

*Annual Financial Statements 2021*

***insuring  
more, more  
responsibly***

# **Annual financial statements 2021**

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

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

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## NOTE:

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

# Company profile

## MORE INSURANCE WITH MORE RESPONSIBILITY

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

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

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

## ORGANISATION AND OBJECTIVES

VIG Holding uses a number of control units, e.g. Risk Management, Asset Management, Planning and Controlling, and Strategy, to maintain close contact with the Group companies and acts as an interface and promoter for the implementation of local entrepreneurship. The focus is on maintaining an intensive collaborative exchange between all 50 Group companies and their around 25,000 employees in 30 countries that allows both the interests of the individual companies and the Group as a whole to be pursued.

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

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

## STRATEGY

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

## STRONG CAPITAL RESOURCES

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

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

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

# Management report 2021

## VIG HOLDING BUSINESS DEVELOPMENT

Premiums written, net earned premiums, expenses for claims and insurance benefits, administrative expenses and reinsurance balance had the following breakdown for property and casualty insurance in 2021 (and in the same period in 2020):

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

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

## FINANCIAL PERFORMANCE INDICATORS

### Premium income

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

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

### Expenses for claims and insurance benefits

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

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

### Administrative expenses

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