VIENNA INSURANCE GROUP AG Wiener Versicherung Gruppe

# Remuneration Report 2021

In case of doubt, the German version is authoritative.

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The following remuneration report was prepared by the Managing Board and Supervisory Board of Vienna Insurance Group AG Wiener Versicherung Gruppe and provides for a detailed overview of the remuneration paid or owed to current or previous members of the Managing Board and Supervisory Board during the financial year 2021.

# 1. Introduction – business performance

In 2021, the business performance of Vienna Insurance Group AG Wiener Versicherung Gruppe once again proved to be highly resilient in the second year of the global pandemic. The results achieved confirm the successful and diversified position of the Group, the excellent operating results of all our insurance companies and the early prioritisation of the major challenges our industry is facing, such as digital transformation.

11 billion premium mark reached

The total premium volume of EUR 11 billion exceeded the value in the previous year by 5.5% with more than EUR 574 million. At the same time, the 11 billion mark was reached for the first time. The VIG Group was able to achieve significant growth in all lines of business. The only exception is single premium life insurance, which is falling slightly according to our strategy. In 2021, good premium growth was achieved especially in the other property and casualty insurance line of business (+8.0%) as well as in the motor lines of business (motor third party liability +7.0%, motor own damage +8.7%). There was particularly strong growth for premiums written in the segments Czech Republic (+7.7%), Extended CEE (+9.3%) and Group Functions (+13.2%). Among the countries in the Extended CEE segment, especially the Baltic states (+9.1%), Croatia (+23.1%), Romania (+17.2%) and Hungary (+13.6%) had a dynamic premium growth. Overall, the Group generated 61.8% of its premiums outside Austria in 2021. The largest premium share of EUR 5,267 million is allocated to other property and casualty insurance, followed by regular premium life insurance at EUR 2,683 million, motor third party liability insurance at EUR 1,612 million, motor own damage insurance at EUR 1,402 million, single premium life insurance at EUR 869 million and health insurance at EUR 743 million.

Benefits with Serviceplus

Insurance benefits rose marginally by 1.6% to EUR 7.14 billion. The increase was the result of factors such as the significantly higher business volume in the non-life lines of business. A special focus was placed on expanding digital services for claims assessment and payments of claims and benefits. Some VIG companies have put special app solutions on the market for this such as our Baltic company BTA with BTA DriveX that enables digital vehicle evaluation and automated claims entry for motor own damage insurance. The Romanian VIG company Asirom and Bulgarian Bulstrad are also among the companies that put digital claims processing apps on the market in 2021.

Profit (before taxes) increases by almost 50%

At EUR 511 million, the upper range of EUR 500 million expected for 2021 was exceeded and improved the previous year's result by 47.8%. The profit increase was primarily based on the significantly improved combined ratio as well as the good development of the financial result. The previous year’s result also included, among other things, goodwill impairments.

The business operating result, adjusted for impairments of intangible assets, amounted to EUR 512 million and also showed a 5.1% increase compared to the previous year. At EUR 375.7 million, the net result was 62.3% higher than in the equivalent period in the previous year.

The financial result (including the result from at-equity consolidated companies) was up 6% above the value in the previous year at EUR 632 million. The increase on the same period of the previous year is mainly based on a better result from shares in at-equity consolidated companies.

Combined ratio under the target value of 95%

The combined ratio showed especially clear improvement. At 94.2%, the value for 2021 was 0.8 percentage points below the previous year's value. This success is mainly based on better claims development in the segments Czech Republic, Poland and Extended CEE and on sustainable efficiency increases in business operations. The comprehensive reinsurance programme made it possible to restrict the effects of the severe natural disasters (NatCat) on the combined ratio, which were reflected in the result at a net amount of roughly EUR 90 million.

Solvency

The solvency ratio of the Group was 250% on 31 December 2021 (including transitional measures) and underscores the excellent capital adequacy of the Vienna Insurance Group.

Investments

Total investments (including cash and cash equivalents) were EUR 37.3 billion as of 31 December 2021 and rose by around 2%. The increase compared to the same reporting period in the previous year was mainly the result of a temporary increase in cash and cash equivalents in preparation for the planned acquisition of Aegon's Eastern European business.

