIENNA INSURANCE GROUP

KOMUNÁLNA POISŤOVŇA
VIENNA INSURANCE GROUP

SLOVENIA

WIENER STÄDTISCHE
VIENNA INSURANCE GROUP

SWEDEN

VIG
VIENNA INSURANCE GROUP

TÜRKIYE

RAY SİGORTA
VIENNA INSURANCE GROUP

Viennalife
VIENNA INSURANCE GROUP

UKRAINE

КНЯЖА
VIENNA INSURANCE GROUP

life КНЯЖА
VIENNA INSURANCE GROUP

USG
VIENNA INSURANCE GROUP

Version: March 2023

We are Number 1 in Central and Eastern Europe.

VIG
VIENNA INSURANCE GROUP

Service information

Addresses of VIG insurance companies

Country	Postal address	Phone	E-mail/Internet address
ALBANIA			
Intersig	AL-Tirana Bllok Area, Ismail Qemali, Samos Tower/ 2nd Floor	+355 (0) 4 227 0576	info@intersig.al www.intersig.al
Sigma Interalbanian	AL-Tirana Rr. Komuna e Parisit, Pallati Lura/Kati II, Tirana, Shqiperi	+355 (0) 4 225 8254	kontakt@sivig.al www.sivig.al
BOSNIA-HERZEGOVINA			
Vienna osiguranje	BiH-71000 Sarajevo Fra Anđela 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	info@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) 700 18 800	bullife@bulstradlife.bg www.bulstradlife.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 Carl-Bosch-Straße 5	+49 (0) 611 27 87-0	info@interrisk.de www.interrisk.de
InterRisk Non-Life	D-65203 Wiesbaden Carl-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 68 668	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 Rue Louis le Grand 25	+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, St. Edmond Hoxha 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			
BTA Baltic	LV-1013, Riga, Sporta iela 11	+371 2612 1212	bta@bta.lv www.bta.lv
Compensa Life (branch)	LV-1004 Riga Vienibas gatve 87h	+371 6760 6939	info@compensalife.lv www.compensalife.lv
Compensa Non-Life (branch of Compensa Non-Life Lithuania)	LV-1004 Riga Vienibas gatve 87h	+371 6755 8888	info@compensa.lv www.compensa.lv
LIECHTENSTEIN			
Vienna-Life	LI-9487 Bendern Industriestraße 2	+423 235 06 60	office@vienna-life.li www.vienna-life.li
LITHUANIA			
BTA Baltic (branch)	LT-05132 Vilnius Virsuliskiu skg. 34	+370 5 2600 600	bta@bta.lt www.bta.lt
Compensa Non-Life	LT-06115 Vilnius Ukmergés g. 280	+370 5 249 1911	info@compensa.lt www.compensa.lt
Compensa Life (branch)	LT-06115 Vilnius Ukmergés g. 280	+370 5 250 4000	info@compensalife.lt www.compensalife.lt
MOLDOVA			
Donaris	MD-2068 Chisinau Moscova Boulevard 15/7	+373 22 265 700	office@donaris.md www.donaris.md
MONTENEGRO			
Wiener Städtische Osiguranje	ME-81000 Podgorica Rimski Trg 47	+382 20 205 150	office@wiener.co.me www.wiener.co.me
NORTH MACEDONIA			
Makedonija Osiguruvanje	MK-1000 Skopje 11 Oktomvri Str. 25	+389 (0) 23 115 188	info@insumak.mk www.insumak.mk
Winner Life	MK-1000 Skopje 11 Oktomvri Str. 25	+389 (0) 2 3114 333	life@winnerlife.mk www.winnerlife.mk
Winner Non-Life	MK-1000 Skopje Str. ZELEZNICKA no. 41	+389 (0) 2 3231 631	winner@winner.mk www.winner.mk
NORWAY			
VIG Holding (branch)	NO-1366 Lysaker Lysaker Torg 10	+47 48 40 40 30	Trond.Haugen@vig.com www.norway.vig

Country	Postal address	Phone	E-mail/Internet address
AUSTRIA			
Donau Versicherung	AT-1010 Vienna Schottenring 15	+43 (0) 50 330 330	donau@donauversicherung.at www.donauversicherung.at
VIG Holding	AT-1010 Vienna Schottenring 30	+43 (0) 50 390 22000	info@vig.com www.vig.com
Wiener Städtische	AT-1010 Vienna Schottenring 30	+43 (0) 50 350 350	kundenservice@wienerstaedtische.at www.wienerstaedtische.at
POLAND			
Compensa Life	PL-02-342 Warsaw Aleje Jerozolimskie 162	+48 22 867 66 67	mojacompensa@compensazycie.com.pl www.compensa.pl
Compensa Non-Life	PL-02-342 Warsaw Aleje Jerozolimskie 162	+48 22 501 6100	centrala@compensa.pl www.compensa.pl
InterRisk	PL-00-668 Warsaw ul. Stanislawa Noakowskiego 22	+48 22 575 25 25	iklient@interrisk.pl www.interrisk.pl
Vienna Life	PL-02-342 Warsaw Al. Jerozolimskie 162A	+48 22 460 22 22	info@viennalife.pl www.viennalife.pl
Wiener TU	PL-02-675 Warsaw ul. Woloska 22A	+48 022 469 60 00	kontakt@wiener.pl www.wiener.pl
ROMANIA			
Asirom	RO-020 912 Bucharest Bulevardul Carol I No. 31–33, Sector 2	+40 (0) 21 9146	comunicare@asirom.ro www.asirom.ro
BCR Life	RO-011 835 Bucharest Str. Rabat No. 21, Sector 1	+40 (0) 21 206 90 40	clienti@bcrasigviata.ro www.bcrasigviata.ro
Omniasig	RO-011 822 Bucharest Aleea Alexandru No. 51, Sector 1	+40 (0) 21 405 74 20	office@omniasig.ro www.omniasig.ro
SWEDEN			
VIG Holding (branch)	SE-11446 Stockholm Grev Turegatan 10 A	+46 708 411 136	Christian.Mueller1@vig.com www.sweden.vig
SERBIA			
Wiener Re	RS-11000 Belgrade Resavska 23	+381 (0) 11 2209 960	wienerre@wiener.co.rs www.wienerre.rs
Wiener Städtische Osiguranje	RS-11070 Belgrade Trešnjinog cveta 1	+381 11 2209 800	office@wiener.co.rs www.wiener.co.rs
SLOVAKIA			
Komunálna	SK-811 05 Bratislava Štefánikova 17	+421 (0) 2 482 105 44	info@kpas.sk www.kpas.sk
Kooperativa	SK-816 23 Bratislava Štefanovičova 4	+421 (0) 2 5729 9999	info@koop.sk www.koop.sk
SLOVENIA			
Wiener Städtische (branch)	SI-1000 Ljubljana Cesta v Kleče 15	+386 (0) 1 300 17 00	info@wienerstaedtische.si www.wienerstaedtische.si