Acquisition of Aegon CEE and cooperation with Corvinus

In late 2020, VIG signed an agreement to acquire Aegon's CEE business operations, which encompasses its companies in Hungary, Poland, Romania and Turkey. This acquisition will not only make VIG the market leader in Hungary but also facilitate its entry into the life insurance market in Turkey. In addition, the deal will also significantly strengthen VIG's asset management and pension fund business.

In February 2022, VIG finalised its cooperation with the Hungarian state holding company Corvinus as announced in December 2021. Over several phases, the Group company Union Biztosító as well as the Hungarian Aegon enterprises will be merged into a Hungarian VIG holding company specifically set up for this purpose. Corvinus will hold a 45% interest, and VIG will hold a controlling 55% majority interest and manage operations. This cooperation will avoid lengthy and costly legal proceedings, ensure clarity and allow VIG to contribute to successfully further developing the Hungarian insurance industry.

# 2. Remuneration report relating to members of the Managing Board

## 2.1 GENERAL

The remuneration policy sets out the rules for the establishment of a remuneration practice in accordance with the principles which must be considered by the Supervisory Board, respectively the Supervisory Board Committee for Managing Board matters when passing a resolution on the remuneration structure and the scope and weighting of specific targets for the variable remuneration:

- The financial terms and other benefits offered to a member of the Managing Board must be sufficiently attractive to ensure that suitable individuals can be identified and retained. The remuneration is an important part of such package.
- The remuneration of members of the Managing Board must prioritise the variable component and, thus, must be proportionate to the success of the company.
- The remuneration of the members of the Managing Board should emphasise the objective to promote the long-term interests and the sustainability of the company's success – depending on the sustainable development of the company – by deferring payment of a significant portion of the variable remuneration.
- The remuneration should promote the implementation of the group strategy by selecting and identifying targets in connection with the variable remuneration. The corresponding targets in connection with the

variable remuneration should promote the management's awareness of the corporate social responsibility of a major company.

The remuneration of members of the Managing Board consists of fixed and variable components. Currently, the remuneration of the Managing Board does not include a share-based remuneration.

The ratios within the aggregate remuneration, i.e. the monetary remuneration as contractually agreed or based on annual resolutions of the Supervisory Board Committee for Managing Board matters are as follows:

| | CHAIRWOMAN OF THE MANAGING BOARD | | | | |
|---|---|---|---|---|---|
| | Ratios according to the remuneration policy | Maximum possible remuneration for 2021 | | Actual entitlement for 2021 [1)] | |
| Fixed remuneration (clause 2.2.1 of the remuneration policy) | 50-52 % | 795 | 50 % | 795 | 51 % |
| Contractually agreed bonus in the event of a 100 % target achievement (clause 2.2.2 a of the remuneration policy) | 35-37 % | 590 | 37 % | 561 | 36 % |
| Specific remuneration (clause 2.2.2 b of the remuneration policy) | 12-14 % | 210 | 13 % | 210 | 13 % |
| TOTAL | 100 % | 1.595 | 100 % | 1.565 | 100 % |

| | MEMBERS OF THE MANAGING BOARD (EXCL. CHAIRWOMAN) | | | | |
|---|---|---|---|---|---|
| | Ratios according to the remuneration policy | Maximum possible remuneration for 2021 | | Actual entitlement for 2021 [1)] | |
| Fixed remuneration (clause 2.2.1 of the remuneration policy) | 56-58 % | 3.891 | 56 % | 3.891 | 57 % |
| Contractually agreed bonus in the event of a 100 % target achievement (clause 2.2.2 a of the remuneration policy) | 29-31 % | 2.122 | 31 % | 2.016 | 30 % |
| Specific remuneration (clause 2.2.2 b of the remuneration policy) | 12-14 % | 919 | 13 % | 919 | 13 % |
| TOTAL | 100 % | 6.932 | 100 % | 6.826 | 100 % |

[1)] Contractually agreed bonus and specific remuneration as granted, due in accordance with the sustainability requirements for the years 2022 to 2025.

This overview does not consider any financial and non-financial ancillary benefits, for example the private use of a Company car, any supervisory board remuneration granted by subsidiaries, etc.

## 2.2 OVERVIEW OF THE AGGREGATE REMUNERATION

### 2.2.1 FIXED REMUNERATION

The fixed remuneration is a specific amount owed to a member of the Managing Board and is specified in the respective management agreement. This amount is the annual gross salary and is paid in instalments. The fixed