Country	Postal address	Phone	E-mail/Internet address
CZECH REPUBLIC			
ČPP	CZ-186 00 Prague 8 Pobřežní 665/23	+420 957 444 555	info@cpp.cz www.cpp.cz
Kooperativa	CZ-186 00 Prague 8 Pobřežní 665/21	+420 957 105 105	info@koop.cz www.koop.cz
VIG Re	CZ-110 01 Prague 1 Templová 747/5	+420 956 445 505	info@vig-re.com www.vig-re.com
TÜRKIYE			
Ray Sigorta	TR-34457 Istanbul Haydar Aliyev Cad. No. 28 Tarabya Sariyer	+90 (0) 212 363 2500	info@raysigorta.com.tr www.raysigorta.com.tr
UKRAINE			
Kniazha	UA-04050 Kyiv Glybotschytsjka Str. 44	+380 44 207 72 72	reception@kniazha.ua www.kniazha.ua
Kniazha Life	UA-04050 Kyiv Glybotschytsjka Str. 44	+380 44 585 55 08	info@kniazha-life.com.ua www.kniazha-life.com.ua
USG	UA-03038 Kyiv Bul. Ivana Fedorova 32-A	+380 44 237 02 55	office@usg.ua www.ukringroup.com.ua
HUNGARY			
AEGON Magyarország Zrt.	1091 Budapest, IX. Üllői út 1.	+36-1- 477- 4800	www.aegon.hu
Union Biztosító	HU-1082 Budapest Baross u. 1	+36 (0) 1 486 43 43	ugyfelszolgalat@union.hu www.unionbiztosito.hu
BELARUS			
Kupala	BY-220004 Minsk ul. Nemiga 40	+375 (0) 17 200 80 27	office@kupala.by www.kupala.by

VIG Holding contact information

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

Anti Money Laundering
Gerhard Kalcik
Tel.: +43 (0) 50 390-27053
E-mail: gerhard.kalcik@vig.com

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

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

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

Bancassurance & international partnerships
Harald Londer
Tel.: +43 (0) 50 390-25670
E-mail: harald.londer@vig.com

Communication & Marketing
Wolfgang Haas
Tel.: +43 (0) 50 390-21029
E-mail: wolfgang.haas@vig.com

Company organisation
Robert Redl
Phone: +43 (0) 50 390-22193
E-mail: robert.redl@vig.com

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

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

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

Customer Experience Competence Center
Tel.: +43 (0) 50 390-20353

Digitalisation, Finance and Risk
Roland Goldsteiner
Tel.: +43 (0) 50 390-21865
E-mail: roland.goldsteiner@vig.com

Enterprise Risk Management
Ronald Laszlo
Tel.: +43 (0) 50 390-25475
E-mail: ronald.laszlo@vig.com

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

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

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

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

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

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

Insurance Life/Non Life Retail
Robert Wasner
Tel.: +43 (0) 50 390-23717
E-mail: robert.wasner@vig.com

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

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

Planning and Controlling
Nicolas Mucherl
Tel.: +43 (0) 50 390-21431
E-mail: nicolas.mucherl@vig.com

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

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

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

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

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

Tax Reporting and Transfer Pricing
Anke Naderer
Phone: +43 (0) 50 390-20283
E-mail: anke.naderer@vig.com

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

Treasury incl. ALM
Hannes Gruber
Tel.: +43 (0) 50 390-21174
E-mail: hannes.gruber@vig.com

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

Address · Notes · General information

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This annual report includes forward-looking statements based on current assumptions and estimates that were made by the management of VIENNA INSURANCE GROUP AG Wiener Versicherung Gruppe to the best of its knowledge. Disclosures using the words "expected", "target" or similar formulations are an indication of such forward-looking statements. Forecasts related to the future development of the Company are estimates made on the basis of information available as of the date this 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.

ADDRESS

VIENNA INSURANCE GROUP AG
Wiener Versicherung Gruppe
Schottenring 30
1010 Vienna

Phone: +43 (0) 50 390 22000

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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GENERAL INFORMATION

Editor and media owner:
VIENNA INSURANCE GROUP AG
Wiener Versicherung Gruppe
Schottenring 30, 1010 Vienna
www.vig.com
Company register: 75687 f
Commercial Court of Vienna
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Project coordination:
Lena Paula Grießer, lena.paula.griesser@vig.com

Project team:
Claudia Hartl, Jacqueline Jung, Sylvia Machherndl,
Nicole Motal

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